

Natura &Co  
Latin America  
*Integrated  
Report 2021*

AVON



Aēsop.

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**natura &co**

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# Highlights

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*Avon launches a new value proposition for representatives, starting in Brazil and already advancing in the other countries in Latin America.*

## *We present the first Natura &Co Latin America report*

Natura initiated its reporting process in 2000, the first company to do so in Latin America, four years before going public and when it was taking its first steps in the Amazon. Throughout this period, we have developed an ongoing improvement process with objective, comparable information aligned with international guidelines. We have evolved assessment tools, incorporated the sustainability agenda into company strategy and, consequently, decision-making.

As part of this process, we now present our Natura &Co Latin America Integrated Report, in which we disclose the practices and performance of the Natura &Co group brands in the region. The publication reflects the integration of Avon into the company, a process still underway, as well as the presence of The Body Shop and Aesop in Latin America. As a process under construction, we have expanded the scope of a major part of the data we disclose. Whenever integrated management does not permit the collection of information on the same comparable and extensive basis, the data and practices refer to the Natura brand. This is clearly indicated when it occurs.

The Natura &Co Latam report was submitted to a limited assurance process undertaken by PwC, which reflects

# *Introduction*

Strengthened commitment  
to transparency

our concern with the accuracy and reliability of the information disclosed.

Our quest to achieve the bold goals established in our Commitment to Life shaped the choice of the principal information and metrics in the publication (*further information in **Materiality***).

### **International references**

We have also reinforced the connection with the main results disclosure references. We continue to employ the Global Reporting Initiative (GRI) guidelines, bringing forward the adoption of the updated version, GRI Universal Standards, which focuses on a company's economic, environmental and social impacts and contributions to sustainable development. In 2021, we incorporated the sector standards set forth by the Sustainability Accounting Standards Board (SASB), oriented to the risks and opportunities that may cause financial impacts or affect the market value and capitalization of a company. This is in addition to the Integrated Reporting Framework principles, an approach which addresses an organization's value generation and the relationship of the dependencies and trade-offs between the different capitals. Together, SASB and integrated reporting form the Value Reporting Foundation and enable a management and communication cycle that permits holistic comprehension of a company's value creation in the long-term to enhance decision-making for managers and investors

Beyond the actual report, we view the practice of reporting as an opportunity to enhance our understanding about our progress and areas in which we need to improve, as well as a tool to promote engagement and education around sustainability. By expanding our reach, aligned with the scope already incorporated in financial performance reporting practice, value generation in the social, environmental and governance fields is also integrated into the concept of performance. Consequently, these impacts are comparable and encourage dialogue on these topics with our relationship network, thus generating greater value for society as a whole.

### **Reporting references adopted in this publication**

- **GRI Standards**
- **SASB Standards**
- **Integrated Reporting**

### **FURTHER INFORMATION:**

- [Information about materiality](#)
- [Complete list](#) of our Commitment to Life targets
- See the full list of [GRI and SASB disclosures](#) considered

Natura &Co Annual Report (global):  
<https://ri.naturaeco.com>

Message from the Board of Directors

# The power *of the collective*

Luiz Seabra,  
Guilherme Leal,  
Pedro Passos and  
Roberto Marques,  
*on behalf of the Board*

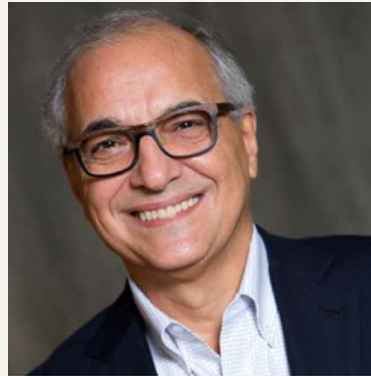
GRI 2-22

The continuation of the pandemic in 2021 and the outbreak of war in the Ukraine at the beginning of 2022 have extended the period of uncertainty the world is experiencing. On the one hand, we have been able to confront the coronavirus thanks to giant leaps in science, with vaccination programs being rolled out worldwide. On the other, tragically, we have seen the renewal of violence in the place of dialogue.

As we are confronted with the return of war on our doorstep, we offer our solidarity to the victims of violence and reiterate the profound conviction that dialogue is always the best path towards peaceful resolution. Understanding forged by arms is illegitimate and ineffective. History is full of examples. All over the world, we have seen polarization hinder the establishment of constructive relationships, making it even more difficult to combat the biggest and most urgent challenges of our times. In addition to the war underway, inequalities continue to grow, the climate crisis is worsening, and biodiversity loss is close to irreversible.



Luiz Seabra



Guilherme Leal



Pedro Passos

At Natura &Co, we reaffirm our belief in the power of the collective. A belief maintained by our companies during this past year, through our four businesses and through the members of our network: our associates, Consultants and Representatives, suppliers, communities, and customers. Faced with a particularly hard year, we consolidated the first stage of the integration of our businesses. We were able to define paths to move forward, and now our focus is on enhancing operational execution. Our strategic ambition has proven to be robust, and our long-term vision is being implemented, with fundamental transformations ongoing.

The challenges we have experienced have revealed an impact previously unacknowledged: in addition to the irreparable losses caused by the pandemic and the war, people's mental health has also been profoundly affected. Our unwavering focus is therefore to care for people. With the power of the collective, we are acting in defence of life, by providing funding and support for public healthcare systems, engaging in transparent dialogue with governments, institutions, and society across the world. The same premise is guiding us in the current conflict: we are providing support and help to refugees and making donations to address the urgent needs of those in and around the war zone.

Faced with climate changes that threaten us with devastating impacts, in November 2021, we participated in COP26, in Glasgow. Natura &Co defended a broad-based global effort for



Roberto Marques\*

the establishment of ambitious targets for the decarbonization of the economy, as set forth in the Paris Climate Agreement. Keeping the Amazon forest alive is a condition necessary to achieve the climate targets it sets out. In addition to making every effort to articulate collective efforts to revert deforestation in the region by 2025, we prioritized the urgent need for the development and application of nature-based solutions that promote the regeneration of areas with high potential to remove carbon from the atmosphere.

"Determination and perseverance move the world", said Dame Sarah Gilbert, the British scientist who developed the Oxford–AstraZeneca COVID-19 vaccine, saving the lives of millions of people. We agree. With this same sentiment, we forge ahead into 2022, building a group that believes in its Commitment to Life, in beauty and in the power of the collective and, above all, in the capacity for science and peace to build a better world.

*\*Roberto Marques was executive chairman and CEO of Natura &Co until June 2022; he is a member of the Board of Directors. Further information [here](#).*



Message from the CEO

“The next frontier  
is regeneration.  
*We have to  
enter the era  
of the cure”*

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

GRI 2-22



**1. How are Avon and Natura benefiting mutually from the synergies and exchanges of knowledge and experience in Latin America?**

**João Paulo Ferreira:** Latin America is the region in which all our businesses and brands coexist more intensely. There was an important increment in knowledge about each of the businesses, and this was accompanied by a mindset of collaboration. This curiosity to learn, adaptability to agile internal and external changes, and the willingness to collaborate, permitted us to discover that working together leads us to a better result for the whole, greater than the mere sum of the parts.

We discovered assets that are incredible when combined. Our integration journey has delivered the gains in efficiency we promised the market, especially in operations and logistics. But we have not restricted ourselves to this.

Our strategy is aimed at creating a well-being ecosystem, strengthening relations between consumers, representatives and consultants connected by means of our products and services. As Natura &Co Latin America, we have even more contact points and can add important new services and products.

Worthy of note was the launch of &Co Pay, which recorded transactions amounting to BRL 6.5 billion among consultants in Brazil in its first year. The rapid advance of our payment arrangement demonstrates the importance of the service. The unbanked population in Latin America is high, a reality that is also reflected

among our consultants and representatives, which impedes their access to digital financial services. We want to increase the value generated in our ecosystem by promoting greater connection, in new ways and with greater frequency.

**We have integrated sustainability into management and established a Sustainability Committee for Latin America.**

**2. How to harmonize different levels of maturity in the sustainability agenda and, in parallel, maintain the Natura brand's trajectory in innovation and leadership?**

**JPF:** Our first challenge was to understand which stage each company was at. We elaborated diagnoses on carbon emissions, packaging and internal social indicators. We also deepened our understanding of new categories for the group, such as fashion and home.

We projected integrated management for sustainability and established a Sustainability Committee for Latin America, which has representatives from all the businesses, as well as specialists in sustainability, to drive decision-making in this area in line with our **Commitment to Life**, our roadmap up until 2030.

These ambitions, together with the structure and sum of knowledge of all the brands, will ensure we advance faster, benefiting all the businesses. It is a privilege to be able to capitalize on the learnings of the Natura brand as a framework for driving its sister companies towards the achievement of our joint commitments.

**The Commitment to Life,  
the structure and sum of  
knowledge of all the brands will  
accelerate our progress, benefiting  
all the businesses**

**3. What is the current stage of the Avon turnaround in the region?**

**JPF:** The first stage of this transformation has three focal points. The first is the recovery of the Avon fundamentals, which involves a more attractive value proposition for the Avon Beauty Representatives, one that is more profitable and more rewarding from a social standpoint. The second block is aimed at the products, mainly those with greater potential within the Avon portfolio, which was more dispersed. And the third component is the rejuvenation of the brand.

We decided to implement all these changes simultaneously in Brazil, Avon's largest operation worldwide. A daring step, but necessary to achieve key results. The brand reacted very well. We launched the Avon *tã On* campaign, improving consumer perception and reactivating the power of the brand. We successfully optimized the portfolio, with positions that complement Natura's. The adjustment in the commercial structure took longer to bring about. Career segmentation and progression were well accepted by the Representatives, but getting the new role of the business leaders right was more complex. After an expected decrease in the number of representatives, we started to recuperate the channel and increase satisfaction.

Based on this learning and results, we implemented the model in Ecuador and initiated the process in countries in Central America and Columbia, signs that we are on the right track.

**4. What have Natura's main advances been in 2021? Which are the brand's new growth areas?**

**JPF:** We increased the contact points and innovated in the brand experiences, strengthening the bonds with our consultants and consumers, leveraged by digital tools. In Chile, where we have greater experience in the omnichannel model, we are testing the best combination of stores and e-commerce, to ensure they complement the work of our consultants. In Argentina, for example, local restrictions drove changes such

as the expansion of the digital magazines, which gave us flexibility to adjust our commercial strategy and opened up key avenues. We are starting to transfer this experience to other geographies, such as Brazil, where the magazine dedicated exclusively to the consultant has also become digital.

In brands and products, worthy of note are the renewal of the Ekos line, with an increase in bioactives in its formulas, and the launch of Biôme, a new vegan line with a focus on regenerative production and consumption, with 100% natural inputs. Its main ingredient is palm oil produced in the first palm agroforestry system in the world, the Dendê AFS, a project led by Natura for 12 years in partnership with the agricultural research body Embrapa (Empresa Brasileira de Pesquisa Agropecuária) and the Camta cooperative (Cooperativa Agrícola Mista de Tomé-Açu). The line, launched after six years of research, pioneers the incorporation of technologies applied to cosmetics, in addition to zero plastic packaging made from recycled and post-consumer recyclable paper. This has biodegradable cellulosic film made from renewable and compostable materials on the inner surface to protect the products. Biôme represents a key step towards the change in consumption habits we want to see taking place in the coming years.

##### **5. What is the outlook for The Body Shop and Aesop in Latin America?**

**JPF:** The two brands are on an accelerated growth path in the region. At The Body Shop, we resumed the renovation of the brand with the inauguration of

the concept stores in Brazil and in Mexico, which should be extended to all the stores in the region in 2022, as well as the strengthening of e-commerce and adaptation of the portfolio to Latin American consumers.

Meanwhile, Aesop's consistent double-digit growth shows an advance well above the average for the luxury market in a year still beset by restrictions in retail. In 2021, we launched the Aesop e-commerce in Brazil.

**I believe that the IP&L will be a breakthrough which will drive strategic processes and decision-making in diverse organizational areas**

##### **6. How does the IP&L (Integrated Profit & Loss) developed by Natura transform business vision?**

**JPF:** The development of the IP&L provides us with a common and truer understanding of the company's impacts. The possibility offered by the IP&L of measuring Natura's social impact throughout its entire value chain and its activities

is unprecedented. The IP&L helped to consolidate a vision of Natura's value for society grounded in facts and data, capturing natural, human and social capitals and offering a better representation of the value generated by the company. By offering a monetized impact indicator for these capitals, the IP&L enables us to relate these results and compare them with financial or economic information.

The IP&L's holistic vision has the potential to change the way in which business managers decide. Maximizing financial value is no longer the only criteria to be assessed, with positive impact generation for society also being taken into account. This is in fact a true measure of a company's sustainability.

I believe that the IP&L will be a breakthrough which will drive strategic processes and decision-making in diverse organizational areas, bringing us to a new level in our evolution, similar to when we created the Consultant HDI. At that time, we changed the way we viewed our commercial activity, understanding what we should offer our consultants.

With the increase in the evaluation of investments based on ESG principles, more and more organizations and companies are working with mechanisms to monetize socioenvironmental aspects. We are interested in capitalizing our development in this area and sharing this model with these organizations so that it may be examined, criticized and debated. In this way, we will promote the joint construction of

increasingly advanced and important impact measurement structures.

### **7. What role do companies have, given society's current challenges?**

**JPF:** Reducing negative impact is no longer enough. The next frontier is regeneration. We have to enter the era of the cure and to generate positive impact. This is true for environmental and social topics. We face threats such as the climate crisis, waves of migration, the fragmentation of society, polarization with conflict. The challenge for the coming decades is not the generation of economic wealth. It is distribution and access.

**We want to share what we have learned and facilitate dialogue among different segments**

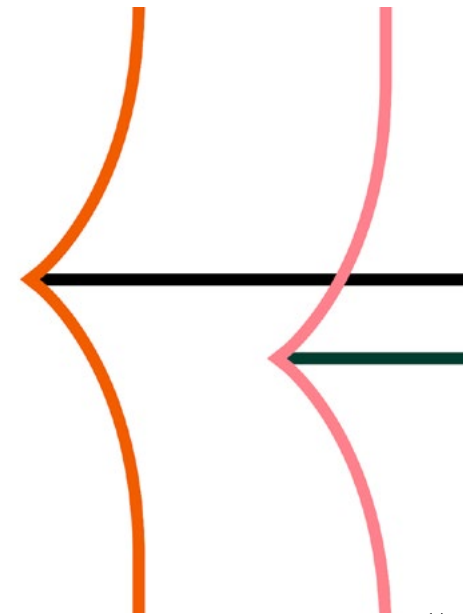
Natura has built a business model that demonstrates ways to reconcile economic progress and environmental protection in practice. On this journey, we continue to innovate, demonstrating leadership and courage to increase our positive impact and develop regenerative ways of doing business. To do this, we invest in innovation and time. This is what we pursue in the Amazonian social

biodiversity chains, transforming natural ingredients into products or developing new regenerative agricultural solutions, such as the agroforestry palm oil production system used in the new Biôme line, as well as generating additional income.

In the case of carbon, global mobilization is beginning to advance in metrics. But care must be taken to ensure they are not reductionist.

We want to share what we have learned and facilitate dialogue among different segments because it is impossible to promote the protection and development of the Amazon without collaborative arrangements.

The critical loss of biodiversity, for example, is still little understood. This is an urgent issue that requires action.



Profile

# Natura &Co

## *Latin America*

GRI 2-1, 2-6

We are part of a purpose-driven group of four iconic beauty brands which believes that nourishing beauty and relations can generate a new way of living and doing business. Natura &Co Latin America is the Natura &Co group business unit in the region, combining the strength of the Natura brand and its leading role in the business sustainability agenda with the development of the three sister-brands: Avon, The Body Shop and Aesop.

We lead in market share in the Cosmetics, Fragrances and Toiletries (CFT) markets and in CFT direct selling in Latin America, with 12.3%, according to Euromonitor data for 2021. More than 50% of the group's global revenue is generated in the region, with almost 18,000 employees in 18 countries in Latin America, France, Malaysia and the United States and over 4.7 million Natura Beauty Consultants and Avon Beauty Representatives.



This combination boosts our strengths in Latin America and expands our positive socioenvironmental and financial impacts, increasing market leadership, profitability, cash generation, sustainable supply chains, talent generation and the capacity to generate new products and services for our network. The organizational model enables us not only to capture synergies and enhance the operation's services in the region, but also to generate additional growth opportunities for Avon and Natura and open new avenues of value generation for The Body Shop and Aesop brands (*further information about the organizational model in **Corporate governance***).

Since the arrival of Avon in the Natura &Co family in 2020, we have undergone a wide-reaching integration, in particular in Latin America, where the largest Natura and Avon operations are located. In this process, we have pursued diverse opportunities for synergies while preserving the strategic priorities of each brand. Natura &Co Latin America has areas and functions that cut across the group and others that are specific to a brand.

Avon is present in 15 countries, ranging from the southern region (Argentina, Chile and Uruguay), through the Andean countries (Colombia, Ecuador and Peru) to Central America and Mexico, with a focus on the relationship selling model.

The Body Shop has company-owned stores and franchises in Brazil, Chile and Mexico, in addition to

e-commerce sales. And Aesop has one store in Brazil, as well as an e-commerce model for the country.

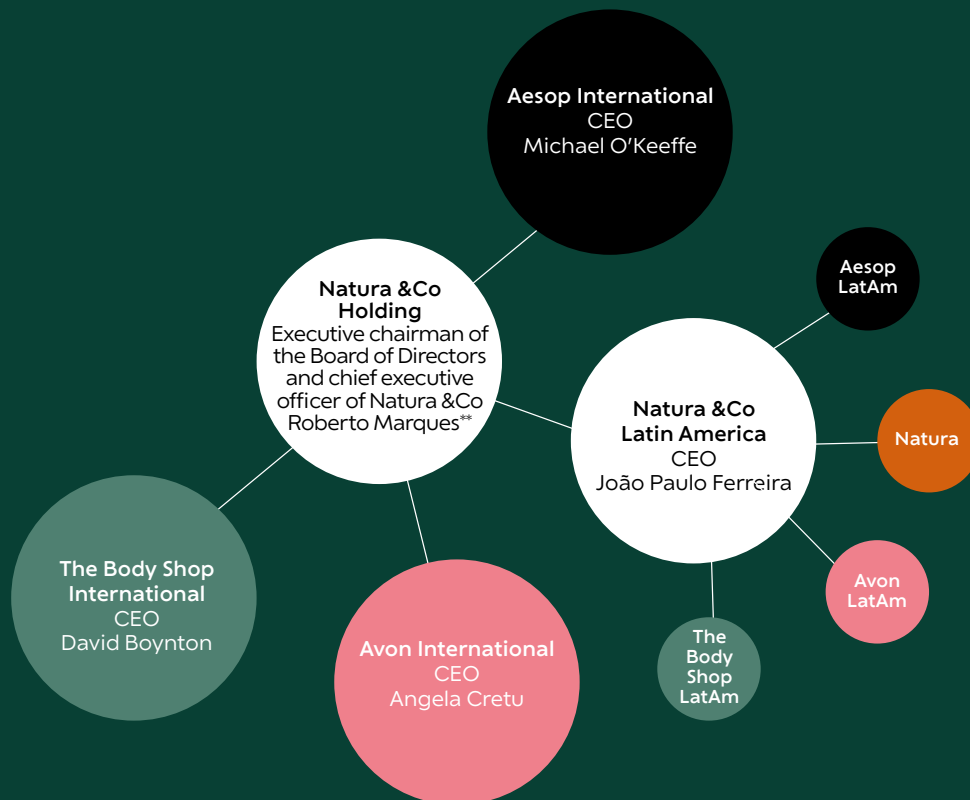
The entire Natura brand operation is managed by Natura &Co Latin America, including robust research and development (R&D), manufacturing and marketing areas, as well as other processes. Currently, the brand has direct selling, retail and e-commerce operations in Brazil, Argentina, Chile, Colombia, Peru and Mexico. We have also expanded focus on the internationalization of the Natura brand, with a presence in new geographies. Natura has e-commerce operations in the United States and France, from where products are commercialized throughout Europe. There is also one physical store in Paris. Moreover, we are present in Malaysia with an omnichannel model, involving online and relationship selling, as well as a store in Kuala Lumpur. (*further information in **Our brands***).

We have progressed in the integration of the Natura and Avon factories. Four of the six operations in the region have integrated manufacturing of more than one of our brands in Brazil, Argentina and Mexico (see map). The Natura &Co Latin America logistics network consists of 19 distribution centers, of which two are integrated hubs: the Cabreúva hub consolidates the group's exports, while Itupeva is specialized in consolidating stocks for the joint distribution of the Avon and Natura brands to the other distribution centers.



# The group Natura &Co

Natura &Co operates in over 100 countries on four continents and is organized in four business units. **Natura &Co Latin America** combines the operations of Avon, The Body Shop and Aesop in the region and the Natura brand in all its geographies. This model is aimed at accelerating the integration process and guaranteeing strategic priorities in Latin America, particularly in view of the potential for synergies between Natura and Avon in these countries. The other three business units include the operations of the Avon, The Body Shop and Aesop brands outside Latin America.



## MAIN EXECUTIVES

### Natura &Co Executive Chairman

Roberto Marques\*

### Natura &Co Latin America Executive Board

The team that leads the group in the region comprises executives who work in a cross-cutting capacity and others dedicated to strategic areas for each brand.

### CEO Natura &Co Latin America and CEO Natura

João Paulo Ferreira

### Vice presidents

Avon Brazil Businesses – Daniel Silveira

Avon Hispanic America Businesses – Axel Gegenschatz

Natura Brazil Businesses – Agenor Leão

Natura Hispanic America Businesses – Diego de Leone

New Business Integration and Expansion – Erasmo Toledo

Operations, Logistics and Procurement – Joselena Peresinoto Romero

Legal and Government Relations – Ana Beatriz Costa

People, Culture and Organization – Flavio Pesiguelo

Media, Content and Communication Hub – Carlos Pitchu

Finance – Silvia Vilas Boas

&Co Pay and New Businesses – José Manuel Silva

Brand, Innovation, Internationalization and

Sustainability – Andrea Alvares

Retail – Paula Andrade

Information Technology (IT) and Data Analytics – Renata Marques\*\*

\*Roberto Marques was executive chairman and CEO of Natura &Co until June 2022; he is a member of the Board of Directors. Further information [here](#).

\*\*Interim.

# Our presence

GRI 2-1, 2-6, 2-7,  
SASB CG-HP-000.B



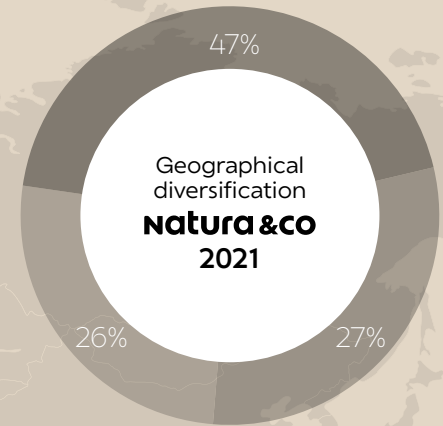
4 brands

18 countries

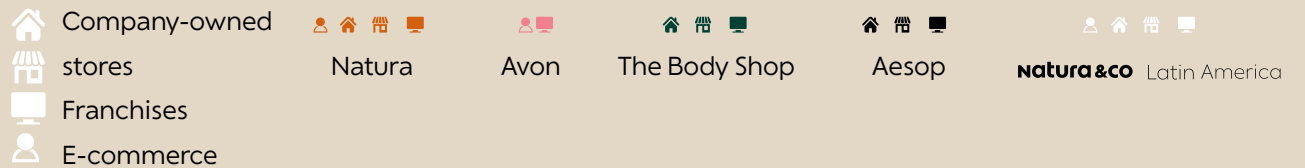
790 company-owned stores and franchises

Almost 2 million Natura Beauty Consultants

Almost 2.8 million Avon Beauty Representatives



Legend for Geographical Diversification:  
 Brazil  
 Hispanic Latam  
 International



# Operations

## Capillarity in distribution

6 factories, of which 4 with integrated production (products from more than one brand).

19 distribution centers, of which 2 are hubs, in 9 countries.

50% of Avon and Natura orders dispatched jointly.

-  Employees
-  Factories
-  Distribution Centers
-  Natura
-  Avon
-  The Body Shop
-  Aesop

Diverse, well-prepared team

Almost 18,000 employees

51% of senior management level positions occupied by women (and 30.8% women on the Board of Directors).

\* Encompasses directors and vice presidents

## *Performance highlights*

### **GRI 3-3**

We continued to address the challenges imposed by the pandemic in 2021. In this context, Natura &Co, of which Natura Cosméticos is a fully-owned subsidiary, continued to prioritize care and the health of its network, reinforcing initiatives such as product donations, financial support and the acceleration of an omnichannel presence, to ensure business continuity for consultants, representatives and franchisees. We also joined forces with other companies and institutions to boost public access to vaccines, as well as basic healthcare services (*further information in **Mobilization against the pandemic***).

We continued to consolidate the integration, mainly accelerating synergies between Natura and Avon. The combined businesses in Latin America consolidated Natura &Co's outright leadership among cosmetics companies in the region.

The Natura brand's performance reflects the power of our omnichannel business model which favours increasingly digital Relationship Selling. Orders through the more than 1.5 million consultants' online stores increased by 42% in Latin America, double the levels from before the pandemic.

Natura &Co Latin America consolidated revenue grew 9.1% in 2021, compared with the previous year, reaching BRL 22.4 billion. Consolidated net income was close to BRL 1.2 billion.

### **Advance in Hispanic countries**

For the first time, Natura &Co sales in the Hispanic American countries corresponded to over half the revenue in the region, reaching 53% in the year.

Natura net revenue increased 9% in the year, with significant growth in the Hispanic American countries. In Brazil, Natura's net income decreased by 6%.

Worthy of note was the advance in Mexico, which became the runner up in the region after Brazil thanks to the successful implementation of the local expansion strategy, which included the opening of six stores and ongoing investments in marketing. Revenue growth in Argentina was also noteworthy, in spite of restrictions on imports. Buoyed by the strength of the Natura and Avon brands, we increased production of the two brands in the Avon plant in the country, ensuring local supply and continuity for the businesses of our representatives and consultants.

Avon saw its first growth, with a 6.6% increase in the consolidated result for Latin America. This performance is influenced by the turnaround strategy which involves the renovation of the brand, revision of the portfolio and the launch of a new value proposition for the Avon Beauty Representatives, which was implemented in Brazil and Ecuador, and is being implemented in Colombia and Central America. The optimization of the portfolio, in particular Fashion and Home, and sales, especially in Hispanic America, contributed to the growth in the brand's revenue in the year.



We recovered growth in key categories such as makeup and fragrances, and there is an upswing in representative productivity, even though the model is in a phase of transition and learning (*further information in [Avon](#)*).

### **Our sustainability priorities**

In 2021, we commemorated the first anniversary of **Commitment to Life**, our Vision for 2030, which addresses some of the most urgent global challenges, and we made key progress towards our targets.

Regarding our ambitions linked with combating the climate crisis and protecting the Amazon, currently the Natura business model contributes to the conservation of 2 million hectares of forest, benefiting more than 7,000 families in the Amazon and over 9,000 nationwide. In 2021, we took a decisive step towards becoming Net Zero (eliminating our net emissions) by establishing the base line for carbon emissions for our four businesses. In partnership with MapBiomas and InfoAmazonia, we also launched the PlenaMata portal, which monitors deforestation in the Amazon in real time, generating quality information to raise public awareness in this area (*further information in [The Amazon and the climate](#)*).

On the human rights front, ensuring equality and inclusion, we reached the mark of 51% women in leadership positions in Latin America, and we harmonized our diversity and inclusion policy for the four brands. Regarding transforming the business

towards circularity and regeneration, we explored disruptive solutions in the production of Biôme, a solid product line launched by Natura, with zero plastic and vegan formulas. This involved over six years of research, combining diverse nature-based solutions such as palm oil produced in agroforestry systems and bioresin made from the capture of methane gas, which is used in the accessory for storing the Biôme bars (*further information in [Circularity and regeneration](#)*).

**Further information about Natura and the Natura & Co group may be found in the group's Management Report, available on the Investor Relations webpage: <https://ri.naturaeco.com/pt-br/>.**

GRI 201-1 <b>Direct economic value generated (BRL million)</b> Natura & Co Latin America	<b>2020</b>	<b>2021</b>
Consolidated net revenue	20,542.3	22,413.4
Consolidated Ebitda	2,369.50	2,595.70

THE FULL FINANCIAL STATEMENTS ARE AVAILABLE [HERE](#).

## *Gains from synergies*

With an efficient governance model and a cross-cutting approach, we were able to capture synergies and optimize operations rapidly. The results of the Natura and Avon integration in Latin America are on track with the projections and indicate that they may be maximized.

The Transformation Office, or TO, is responsible for the cross-cutting approach and for driving the Avon transformation and the integration with Natura in various areas simultaneously. Jointly with the areas responsible, the TO ensures the allocation of resources and monitors indicators related to diverse processes, such as organizational structures, sustainability, procurement and logistics management, commercial practices and relations with representatives through to digital sales, for example. In the first two years of the integration, more than 600 projects were initiated on 17 work fronts, of which half have been concluded.

The major results from synergies are in the operational structures, such as the procurement area, which has been integrated globally since 2020. In logistics, the second major driver of gains from the integration, we optimized the operation of our distribution centers (DCs) with key integrations of the Cabreúva and Itupeva hubs, both in São Paulo state, and the Medellín DC, in Colombia, in 2021, and the DCs in Peru and Chile at the beginning of 2022. The first center conceived to serve the four brands will be the second largest in Latin

America. It will begin operations in 2022, in the state of Alagoas, the most strategic location for supplying the Brazilian north-east region.

Accordingly, our logistics structure comprises 19 DCs and hubs throughout Latin America, of which six will serve the entire group as early as 2022. The structure has already reduced freight costs, especially in Brazil. Measures to consolidate the network with the revision of routes (heavy freight and last mile) and the number of branches generated greater efficiency, demonstrated by the fact that half of the Avon and Natura orders in Brazil were delivered jointly in 2021.

The Avon hub in Cabreúva (SP) became the main center for Natura &Co exports, also contributing to significant cost optimization.

We also progressed in integrated production. Four of our six factories in Latin America produce for more than one brand: Benevides and São Paulo in Brazil; Celaya in Mexico; and Moreno in Argentina.

The Avon factory in Argentina was strategic in the local manufacture of Avon and Natura products given the import restrictions determined by the local government. The combined structure and the advanced stage of operational integration enabled local production of 30% of annual sales volume. This front distinguished Argentina in revenue growth in the year, elevating Natura's presence in the region, a situation which will develop further in the coming years.



## *Natura &Co Service Center*

GRI 2-25, 2-26, 2-29

At the beginning of 2022, the Natura &Co Brazil Service Center came into operation, yet another demonstration of synergy for Natura &Co Latin America. The center is managed by a single provider, with customized teams to serve consultants, representatives and consumers of each of our four brands: Natura, Avon, The Body Shop and Aesop. In addition to reducing costs, the integration should have a positive effect on the customer service experience for these audiences. We will also implement integrated customer service centers for the Mexico and Central America region in 2022.

Another example of synergy is our virtual assistants Nat, for Natura, and Bela, for Avon, who are now managed by the same provider in Brazil and in the whole of Latin America.

In 2021, Nat and Bela totalled 9 million contacts in the whole of Latin America. Currently, Nat is present in five countries (Argentina, Chile, Colombia, Mexico and Peru); while Bela was available in Argentina, Chile, Uruguay, Mexico and the Central American countries in 2021 and was launched in Colombia, Ecuador and Peru at the beginning of 2022.

Other processes and practices have already been integrated, such as the indicators monitored at Natura and Avon: satisfaction level (measured by NPS – Net



Promoter Score), average speed of answer and call abandonment rate (when the customer gives up the call due to the delay). We also implanted two successful Natura initiatives in Avon: the tactical customer forum, organized weekly, and the customer committee, which meets monthly. These forums are used to assess performance indicators and discuss opportunities to improve the customer experience.

As a result of integrated management, in 2021 the level of satisfaction with Avon Brazil service increased from -11 to 30 points and, in Latin America, from 19 to 41 points. At Natura, average satisfaction with service corresponded to 35 points (40 in 2020) in Brazil and 51 points (45 the previous year) in Hispanic America. The NPS scale ranges from -100 to 100.



## *Main highlights and challenges*

### **Natura &co** Latin America

- Acceleration of integration of production in four of the six factories and in logistics, with the Cabreúva and Itupeva hubs, in São Paulo, and the distribution centers in Colombia, Peru and Chile, the latter in the third quarter 2022.
- The first sustainability linked bond issue raised BRL 1 billion with a differentiated interest rate, demonstrating market confidence in the company value issue proposition.
- Participation in COP-26 and launch of the PlenaMata portal to boost the visibility of real-time deforestation data and drive mobilization to protect the Amazon.
- First survey of greenhouse gas (GHG) emissions of all the Natura &Co companies. In the Natura emissions inventory, absolute emissions increased by around 3%.
- Growth of 9.1% in net revenue, which totalled BRL 22.4 billion.

## AVON

Avon launched its new commercial model in Brazil and Ecuador and initiated adoption in Colombia and Central America. The transition resulted in a 13% decrease in the number of representatives in 2021.

Representative satisfaction grew compared with 2020.

The #watchmenow campaign renewed brand presence and activated consumers.



The IP&L (Integrated Profit and Loss), a pioneering model that supports strategic business management through the valuation of all the dimensions of the company's results demonstrated that each BRL 1 in Natura sales generated BRL 1.5 in benefits in human, social and natural capital.

Demand for Amazonian biodiversity ingredients doubled in the year. Beginning of first relations with communities in Ecuador and Colombia.

Biôme, a new vegan line of bar products based on 100% natural regenerative ingredients, zero plastic and a bioresin accessory made through the capture of methane gas.

50% growth in retail channel in 2021.

The consultant base grew in four of the six countries in which we operate. In Brazil and Argentina, the number decreased by 10.5% and 1.6%, respectively.



THE BODY SHOP

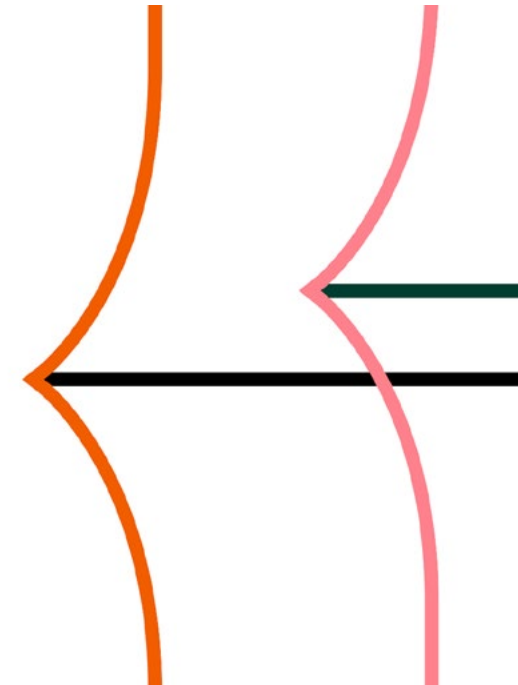
Products developed locally.

Launch of own e-commerce in Mexico.

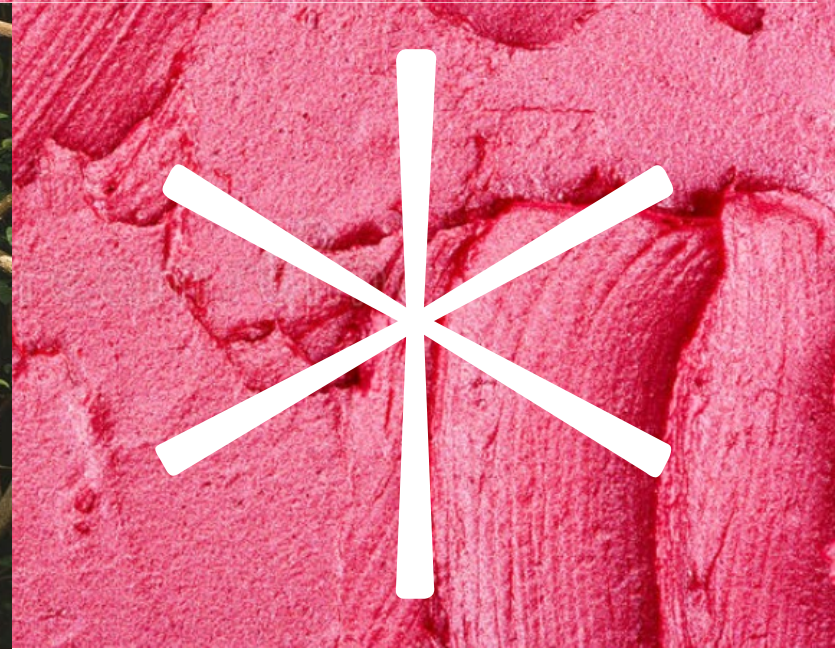
## Aēsop.

Launch of own e-commerce in Brazil.

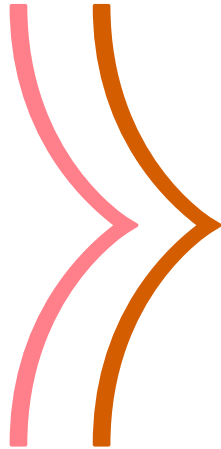
Double-digit growth in each quarter.



# Strategy



# Strategy



We have clear objectives by combining the Avon, Natura, The Body Shop and Aesop operations in the region:

- *to boost our strength;*
- *drive our market leadership, profitability and cash generation;*
- *and enhance our pioneering stance in sustainability and talent development.*

Launched in 2020, **Commitment to Life** is the group's ambitious plan to contribute towards addressing some of the world's most important issues up to 2030, including the climate crisis, protecting the Amazon, defending human rights and promoting circularity and regeneration. Remaining faithful to the belief that business should be a force for good, we have established goals and targets for the next decade, encompassing all the companies in the Natura &Co group.

# Joining forces to unlock *additional growth opportunities*

## Five Missions



1. *Strengthen and innovate*

**AVON**

2. *Recover and transform*



3. *Grow profitably*

**Natura &co**

4. *Enable businesses  
and capture synergies*

**Natura &co**

5. *Combined businesses  
and new businesses*

We believe in our capacity to create value, way beyond the sum of our brands, products and services. Since the formation of the Natura & Co Latin America business unit in 2020, we have led the integration of the operational structures of the four businesses in the region and advanced rapidly, particularly in synergies between Natura and Avon.

To work in a more cooperative and coordinated manner, we innovated in management and in the organizational model that enable autonomy and interdependence between the businesses and harness all the potential of our ecosystem.

Accordingly, we have organized our strategy in five missions to accelerate execution, focused on what each business needs and capitalizing on the opportunities that will be generated by the combination of the strengths of our businesses.

This arrangement also involves a more horizontal, fluid and dynamic organizational model, less structured by departments and driven by the needs of the strategy (further information **in People**).

### **1. Natura Mission**

This involves expanding the brand's strength and penetration (preference and desire) through important innovation and differentiation, the evolution of

an omnichannel approach, the modernization of Relationship Selling and the digital extension of relations with consultants and consumers, boosting our positive impact.

### **2. Avon Mission**

Our focus with this mission is to restore growth and profitability with the implementation of a new commercial model that increases the income of our representatives, with the optimization of the product portfolio and, allied with the modernization of the brand, recovers household penetration.

### **3. TBS and Aesop Mission**

The Body Shop and Aesop represent additional drivers of growth and also benefit from this combination of the group's structures and knowledge to boost brand awareness and access to the products through increased physical presence and complementary (digital) channels in Latin America.

### **4. Enable business and capture synergies**

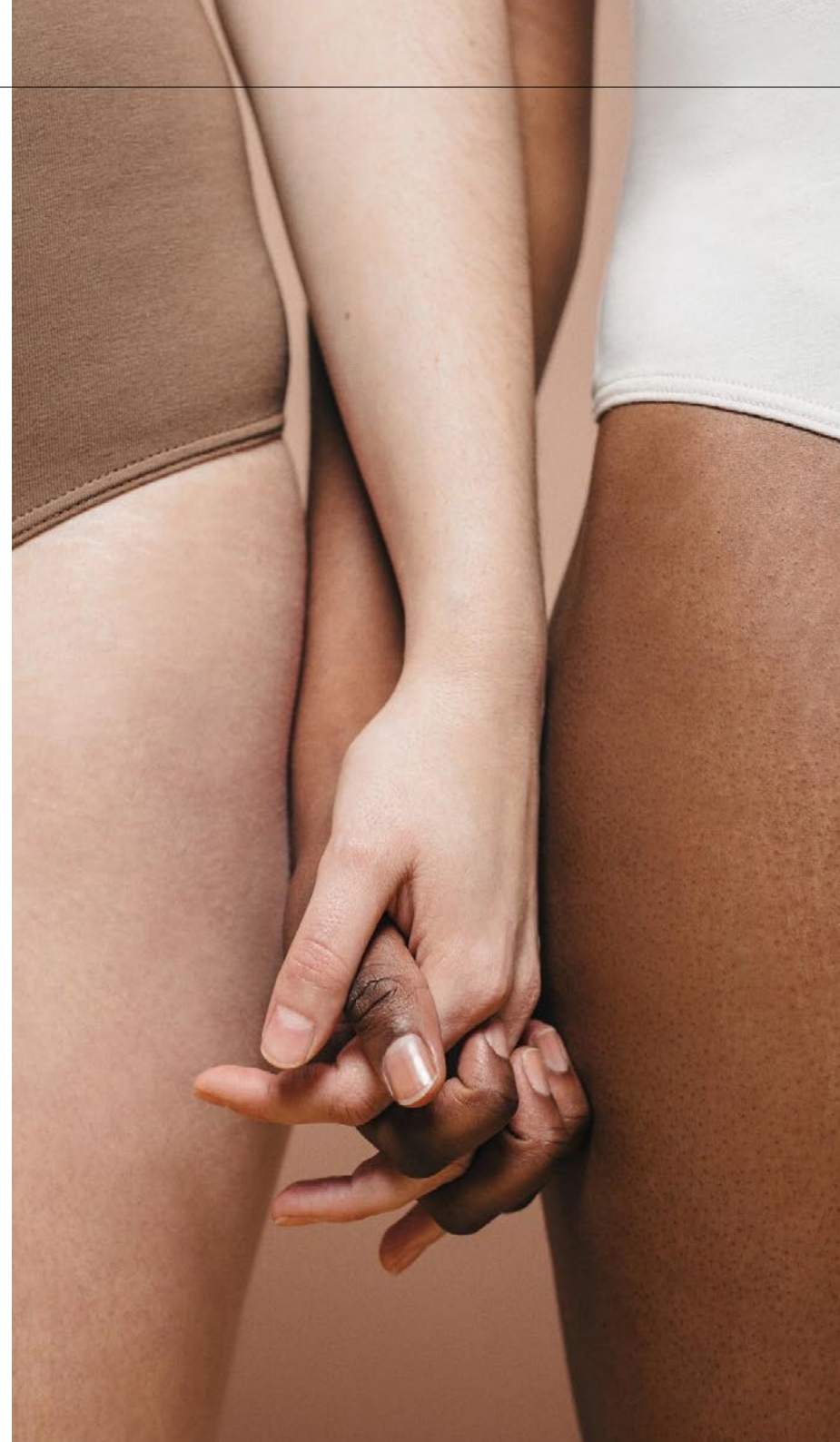
As a group, we need to create solutions capable of generating competitiveness for each of our businesses, balancing customization and integration in cross-cutting areas and expanding the capture of synergies (operational/corporate/tax) from the integration of Natura & Avon.

## 5. Combined businesses and new businesses

The last mission addresses what we will do to create even greater value for our businesses, not only by combining them, but also by creating new businesses in our ecosystem. Based on this, we will be able to generate even greater value for our network based on the network itself. A good example is the financial services platform &Co Pay, which facilitates the financial, social and digital inclusion of our consultants in Brazil and which will be extended to our entire network in Latin America.

This structure supports the evolution of our organizational and governance model, as well as our execution capacity. This will enable us to drive the group's leadership in the region, strengthen our market share and create an ecosystem of symbiotic, collaborative and complementary businesses.

This is how we will expand our strength in driving positive impact, a differential in our strategy, set forth in the Commitment to Life, with 31 very ambitious targets to address some urgent global issues by means of our business model. In Latin America, inspired by the leadership of the Natura brand we intend to advance with an ever more regenerative business model that defends the essence of the Amazon and combats climate change and ensures the maintenance of life on the planet based on the belief in relations and their power to transform the world, including respect for and defence of human rights.





# Commitment *to Life*

*An ambitious plan to help overcome some of the world's most urgent challenges by 2030:*



## **Combat the Climate Crisis and Protect the Amazon**

Reduce our GHG emissions:  
achieve **"zero carbon"**  
target by 2030.

The Amazon: **zero  
deforestation.**

**Science-based targets  
for biodiversity;** drive  
compliance with the  
Nagoya Protocol.



## **Defend Human Rights and be More Human**

**For our associates:**  
gender equality, inclusion  
of under-represented groups  
and a living wage for all.

**For our broader network:**  
measured increases in  
earnings, education  
and health.

**Non-toleration of human  
rights violations** in our  
supply chain.



## **Embrace Circularity and Regeneration**

**Complete packaging  
circularity.**

95% or more renewable  
or **natural ingredients.**

95% or more  
**biodegradable formulas.**

Investments and  
collaboration for  
**Regenerative Solutions.**

**FURTHER INFORMATION: CLICK ON EACH PILLAR FOR DETAILS.**

**PERFORMANCE: CHECK THE STATUS OF OUR TARGETS HERE.**



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

In Natura & Co Latin America, the Commitment to Life has driven integration and planning, especially between Natura and Avon, our largest operations, seeking to progress in these areas based on the stage each brand is at and its strengths.

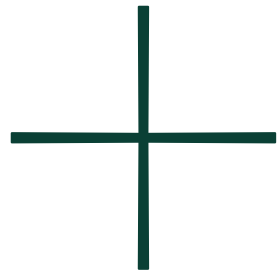
At Natura, these pillars were added to its commitment to generate positive impact (launched in 2014, with the 2050 Vision) by means of a regenerative business model oriented to cultivating quality relations based on respect and ethical principles. As a leader in sustainability, the brand should inspire the whole group towards achieving net zero based on its trajectory as a carbon neutral company (since 2007) and its ongoing reduction in greenhouse gas (GHG) emissions throughout the value chain: through its actions with the supplier chain, including agro-extractivist communities in the Amazon, the development of powerful, innovative products that combine leading edge technology and forest bioingredients, as well as increasingly ecological packaging. The learnings from Relationship Selling, which include the Natura Beauty Consultant value proposition, relaunched in 2017 to boost earnings and the entrepreneurial potential of the network, are also being expanded. Additionally, the Natura brand is the main driver in the Amazon protection agenda, particularly regarding combating deforestation, which has advanced at an alarming rate in recent years.

Avon has a historical commitment to female empowerment, to promoting access to beauty and the

advocacy of causes that affect the full development of women, combating breast cancer and violence against women and girls. As part of the group, the brand has the opportunity to reinforce these actions not only based on the resumption of growth, but also through support from the other group businesses. The Avon brand also contributes to the democratization of sustainability by taking the Natura & Co proposal to mobilize sustainable behaviours that promote a better way of living and doing business into more homes.

We believe in our capacity to create value, way beyond the sum of our brands, products and services; we are aware that our union has the potential to create new synergies and opportunities at the service of our beauty and well-being ecosystem which involves consultants, representatives, franchisees, employees, consumers, suppliers and the communities with which we maintain relations.

These goals require innovation and hard work, not only internally but also jointly with other business leaders, governments and civil society to explore how we may create a fairer, more sustainable world for everyone. Among the actions that help us to drive this integrated agenda is the creation of the Sustainability Committee, with the participation of Natura & Co Latin America executives and a unit of the Transformation Office, which heads the integration of our brands, dedicated especially to sustainability initiatives and associated cross-cutting topics in the region. Further information in **Corporate Governance**.



## *Natura's three causes*

- **Living Amazon Forest**
- **Every Person Matters**
- **More Beauty, Less Waste**

In 2019, Natura decided to organize its material topics in a structure of causes, which are reflected in the pillars of the Commitment to Life. Managing these is part of the company's strategic decisions to engage employees, consultants, consumers, suppliers and the communities with which it has relations.

Each cause has its own strategic planning, governance and management process. We have also developed a theory of change for each cause to delineate the type of transformation that we want to generate in the long-term, the priority measures, the partners involved and engagement indicators. This construction was undertaken jointly with stakeholders, involving the consultation of specialists, internal alignment with senior management and the different Natura areas. This process improved our knowledge about how we should act regarding combating deforestation in the Amazon, building models for measuring consultant income and

enhancing supplier communities with the concept of a living income, as well as defining commitments related to biodegradable, compostable and recyclable packaging. Between 2014 and 2020, Natura progressed in the set of targets established in the Vision and continues to evolve towards achieving the goals established for 2050 (see the advances in the first decade of the Vision in the 2020 Annual Report).

Based on the causes, Natura defined and manages developmental measures that generate innovation and differentiation in products and services; initiatives to mobilize its stakeholders and advocacy to influence broader societal movements that go beyond its businesses.

## *Avon and its historical commitment to the female social agenda*

Avon, founded 136 years ago, started life as a vehicle to promote women's repressed entrepreneurial potential by exalting and democratizing women's relationship with beauty. In these times of crisis and excessive polarization, the role of this democratization of beauty is renewed in society, increasingly strengthening the brand's potential to generate integral growth for its network of representatives and entrepreneurs, while reinforcing actions to promote quality of life for women through these causes:

- **Combating domestic violence and breast cancer**
- **Democratizing beauty and the diversity agenda**

The actions and developmental programs of these causes are led by the Instituto Avon in Brazil and the Avon Foundations in Hispanic America. We recognize that women have different needs in each geography due to diverse cultural factors and the different development stages of society; therefore, the programs are managed independently, which has not limited their reach.

Pink October is the main platform for promoting awareness of breast cancer in the region. The campaign to prevent domestic violence against women, #IsolatedNotAlone, sounded an important alert about the increased risk for women during the pandemic.

Due to the relevance and broad reach of its programs, the Instituto Avon is the NGO that has invested most with a focus on Brazilian women in the last eight years. Fifteen years ago, the Avon Foundation in Argentina, Chile and Uruguay developed a platform to support female social leaders which is now a reference in training for combating gender violence. While in Colombia, Peru, Ecuador, Mexico and Central America, the Carrera de la Mujer campaign is a leader in mobilizing around self-care and awareness about the importance of detecting breast cancer at an early stage, measures that can save lives.

We understand the commitment generated by our pioneering stance and experience in women's empowerment and have assumed the responsibility of orchestrating the business world and diverse sectors of society around these causes. Moreover, we will strive to advance with support from the integrated Natura & Co Latin America structure in areas such as greenhouse gas (GHG) management and reduction, as well as promoting circularity and the regeneration of inputs in our production processes.



*B Corps balance profit and purpose*

**GRI 2-24**

In 2014, Natura became the first publicly traded company to receive B Corp certification, a movement led by the B Corp System which seeks to drive a global community of leaders engaged in new ways of doing business that balance profit and purpose. We renewed our certification in 2017, and in 2020 our rating demonstrated ongoing evolution. In the most recent recertification in 2020, we scored 153 points in all the sections evaluated and were one of the few companies in the world to score in seven impact business models ((IBMs), which address areas such as employee development; conservation of resources, land and wildlife; ecological and innovative manufacturing processes, among others.

In a wide-ranging, detailed assessment, the companies must prove that they take the impact of their decisions in areas such as governance, employees, the environment, customers, communities, and the supply chain into account. B Corps are also required to make a formal commitment in their by-laws to generate benefits for society and not just for shareholders.

In line with the engagement and orientation of our businesses towards generating positive impact, The Body Shop was certified in 2019 and Aesop in 2020. Avon will

follow in their path by 2025. As a result of this, the Natura &Co group also achieved recognition as the largest B Corp in the world in 2020.

More than just a certification, the B Corp impact analysis has become a tool to measure the performance of our strategy, which complements our integrated management efforts. The diagnosis drives innovation in meaning and in positive impact in our value chain and is one of the inputs we consider when defining our priorities and action plans.

Further information at <https://ri.naturaeco.com/certificacao-empresas-b/>

# Business Model



## Capitals accessed

### natural capital

formulas that value natural and renewable ingredients and keep the forest standing.

### financial capital

Capital for operation and investments.  
US\$ 1 billion raised with Sustainability-Linked Bond\*

### social capital

presence in 18 countries in Latin America, with 4 iconic purpose-driven brands.

### manufactured capital

production centers and distribution centers, physical and virtual channels for representatives/consultants and consumers.

### human capital

Latin America: almost 18,000 employees in 2021 and 4.8 million representatives and consultants.

### intellectual capital

Product patents, innovation and organizational capital structured through management systems and processes.

\* Natura &Co Holding.



## Business Activities

### We care for people:

In the Covid-19 pandemic we united to bar contagion, care for our relationship network and keep the economy running.

### We are an integrated company:

We are intensifying the integration of processes and structures, seeking greater efficiency and sustainability, preserving the identity of each of our four businesses.

### Governance is a key word:

Based on the principles of autonomy and interdependence, the governance systems enable us to evaluate, monitor and build the future we want.

### We know the risks so we can manage them:

we seek to understand the context in which we develop, to prepare to get to know and anticipate the risks in diverse complex and uncertain scenarios, so that our strategy may absorb them.

### It is only innovation if it generates positive impact:

our innovation is based on the Commitment to Life and is manifest through a robust pipeline of new processes and products.



## Output our products



Production and sale of beauty and personal care products, prioritizing relationship selling and expanding omnichannelness, generating impact for the environment and society.

In 2021, Natura &Co Latin America net revenue was BRL 22.4 billion, over half the sales were enabled digitally. With the commitment to become a Net Zero group, we measured the baseline of the GHG

emissions of the whole group and maintained the offsetting of 100% of Natura emissions, which generates BRL 40 in co-benefits for every BRL 1 invested, in addition to fostering the use of renewable energy in the region.

The use of social biodiversity ingredients in Natura products contributes to the conservation of 2 million hectares in the Pan-Amazon region.

# Main Stakeholders

We will dare to innovate to promote positive economic, social and environmental impacts, which will transform us into the best beauty company FOR the world.

## Generating shared value



### Society and the environment

For us to become the best beauty company for the world, we seek to maximize our positive impacts and mitigate the negative ones through **innovation, circularity** and **regenerative solutions**, maintaining carbon neutrality as we progress towards **net zero**, continually increasing the use of renewable and recycled materials in packaging and expanding investments in **conservation** and **regeneration of biodiversity**.

Through the Instituto Natura, the Instituto Avon and Avon Foundations, we drive **access to education, we combat violence against women and girls** and **support the battle against breast cancer**.

#### Investors

EBITDA **BRL 2.4 billion** and net profit of **BRL 1.2 billion** Average daily trading volume (ADTV) of **BRL 339.1 million US\$ 33.4\*\* million** invested in the group's main causes and US\$ 8.7\*\*million in the development of regenerative solutions.

\*Natura &Co Holding  
\*\* Natura Cosméticos



#### End consumers

High capillarity and brand presence by means of **sales strategy** and brand digital experience.; Access to high quality, more sustainable products, integrated with the Natura &Co brands' causes and commitments, that foster consumption habits that drive well being and concern for the planet.



#### Employees

Construction of an **ever more diverse team** and an inclusive environment, with decent remuneration, equal pay between genders and a focus on well-being.

**82% of employees** receive a *living wage* or above. This is the minimum for the basic needs of a family.

**50.8%** of managers are women.



#### Consultants and Representatives

Formation of an **ecosystem that favours enterprise** and income generation based on a fair and reliable model focused on women and their challenges.

In 2021, we advanced in a pilot project to measure the impact of income on the lives of consultants and representatives.



#### Suppliers

Close, long-term relations with suppliers, sharing the challenges and driving the organization's purpose in the chain.

Strategy supported by the **group's Human Rights declaration** and the evolution in certification and /or full traceability in the critical chains.



#### Supplier communities

Access to income through relations with cooperatives and small producers of social biodiversity raw materials that promote the **standing forest**.

Support for the development of local infrastructure, driving access to services and basic rights.



In 2021, we shared **BRL 39.9 million** in value with 40 communities, boosting their influence in the conservation of the Amazon.

\*\*Natura.



The IP&L  
and the era  
*of stakeholder  
capitalism*

## **GRI 2-25**

Natura is a pioneer in integrating sustainability and a vision of positive impact into its businesses. Over time, countless innovations and actions have ensured the company is recognized for promoting new ways of doing business while balancing earnings and purpose.

In a new step in this direction to expand assessment and management of results (P&L) and the impacts our businesses have on the environment and society, Natura has started to publish one of the most sophisticated models for the application of ESG practices, the IP&L (Integrated Profit & Loss), on an annual basis.

The IP&L innovates by demonstrating broadly how our value generation goes far beyond financial indicators, such as revenue and profit. By attributing economic value to the positive and negative impacts generated by the businesses, also known as externalities, we will have a true measure of the long-term value we generate for our shareholders, for the environment, for people and for society in general. The model developed by Natura incorporates the most up-to-date parameters of well-being and quality of life for its stakeholders, such as the concept of a living income for its relationship network, aligned with expanded awareness and the establishment of new levels of impact befitting the Sustainable Development Goals (SDGs). Accordingly, the assessment is conducted based on the planetary limits of natural resources and human rights principles, supporting the company's governance for the development of a new level of positive impact on society.

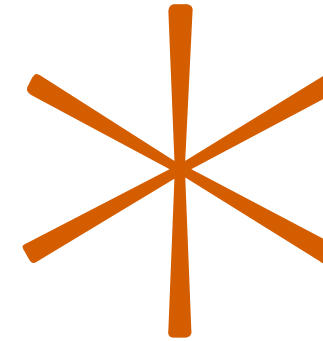
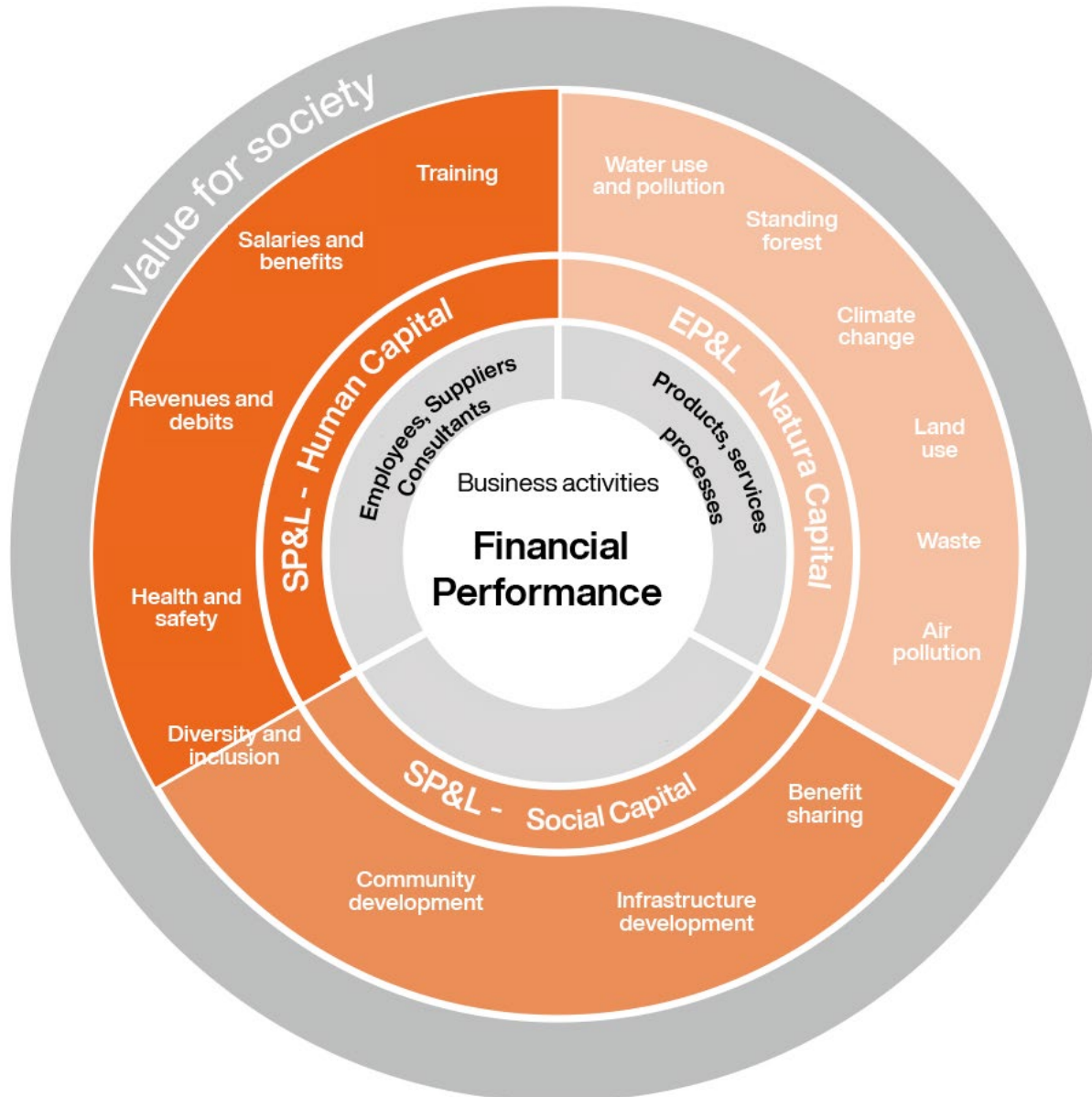
With the IP&L, we can obtain detailed information about how Natura and its production chain influence the audiences with which they relate and the planet's environmental footprint – and point out the gaps that still exist to the generation of positive impacts.

The system for measuring results represents a new management tool for Natura because it offers a new standard of systemic vision by permitting better evaluation of trade-offs and priorities, perception of costs and benefits for projects and investments and increases visibility for decisions that might represent risks or greater generation of benefits for the whole.

Natura's application of the IP&L is the evolution of diverse metrics over the last decade, such as the combination of the EP&L (Environmental Profit and Loss, used by Natura since 2016), that monetizes the costs and environmental benefits caused by our value chain and the SP&L (Social Profit and Loss, used since 2018), which calculates the impacts and contributions in human and social aspects. Conducted in partnership with the consultancy Valuing Impact, the methodology also received inputs from specialists and international organizations such as the World Business Council for Sustainable Development (WBCSD).



## What we consider in the IP&L:



The activities evaluated range from the supplier chain and extractivist communities in the Amazon region, through the direct operations, the Natura Beauty Consultants to the products used and product end of life, organized in three groups:

- **Human Capital**
- **Social Capital**
- **Natural Capital**

## IP&L Results in 2021

GRI 2-25

The IP&L demonstrates the power of our strategy and the way we manage our businesses, considering all the interdependencies. In total, we calculated a net impact of BRL 18.2 billion for the Natura value chain in 2021. The calculations show that each BRL 1 in revenue generates BRL 1.5, the result mainly of the income generated for the consultants, remuneration for direct employees, the payment of taxes and investments in the supply chain.

The amount calculated is the result of a balance between the positive and negative impacts and shows a significantly high contribution to the social and human capitals, amounting to BRL 14.7 billion and BRL 4 billion, respectively. In natural capital, there was a negative result of minus BRL 472 million.

For each

**BRL \$1**

in revenue,  
Natura generated

**BRL 1.5**

in positive social  
and environmental  
impact  
GRI 2-25

2021 IP&L Results (in BRL million)	Human Capital	Social Capital	Natural Capital	2021 Total	2021 SROI
<b>Advanced level consultants</b>	<b>8,452</b>			8,452	-
Taxes (sales and corporate)		11,648		11,648	-
Supply chain	5,445	1,794	-231	7,008	-
Direct operations	1,552	545	-2	2,094	-
Instituto Natura	1,293	301		1,594	32.8
Carbon credits	126	82	137	345	40.1
Supplier communities	56	288	22	365	8.6
Support actions / Covid crisis	51			51	2.5
Product use and end of life cycle			<b>-397</b>	-397	-
<b>Beginning level consultants</b>	<b>-12,994</b>			-12,994	-
<b>Total</b>	<b>3,981</b>	<b>14,657</b>	<b>-472</b>	<b>18,166</b>	<b>1.5</b>

Consultants with a **higher level of engagement** and proximity with Natura.

Consultants with **lower proximity** with Natura.

Impact through use of water and energy during consumption of products, waste and packaging

**BRL 18.2 b**

Summing up all the positive impacts in the human, social and natural fields, and subtracting the negative ones, **the positive balance of the impact generated by Natura for society is equivalent to two times the total sales.**

### The importance of income

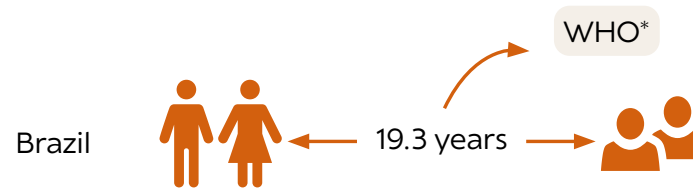
The concept of a living wage/income is an amount that is enough to cover the basic needs of a family, such as food, housing, transportation, education, healthcare, payment of taxes, among others. Created by the Wage Indicator Foundation, this measure varies in each region, be it in countries or in the case of countries like Brazil, Mexico and Argentina, in the states and cities, according to the local cost of living. The parameter is higher than the minimum salary, establishing a level of best practice in human rights with the objective of contributing towards the Sustainable Development Goals (SDGs).

Income is one of the main impacts assessed by the IP&L because it is an essential factor for quality of life and is even more important in regions with lower social development, characterized by restricted access to basic services.

At Natura, we quantify the income generated by our business model for each one of our stakeholder groups. The living wage that we adopt for our employees, and the living income adopted for other business partners is proportional to engagement with the brand.

See how we apply this in practice in the example of the consultants on the next page.

### Calculation of HUI factor (health utility of income):



According to the World Health Organization, in Brazil people with a higher income live 19.3 years more than people with a lower income.

A person's median productive life is 45 years

$$\frac{19.3}{45} = 0.43$$

Is the differential rate of life expectancy per year worked

The value of one year of life, called DALY, is BRL 733,632.00 according to the OECD\*\*.

$$\frac{0.43 \times \text{BRL } 843,803}{\text{BRL } 122,160} = 2.97 \text{ BRL/BRL}$$

4x  
living wage

For each BRL 1 in income received in Brazil, human capital amounting to BRL 2.97 is generated

\*WHO – Global Burden of Disease

\*\* OECD productive value of life is US\$ 185,000

Obs: Theoretical data, used as a simulation for the calculation



**An example of**  
*Human Capital*

**Empowerment of**  
**Natura Beauty Consultants**

We seek to create value for our consultant network by means of the Natura Relationship Selling model which provides them with opportunities for income and social ascension while generating sales opportunities for the company.

The IP&L offers a better understanding of how consulting permits members of our network to increase their well-being and obtain opportunities for development. In addition to calculating the income from the earnings from product sales, the calculation takes into account the impact of indirect benefits, such as professional training, as well as the possibility of the network achieving a living income.

It also includes the gap to achieving this minimum amount as a negative factor (when the income/hours dedicated to the activity of consulting is lower than the living income, as shown in the equation below).

The calculation permits the demonstration of how the activity of consulting becomes a lever enabling the network to achieve well-being. In Brazil in 2021 54% of the consultants closer to Natura\* (around 40% of the total, considering the average number of consultants available in 2021) and 100%

\* Consultants at more advanced stages of activity (from the Silver category).

of the leaders achieved an income/hour dedicated to the activity equal to or higher than the living income level. Whereas the majority of the consultants at the initial stages of relationship are not yet able to achieve this result. We identify this as an opportunity to forge closer relations with these consultants and to help them prosper financially.

This rationale will guide our strategy and help us to prioritize our actions.

**BRL 8.4 b**

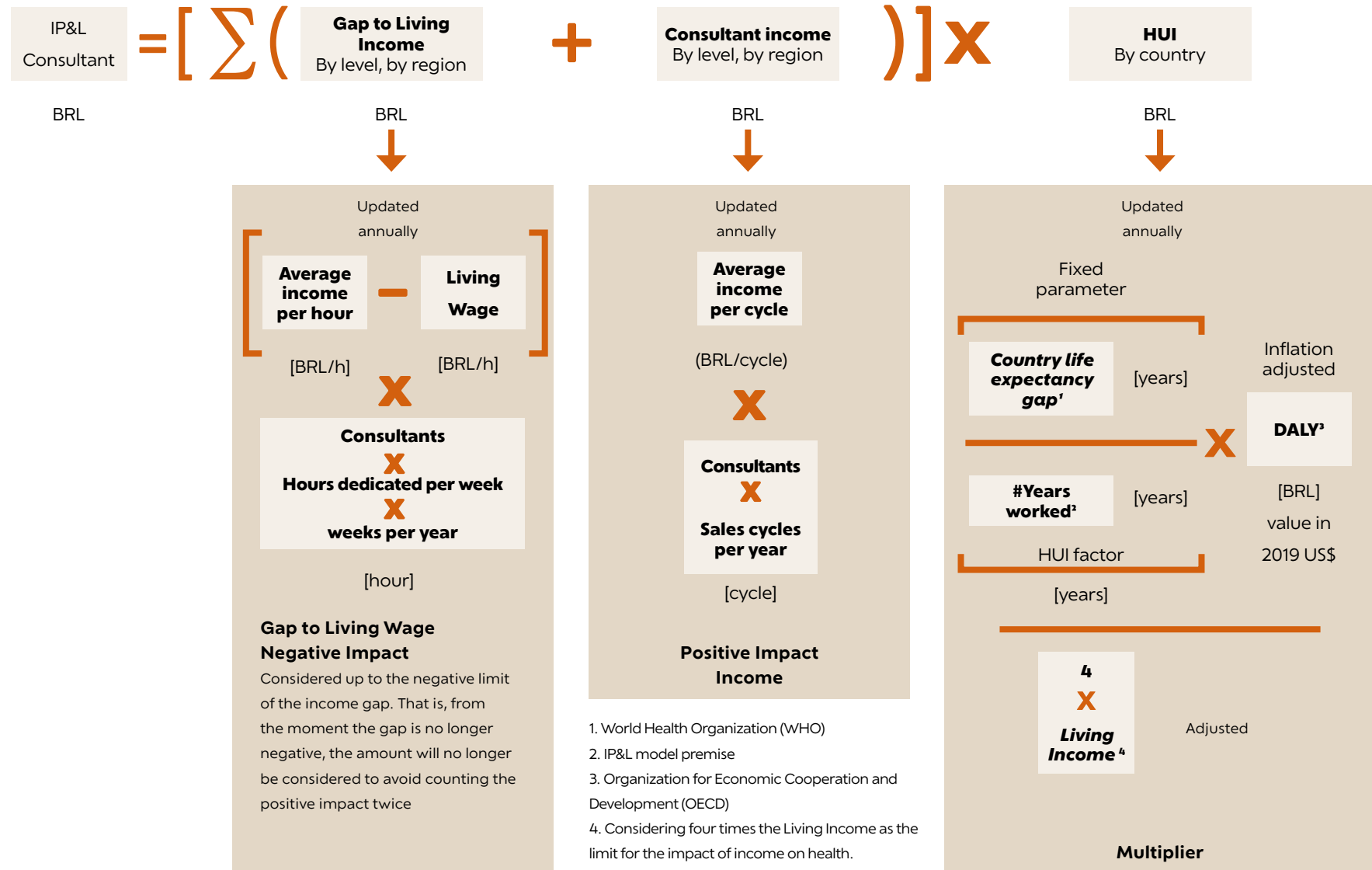
*positive net impact for consultants with higher levels of relationship in 2021.*

**Valuation of impacts**

**In addition to earnings from product sales, the final impact result for the Natura Beauty Consultants takes into account aspects such as training (indirect benefits) and whether there is or not a gap for them to achieve a living income.**

## How we calculate the effect of income on consultants' quality of life:

- Consultants' income (by level and by country)
- Number of consultants with income below the living income minimum limit
- Rate of importance of income for well-being (*HUI rate, see how it is calculated in [The importance of income](#)*)



FURTHER INFORMATION ABOUT RELATIONS WITH THE CONSULTANTS IN CONSULTANTS AND REPRESENTATIVES



**An example of**  
*Social Capital*

**Relations with communities  
in the amazon**

Our work in the Amazon region, which has developed a model of purchasing inputs directly from family smallholders who produce sustainably, shows how our option to promote a regenerative economy generates value and can be a key driver for the conservation of the forest.

**Valuation of impacts**

To calculate Natura’s impact on the communities, the following aspects are considered:

- **Benefit sharing**
- **Income**
- **Supply of raw materials**
- **Gap to living income**
- **Taxes**
- **Cooperative economic activity**
- **Socioenvironmental initiatives**
- **Support in infrastructure**
- **Training**

The acquisition of ingredients and partnerships with the supplier communities generate the following socioenvironmental benefits:

Brazil

**BRL 364,800**

Amazon

**BRL 316,600**

For each

*BRL 1*  
invested

*BRL 8.6*  
is generated

*2 million*  
hectares

Total area of the Amazon forest conserved by the communities

SEE FURTHER DETAILS ABOUT OUR RELATIONS WITH THE SUPPLIER COMMUNITIES FROM THE PAGE [THE AMAZON AND CLIMATE](#)



**An example of**  
*Social Capital*

**Instituto natura and improving  
public education**

The Instituto Natura (iN) invests in initiatives to promote public education, with the purpose of ensuring quality learning for all children and young people. Its activities are extended to the Natura consultants, providing support for their educational development and that of their families.

**Valuation of impacts**

- **Assessment of how literacy and full-time secondary education, two of the iN's main platforms, generate future income opportunities**
- **Social costs avoided, such as the reduction in social benefits distributed by the government due to improved income**
- **Generation of tax income in the future from this additional income**

For each

*BRL 1*  
invested

*BRL 32.8*  
generated

**FURTHER INFORMATION ABOUT INSTITUTO NATURA  
PRIVATE SOCIAL INVESTMENT**



**An example of**  
*Natural Capital*

**Carbon offsetting strategy**

**GRI 3-3**

With its Circular Carbon project, Natura seeks to extend relations with the communities supplying social biodiversity ingredients from the Amazon region and demonstrate that it is economically viable to reconcile production activities and keep the forest standing.

The action initiated with the RECA community in the Acre, Amazonas and Rondônia border region pays an additional amount for the environmental conservation promoted through the use of sustainable production methods. Accordingly, in addition to the benefit of offsetting carbon emissions, the project helps to contain deforestation in the Amazon and encourages family agricultural producers to conserve local vegetation. The lower the deforestation in the area, the higher the financial return for the agricultural producers for the environmental services rendered.

**BRL 113.8 million**

*total benefit generated for society by the Circular Carbon project in 2021.*

For each

**BRL 1**  
invested

**BRL 40**  
generated

**In addition to the direct benefit of emissions offsetting, the Natura Carbon Neutral program promotes social and environmental co-benefits in all the projects supported (see the aspects evaluated below):**

**SEE OUR GHG EMISSIONS MANAGEMENT STRATEGY IN MANAGING THE CLIMATE AGENDA**

**Aspects assessed**

**direct benefit**



climate change

**co-benefits generated**



Generation of jobs



Education / training



Community development



Ecosystem services



Health

1. Valuation methodologies used include: impacts avoided through use of renewable energy matrix and positive impact generated on health, such as the reduction of respiratory diseases due to the substitution of wood-burning stoves with more efficient models; indicators such as land use, exhaustion of abiotic resources (such as solar radiation, temperature and nutrients), acidification, ecotoxicity and water exhaustion, among others; benefit sharing for Amazonian communities (for community development), among others.



## Next steps

### GRI 2-29

In 2021, we submitted the IP&L to consultation by highly qualified private sector individuals, specialists in valuation, ESG influencers and key actors in the economic sphere. Conducted by the consultancy GlobeScan, the process collected the perceptions of these groups. They recognized the importance of the topic, Natura's pioneering stance in developing its IP&L and underscored the importance of sharing it with society to contribute to the evolution of discussions on valuation.

To address this demand, we published an executive technical report on the IP&L, in which we detailed the methodology and indicated opportunities for further in-depth analyses, (available [here](#)).

We also intend to increase our connections with international organizations of reference in this area to share this knowledge and help promote this agenda. The more companies that start attributing value to their impacts and increasing the transparency of their results, using the model as a management tool, the better we will be able to jointly promote this major movement towards stakeholder capitalism.

The IP&L should also be more accessible internally. In 2022, we initiated a series of workshops with different

levels of management to disseminate the model and its results, with the participation of the co-chairmen of the Board of Directors, the executive chairman, in addition to the Natura &Co Latin America executive board.

### GRI 2-17

#### Our learnings from the first IP&L

<b>Collecting data</b>	Based on the application of the IP&L model, the data collected become strategic information for management.
<b>Identifying impacts</b>	Our most important impacts are related to the consultants' income, payment of taxes, as well as product use and end of life cycle.  Consultants with improved human development generate higher sales.  Benefit sharing promotes positive social impact for the supplier communities.
<b>Valuation</b>	For each BRL 1 in revenue, Natura generated BRL 1.5 in positive social and environmental impact. With our activities, the social return from each BRL 1 invested ranges from BRL 2.5 to BRL 40.
<b>Taking decisions</b>	Natura starts incorporating the results of the IP&L into its processes and business decisions to advance in integrated management.
<b>Leveraging positive impact</b>	Atuamos para que as consultoras prosperem We work on driving prosperity for the consultants through investments in productivity, diversification of income, training and the offer of courses.  We will expand our activities with supplier communities to conserve 2 million hectares in the Amazon, in 40 communities.
<b>Mitigating negative impact</b>	We will invest in areas such as biotechnology to develop solutions to reduce waste, ingredients and plastics.

Commitment to Life

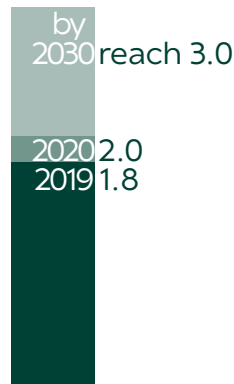
# The Amazon *and the climate*

It is our understanding that biodiversity and the climate should be addressed in an interrelated manner. We advocate the construction of an "Agreement for Nature", similar in scope to the Paris Climate Agreement, which enables countries to work in defence of traditional peoples and communities and social justice with net zero emissions.

1. SBTi: Science Based Targets.
2. GHG: Greenhouse gases.
3. Scope: Natura operations

## The Amazon

Support for conservation of the forest (in millions of hectares)



## Deforestation

1.3 million

ha in 2021, one of the largest volumes since 2006, according to PlenaMata

## Communities

46 communities supplying social biodiversity ingredients  
15% increase in 2021

BRL 44 million

in Natura funds shared with the communities 34% increase over 2020

## Climate

Science-based targets to achieve Net Zero by 2030, being validated by SBTi<sup>1</sup>.

Absolute GHG<sup>2</sup> emissions increased by 4%

(taking into account the entire value chain, from the extraction of raw materials to post-consumer disposal<sup>3</sup>).

Fugitive emissions from Natura operations decreased by 42%.

**GRI 3-3**

In its last report in August 2021, the IPCC (Intergovernmental Panel on Climate Change), attributed an even greater sense of urgency to the issue of climate change. The document indicated that if we maintain the current pace, the increase in the average temperature on Earth will exceed the threshold of 1.5° C in just over a decade, with devastating effects for all forms of life, in particular the human species.

The climate emergency and the loss of biodiversity provoked by human activities constitute a real and urgent threat to all life forms on Earth. We advocate the interdependence of these two agendas based on a systemic vision and the acceleration of actions that enable us to address the climate crisis.

**Integrated agenda**

GRI 2-25, 2-29. 3-3

Our systemic vision is related to the climate emergency and the valuation of social biodiversity and regenerative solutions, connecting these factors with our priorities of protecting the Amazon and our efforts to promote circularity in formulas and packaging. We want to advance continuously with increasingly natural formulas and to enable the reinsertion and reuse of our packaging in structured recycling chains with the adoption of principles of ecodesign. The challenges on which we are working also include decarbonization of the energy matrix and zero carbon product transportation.

The transition to a low carbon economy is a challenge for mankind, which requires an essentially collective construction. Accordingly, in addition to our internal agenda, our strategy for managing the conservation of the Amazon and climate impacts on the businesses involves the mobilization of key actors in our relationship network, including employees, third-parties, organizations and partnering companies, suppliers, investors and customers.

We are aware that given the systemic challenges that are global in reach, individual advances will not be enough, which is why we are working on further strengthening our mobilization front. In 2021, on the eve of the 26th United Nations Conference of the Parties on Climate Change (COP 26), held between October and November in Glasgow (Scotland), we disclosed our positioning with Natura's

expectations for the summit. In it, we advocated a leading position for Brazil in the climate agenda, especially due to the key role the Amazon represents in accelerating the transition to a zero-carbon economy. This positioning, elaborated based on a systemic vision, threw light on five points:

- **Toward Net Zero.** We adopted a position in favour of a commitment involving diverse global political actors and multisector and multilateral groups in the decarbonization of the economy to halve emissions by 2030, reach global Net Zero in 2050 and limit the increase in the average global temperature to, at most, 1.5° C.
- **Global carbon market with social inclusion,** guaranteeing that the economic instruments created strengthen the conservation of biomes and the protection of social biodiversity, generating income for communities through payment for the environmental services they provide, as well as assisting in the transition to sustainable and regenerative agricultural systems.
- **Bioeconomy with Nature-Based Solutions,** with the defence of a global carbon market that prioritizes compensation models derived from Nature-Based Solutions, ensuring the regeneration and conservation of biodiversity.
- **Zero deforestation in the Amazon by 2025.** We advocate the establishment of a commitment involving



diverse global political actors and multisector and multilateral groups to create innovative economic activities based on the bioeconomy that are financially more profitable and sustainable than deforestation.

- **Climate justice and human rights**, advocating that regulation of the global carbon market recognizes the role played by indigenous and quilombola communities and family smallholders in environmental conservation and promotes payment for benefit sharing and access to associated traditional knowledge. We also released our defence of the creation of a fund that finances the adaptation of these populations – historically more vulnerable – to the consequences of climate change, such as access to low carbon and renewable energy technologies.

Our positioning made Natura's and the Natura & Co group's belief that biodiversity and climate need to be addressed in an interrelated manner explicit. This is why we believe that global leaders must commit to the elaboration of an "Agreement for Nature", similar in scope to the Paris Climate Agreement, that enables countries to work collectively to contribute to a future that is equitable and pro-nature, and that defends traditional communities and peoples and social justice, with net zero emissions.



## *Defending the Amazon*

The Amazon, the largest tropical forest in the world, plays a fundamental role in global climatic stability. However, when the forest is felled the opposite is true. This intensifies climate change by releasing enormous quantities of carbon into the atmosphere. Deforestation also generates a significant loss of biodiversity and threatens the traditional peoples and communities in the region. The Amazon is getting close to its tipping point. In 2021, a study published by the scientific journal Nature revealed that some areas of the forest now emit more CO2 than they absorb.

To bar the acceleration of climate change, strengthen traditional peoples and communities and value local biodiversity, we know it is essential to interrupt the cycle of destruction in the Amazon. This is the reason that one of the pillars of our Commitment to Life, launched in 2020, established a set of targets to combat the climate crisis and protect the Amazon, which should be achieved by the Natura & Co group by 2030. Ahead we present the main initiatives that addressed these ambitions in 2021 and the results achieved so far.

### **The Amazon is the path to the future**

Natura's long-standing connection with the Amazon started over two decades ago, when we decided to work with Brazilian biodiversity ingredients based on relations with traditional communities and launched the Ekos product line. Relations were intensified after the introduction of the Natura Amazonia Program in 2011, which paved the way for the establishment of the Living Amazon Forest, one of our priority causes, in 2019. The following year, in 2020, when we released our Commitment to Life, we connected the actions already undertaken in the Living Amazon Forest cause with the targets established by the Natura & Co group for 2030. In this context, Natura continues to be a leader in the standing forest economy agenda, but with the growing engagement of the group's other brands.

### *Science-based biodiversity targets*

One of the 2030 Commitment to Life targets involves the participation of Natura & Co in the development of a system of science-based biodiversity targets along the same lines as what is being done in relation to carbon targets. The group has been participating in this construction, contributing especially with the data base Natura has accumulated in two decades of activities in the Amazon and the commercialization of Ekos products. The work involves the Business for Nature coalition, linked with the World Economic Forum, UEBT (The Union for Ethical Biobased Trade) and the SBTN (Science Based Targets Network).

**GRI 2-25, 2-28**

## **PlenaMata: joining forces to eliminate deforestation**

GRI 2-28

Addressing our mobilization front and in line with one of the Commitment to Life targets, which involves the mobilization of collective efforts for zero deforestation by 2025, in 2021 we launched the PlenaMata portal, in partnership with Mapbiomas, InfoAmazonia and Hacklab.

PlenaMata presents real time monitoring data on the deforestation of the Brazilian Amazon, employing data updated daily by the monitoring systems of Brazil's national space research institute Inpe (Instituto Nacional de Pesquisas Espaciais). This counts the number of trees felled per minute and the total area of the Brazilian Amazon deforested. It provides tools that permit the generation of maps and interactive graphics, with territorial sub-sections. To drive awareness, the portal discloses editorial contents that contextualize the advance in deforestation and its consequences, but also underscores the positive conservation and regeneration initiatives undertaken in the region. The website [www.plenamata.eco](http://www.plenamata.eco) is available in Portuguese and English.

The initiative increasingly enables the non-specialized audience to understand the issue and engage in a collective effort to oppose deforestation. Our goal for 2022 is to attract other partners, leveraging the portal's reach.

Based on data released by PlenaMata, The Body Shop undertook an activation in its stores close to Glasgow (Scotland) during COP26. The purpose was to draw

consumers' attention to deforestation in the Amazon, showing the connection between this activity and climate change.

Also, on our mobilization front, in 2021 we intensified our participation in the climate coalition Coalizão Brasil Clima, Florestas e Agricultura, comprising over 300 representatives of agribusiness, the financial sector, academia and civil society. Moreover, we maintained an active participation in the sustainable business coalition CEBDS (Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável) – we are signatories to the Business Sector Communication on the Amazon, organized by the body – and the Concertation for the Amazon, which unites public and private sector leaders for the sustainable development of the region.

## **Finance mechanism for the Amazon**

**In 2021, as part of the Natura Amazonia Program strategy, we engaged in the design of a financing mechanism to drive the Amazonian bioeconomy. Developed in partnership with the investment management company Mauá Capital and the NGO Climate Policy Initiative's (CPI) Global Innovation Lab for Climate Finance, the model was presented to potential financiers and organizations in Brazil and worldwide in September 2021.**

**GRI 2-25**

## *10 years of the Natura Amazonia Program*

### **GRI 2-25, 2-29, 3-3, 203-1, 413-1**

In 2021, the Natura Amazonia Program commemorated a decade of existence. The developmental base of the Living Amazon Forest cause, the program was created to leverage the actions we had already promoted in the region since the launch of the Natura Ekos line aimed at boosting positive impact in the territories of the agro-extractivist communities with whom we relate.

The program comprises three fronts. The science, technology and innovation front corresponds to our research and development strategy to increase the use of Amazonian vegetable inputs and social biodiversity ingredients in our portfolio. The social biodiversity production chain front concentrates our relationship strategy with supplier communities, oriented to the generation of work and income and to their social and economic development. On the institutional reinforcement front, we network with partners with a view to consolidating the bioeconomy, leveraging socio-economic prosperity for communities and reinforcing environmental conservation and regeneration.

We have a number of indicators to guide the management and tracking of impacts such as the environmental conservation index, the number of supplier communities, resources allocated to the communities and the application of the Social Progress Index (SPI). Investments are always assessed jointly with

the communities impacted, in line with Natura business strategy.

Today, the Natura Amazonia Program is aligned with the 2030 targets assumed by the Natura &Co group:

- To contribute to the conservation of 3 million hectares in the region through relations with 40 communities.
- To increase the revenue flow to the communities by expanding the use of bioingredients, reaching 55 bioingredients.
- To contribute BRL 60 million or more in value to the communities by 2030.





## Main results in the year

GRI 2-6, 203-1, 203-2

Our base of Amazonian supplier communities reached 40 in 2021, compared with 34 the previous year. The year also saw the beginning of relations with a community in Ecuador and another in Colombia, consolidating our Pan-Amazon approach.

In Ecuador, we formed a partnership with the Fundación Chankuap in the city of Macas, for the supply of essential Ishpink oil. In Colombia, based on a partnership with the Instituto Sinchi, we established relations with Agrosolidaria in the municipality of Florencia-Caquetá for the supply of cupuaçu. In Brazil, agro-extractivist communities and cooperatives in the states of Acre, Amazonas and Maranhão joined our network, meeting the demand for murumuru butter, babassu oil and Brazil nuts.

Counting the Ecuadorian and Colombian communities, ones in other regions in Brazil, we maintained relations with a total of 46 communities. Of these, 40 are located in the Pan-Amazon region.

In 2021, we shared around BRL 44 million (in Natura funds) with our relationship and supplier communities – over 90% of which went to the Amazon region. This figure is 39.8% higher than the initial amount (BRL 33 million) of one of our Commitment to Life targets, which establishes generating BRL 60 million for the Amazonian communities by 2030. This amount includes payments

for the supply of inputs, those related to benefit sharing and access to genetic heritage and associated traditional knowledge, as well as other items, such as investments to strengthen forest businesses and socioenvironmental impact initiatives.

For 2022, the review of the methodology for measuring the income of the supplier communities is part of our planning. We will adopt the living income (an income range capable of meeting basic needs) approach that we already use to track the average income generated for the consultants, which will also incorporate gains related to health, education and digital inclusion.

We also increased the number of bioingredients used in Natura formulations from 39 in 2020 to 41 in 2021. This now includes other brands in our portfolio, such as Lumina and Tododia, in addition to the Natura Ekos line. Throughout the year we worked on updating the Amazonian input consumption indicator. The new metric will be adopted by Natura from 2022.

<b>GRI 203-2 Communities and families benefiting'</b>	<b>2020</b>	<b>2021</b>
Communities with which Natura relates	40	46
Families benefiting in the communities	8,300	9,638
Families benefiting in the Amazon	<b>7,039</b>	8,155

1. The number of partners and families is monitored by the Social Biodiversity Chain Verification System.

**GRI 203-1 Allocation of funds in communities  
(BRL thousands) <sup>1</sup>**

<b>Direct funds<sup>2</sup></b>	
Supply	24,884.43
Benefit sharing	8,598.48
Forest businesses	7,333.75
Socioenvironmental initiatives	2,636.08
Environmental services	628.04
<b>Total</b>	<b>44,080.79</b>
<b>Indirect funds (third-parties)<sup>2</sup></b>	
Forest businesses	1,290.61
Socioenvironmental initiatives	591.16
<b>Total</b>	<b>1,881.78</b>
<b>Overall total</b>	<b>45,962.57</b>

1. The fund allocation categories in communities were reviewed in 2021 and are now sub-divided as presented in the table. The updating makes the comparison with the data reported in the Natura annual reports up to 2020 impossible.
2. Direct funds are understood to be all the funds invested directly by Natura, while indirect funds are all those invested by other partners but which were undertaken due to a partnership project or matching contribution, or due to the intermediation of Natura and in function of Natura's activities in these communities.

<b>GRI 203-1 Natura Amazonia Program</b>	<b>2020</b>	<b>2021</b>
% of raw materials purchased by Natura from the Pan-Amazon region (in relation to the total spend on raw materials) <sup>1</sup>	16.5	15.3
Business volume in the Pan-Amazon region <sup>2</sup> (BRL million) <sup>2</sup>	2,143	2,554

1. The value of input purchases from Amazonian links (communities and processors) compared with total Natura raw material purchases.
2. Cumulative amount since 2011 from activities in the Pan-Amazon region, including the purchase of raw materials, benefit sharing, investments in the Ecoparque, socioenvironmental initiatives, forest businesses and environmental services such as carbon credits, among others.

## Hectares conserved

Together with our partners, our activities in the Amazon contribute to the conservation of

**2 million hectares** -

our target is to reach 3 million hectares. In addition to the areas of agro-extractivist community suppliers, the methodology takes into account the complete area of three conservation units<sup>1</sup>:

- the Uacari and Rio Iratapuru sustainable development reservations
- and the extractivist reservation Mid Juruá.

1. These conservation units are included because they fulfill the requirements: input supplier families represent over 50% of the people living in the unit; the relationship with Natura is over five years long; there is a field presence of the Social Biodiversity Supply and Relationship Management team; and support for initiatives that reinforce environmental conservation and the local communities in these regions.



### **Infrastructure support for the communities**

GRI 2-29, 203-1

Included in the assistance to the communities, we support initiatives that help improve their supply and, consequently, increase the income generated for the families, such as Natura's Carimbó project. In this project we supported the construction of essential oil agro-industries enabling the processing of leaves, plants, roots and other ingredients by the communities themselves, resulting in a higher added value product.

Three communities received funds totalling BRL 943,000 for this activity in 2021: the Aprocamp community in Santo Antônio do Tauá (PA), which supplies storax, pataqueira, capitiu and priprioca to Natura; Coomflona, in Santarém (PA), a supplier of copaíba; and a group of family smallholders in Rio Grande do Sul, who cultivate pennyroyal.

In addition to the positive impact on income, the input production process increases conformance with traceability processes, improves management of the production chain and is in compliance with the UEBT (Union for Ethical Biobrade) certification processes.

## *Ekos commemorates three years of UEBT certification*

### **GRI 2-23, 2-25, 3-3**

Since 2018, the Ekos line has been certified by the Union for Ethical BioTrade, an organisation to which Natura has belonged since 2017.

In fact, there are two certification processes. The first attests that the supply chain (supplier communities and other commercial partners) for all the natural vegetable ingredients and derivatives employed in Ekos is managed with the application of a due diligence system, in compliance with the principles of an ethical sourcing system. We were recertified in this area in June 2020.

The second attests to the effectiveness of our due diligence system, called the Social Biodiversity Chain Verification System, through which we conduct field audits in the supplier chains. These assess the organizational management of these communities, the existence of good production and biodiversity conservation practices, as well as questions related to labour, occupational health and safety and the non employment of child, forced or slave labour. Scheduled for 2021, this recertification process was postponed once again due to the Covid-19 pandemic and is programmed for 2022.

Even with the postponement of the audit, we

maintained our support for the communities in implementing the improvements identified in the last verification process, as well as initiating training for the new communities that joined our relationship network in 2021. Further information at: <https://uebt.org/brands-1/2018/6/12/natura>



### **Supplier community loyalty**

#### **GRI 2-29, 413-1**

**Every two years we measure the loyalty of our supplier communities. In 2021, the rate was 36%, compared with 48% in the previous survey (2019). Excluding the communities with whom we initiated relations in 2021, the indicator is 43%. The reduction compared with the last measurement is explained mainly by the reduced presence of the Natura team in the field due to the restrictions imposed by the pandemic.**

## Management by territory

GRI 2-26, 2-29, 3-3, 413-1, 413-2

In the third Natura Amazonia Program pillar aimed at institutional reinforcement, we promoted sustainable development by means of networked engagement in three territories we classify as priorities: Lower Tocantins (PA), Mid Juruá (AM) and Tapajós (PA).

In 2021, we formed important partnerships with Conexsus – Instituto Conexões Sustentáveis, Sebrae and local institutions such as Rede Jirau de Agroecologia, in the Lower Tocantins region, the Saúde e Alegria (Health and Happiness) program, in the Tapajós region, and the producers association Asproc (Associação dos Produtores Rurais de Caruari), in Mid Juruá. The focuses of this work are to strengthen forest businesses, to foster education for enterprise, mainly for young people and women, to leverage digital inclusion and to promote healthcare initiatives.

In 2021, we also started studies with the Instituto Juruá and The Nature Conservancy (TNC) to further our understanding of payment for environmental services rendered by these communities for the conservation and regeneration of the forest, based on one of the cornerstones of our social biodiversity chains (*payment of environmental services is also part of the Circular Carbon program, further information in **Managing the climate agenda***).

## Social Progress Index

GRI 2-25, 2-26, 3-3, 203-1

With the Social Progress Index (SPI), we measure the impact of our network management in the priority territories. In 2021, we applied the survey in the Lower Tocantins region, with the participation of local youngsters. After training, they undertook data collection in the field, streamlining the process and ensuring the security of the information collected.

In the municipalities in which Natura operates in the Lower Tocantins, the SPI was 61 points (on a scale from 0 to 100 points). This indicated high scores related to ecosystem sustainability, with access to

higher education being the major challenge in terms of implementation in the territory.

The Territories SPI is a pioneering method of measuring socioenvironmental development at local level, based on the collection of primary data.

For purposes of comparison, the Amazon SPI in 2021 was 54.59 points, 4.41 lower than the SPI in the municipalities in which Natura operates in the Lower Tocantins. The Amazon SPI, which is based on secondary data sources, is published by Imazon.

## *Managing the climate agenda*

### **GRI 2-25, 3-3**

We pursue a systemic vision of carbon management, covering our main processes and the activities in our production chain – from raw material extraction to the disposal of post-consumer packaging. Natura has been carbon neutral since 2007, when it initiated wide-ranging management of its emissions, reducing its environmental footprint and offsetting emissions that cannot be avoided.

But we know that being carbon neutral is not enough. The next step is to reach net zero greenhouse gas emissions by 2030. This ambitious goal encompasses the entire Natura &Co group worldwide and our whole production chain. It goes beyond the company's own operations, involving our suppliers of inputs and materials, distribution and logistics and the disposal of post-consumer products. Our target is to reach net zero 20 years before the deadline established in the Paris Agreement.

We are at the final stage of developing the targets that will enable us to achieve this goal. They are science-based and are awaiting validation by Science Based Targets to be disclosed. The principle employed is a significant cut in absolute emissions in this decade and the offsetting of the remainder via the capture of greenhouse gases (GHG) from the atmosphere.

In 2021, we created a task force with people from the group and all the brands to calculate the first Natura &Co group GHG emissions inventory. During the course of 11 months,

after many meetings with diverse departments in all the business units and six workshops, we concluded the Natura &Co 2020 GHG Inventory, which will be the base line for defining our reduction target in line with the SBTi (Science Based Target Initiative). This is the first step towards our ambition to become zero carbon.

### **The Net Zero journey**

GRI 2-24, 3-3

To limit global warming to 1.5°C, the global economy should achieve net zero emissions by 2050. This includes the drastic reduction of short-term pollutant emissions (methane gas, for example), and ensuring that the net zero targets include scope 1, 2 and 3 emissions and all greenhouse gases (GHG).

Business transformation implies the redefinition of the company's main models, functions and products and engagement to create inclusive and regenerative value chains. Globally, Natura &Co is engaged in coalitions and efforts such as Transform to Net Zero, an initiative of which we are the co-founders together with another 10 global companies, to accelerate the transition towards a zero-carbon global economy. We also sponsor the UN Global Compact's Net Zero Ambition. We are part of the almost one thousand companies worldwide leading the transition to a net zero economy by defining emissions reduction using science-based targets with support from the SBTi. We are committed to embracing nature-based solutions in working towards a net zero emissions future (*further information about global commitments in **Natura &Co Annual Report***).

## Understanding

**Net zero emissions** – reducing greenhouse gas emissions as much as possible and removing a volume equivalent to the still existing emissions from the atmosphere. The concept differs from carbon neutral due to its focus on reducing absolute emissions and on advocating a transition from offsetting to removing carbon from the atmosphere by managing residual emissions that cannot be avoided.

The carbon neutral programs continue to be important in mitigating impacts and encouraging management of carbon intensity in organizations, but they are not enough to ensure climate security.

Classification of emissions in accordance with the GHG Protocol, an internationally validated methodology:



### DIRECT EMISSIONS (Scope 1)

generated by the company in its industrial activity

**Mandatory in the inventories based on international methodologies**



### ENERGY INDIRECT EMISSIONS (Scope 2)

from energy acquired and consumed by the company

**Mandatory in the inventories based on international methodologies**



### INDIRECT EMISSIONS (Scope 3)

relate to the extraction of raw materials, employee transportation etc

**Voluntary calculation and reporting, but highly recommendable**

**Just like Natura, Natura &Co Latin America adopts a systemic vision of the production chain regarding climate-related targets and commitments, including scopes 1,2 and 3. This is linked with our belief in interdependence and the ethical principle of sustainable development. This also encourages our partners to pursue the reduction of their impacts and promote a more efficient, lower impact system.**

### 2021 Performance GRI 3-3

In the Natura inventory, there were positive emissions highlights in internal performance (scope 1), with a 42% reduction in fugitive emissions due to the lower use of refrigerant gases in the factories, better management of fugitive emissions and equipment maintenance.

Total absolute emissions (scopes 1, 2 and 3), including the entire value chain, such as acquisition and processing of inputs, transportation of materials and product logistics and end-of-life treatment, were 60,974 tCO<sub>2</sub>e, around 4% higher than in 2020. We focused efforts on reducing air freight in the Brazilian logistics network and optimizing distribution center supply and consultant delivery routes. Natura also progressed in the consultant digitalization agenda and optimization of the physical magazine for consultants.

In spite of the increase in emissions, there was also an increase in product mass billed, which enabled a 2% reduction in relative emissions, improving the carbon efficiency indicator. This measures emissions by the product mass billed. The index was reduced from 2.85 to 2.80 kg CO<sub>2</sub> emitted / kg of product billed.

There are even greater challenges in the company's Net Zero strategy, for which we will pursue solutions through an integrated approach to the decarbonization of all our value chain, investments in innovation, acceleration

of the use of recycled materials in our packaging and regenerative inputs, electrification of the logistics fleet, among others.

It should be underscored that the targets of reducing relative GHG emissions by 13% and achieving 25% use of post-consumer plastic in packaging by 2026 are part of the targets associated with the issue of green bonds undertaken by the group in 2021 (*further information in **Sustainability and finance***) and we assumed the commitment to achieve net zero GHG emissions (see **The Net Zero Journey**) which will shape our actions.

### Energy consumption

In energy consumption (scope 2), in spite of our efforts to reduce consumption, emissions grew by 78%, driven mainly by the increase in the emission factor of the Brazilian interconnected grid system (SIN). Adverse climate conditions such as a longer dry season impacted hydroelectric generation, leading the system to complement supply with non-renewable energy sources. Natura acquired renewable energy certificates (I-RECs) for the operations in Brazil and Mexico. This enabled us to ensure the 100% renewable origin of our energy sources with traceability and zero carbon emissions, supporting decarbonization and driving increased renewable energy generation in the countries.



## Main initiatives in 2021

- A specific squad for emissions reduction in logistics, with a series of experiments and tests at pilot phase for Natura &Co Latam. accelerating the adoption of the digital magazine by Natura consultants, making it the first country to eliminate the printed version of the catalogue.
- Creation of cross-disciplinary groups with periodic meetings to manage carbon performance in processes, resulting in gains in clarity and support for decision-making. Innovation in circularity, with the reduction in single use plastics and increased consumption of natural ingredients, as well as the use of post-consumer recycled materials in our packaging.
- We acquired I-REC certificates to guarantee that all the Natura and Avon operations in Brazil and Mexico use clean, renewable electricity with zero carbon emissions. Production of palm oil in an agroforestry system, in a partnership between Natura and Embrapa also promoted benefits in carbon. The oil was used in the new Biôme product line, distinguished by promoting regeneration (*further information in **Circularity and regeneration***).
- Growing digitalization of the magazines. In Argentina, a local barrier due to import restrictions ended up

GRI 305-4 GHG emissions intensity - Natura <sup>1</sup>	2020	2021
Total GHG emissions (tCO <sub>2</sub> equivalent) <sup>1</sup>	347,570.35	360,974.23
GHG emissions intensity (total emissions in tCO <sub>2</sub> e / product mass billed)	2.85	2.80

1. Considers scope 1, 2 and 3 emissions, adopting location approach for scope 2.

GRI 305-1, 305-2, 305-3 GHG Emissions – Scopes 1, 2 and 3 (tCO <sub>2</sub> equivalent) <sup>1 2 3 4 5</sup> – Natura	2020	2021
GHG emissions – Scope 1	4,777.22	3,311.67
Indirect emissions from the acquisition of energy– Scope 2	5,523.01	9,843.73
Other GHG emissions - Scope 3	337,269.87	347,818.83

1. The greenhouse gas emissions inventory takes into account all the emissions from all stages of our operation, from the extraction of raw materials, through our processes and those in our production chains, to the final disposal of post-consumer packaging. We comply with GHG Protocol standards and the principles of Brazil's ABNT NBR ISO 14064-1 standard, which establish rules for their conception and development. In 2021, the Natura GHG emissions inventory was audited by PwC. The inventory does not take into account the operations in France, the United States and Malaysia.

2. The calculations cover the gases CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and HFCs.

3. 2020 was the base year, with total emissions of 4,777.22.

4. The premises presented here are extended to all the GRI 305 series disclosures.

5. Takes into account the location approach for scope 2 emissions.

<b>GRI 305-3 Emissions in the value chain (Scope 3) (tCO<sub>2</sub> equivalent) - Natura</b>	<b>2020</b>	<b>2021</b>
<b>Upstream</b>		
Goods and services acquired	169,707	176,521
Upstream transportation and distribution	56,790	56,344
Business travel	657	198
Employee transportation	1,723	1,681
Sub-total	228,877	234,745
<b>Downstream</b>		
Downstream transportation and distribution	17,844	20,316
Processing of products sold	1,061	959
Treatment of products sold at the end of their working life	89,487	91,798
Sub-total	108,393	113,073
<b>Total</b>	<b>337,270</b>	<b>347,818</b>

<b>GRI 305-5 Reduction of GHG emissions (tCO<sub>2</sub> equivalent) - Natura</b>	<b>2020</b>	<b>2021</b>
Reductions in indirect emissions from the acquisition of energy (Scope 2) <sup>1</sup>	3,982.01	8,342.19

1. Reduction from purchase of I-RECS for Brazil and Mexico.

**SEE MORE DETAILS ON THE GHG INVENTORY IN  
COMPLEMENTARY DISCLOSURES**

## **Climate Commitment**

GRI 2-29

One of the results of Natura's experience in managing carbon emissions was the establishment of the Plataforma Compromisso pelo Clima (Climate Commitment Platform), launched in partnership with Itaú Unibanco and Instituto Ekos Brasil in 2017. The initiative connects businesses with socio-environmental projects that generate carbon credits and are submitted to rigorous selection criteria. The platform came about due to Natura's receiving a much higher volume of applications for funds than the demand from its Carbon Neutral Programme.

In 2021, another two companies joined the coalition, while one left, leaving a balance of eight participating companies of different sizes and sectors in 2022 (see them all in <https://compromisso.ekos.social/>). The Climate Commitment's role also includes drawing attention to complete management of carbon emissions, including mapping all sources and prioritizing reduction efforts.

The platform's strategic planning was reviewed in 2021. This involved reflection on the results produced so far, on the new context of the voluntary carbon market and the constant pursuit of methods of generating benefits beyond offsetting. This led to the establishment of the main goals up to 2025, which include support for compensation protocols better suited to Latin America. In this region, home to the largest forest in the world, the greatest need is for incentives to keep the forest standing.

Other goals for the coming years include increasing the number of companies on the platform, the volume of credits made available and the creation of strategic partnerships for the joint development of projects.

### **Payment for environmental services**

GRI 3-3, 203-1

In another initiative that is part of our climate agenda and sustainable activities in the Amazon, we created an initiative that values and remunerates supplier communities for the important service they provide by conserving the forest and combating deforestation.

The first project to pay for compensating carbon within the production chain, called Circular Carbon, was launched by Natura in 2016 with the cooperative Reça (Cooperativa de Reflorestamento Econômico Consorciado e Adensado), located between the states of Acre, Amazonas and Rondônia.

By paying for environmental services within its own chain, a practice known as insetting, Natura once again demonstrates the opportunities generated by a business model based on the sustainable use of social biodiversity ingredients, generating income and infrastructure for local communities, combating deforestation and giving rise to powerful, innovative products made in harmony with the planet's resources.

In 2021, we reviewed the methodological bases of the project, updating the context and the region to enhance analysis of the results. The area observed to compare the effectiveness of the project reached a radius of 100 km around the lands of the producers participating in the project. The most recent audit on the project was held in 2020 and indicated a deforestation rate one fifth lower than in the surrounding properties. So far, the project has avoided 98,000 tons of CO2 emissions in the atmosphere. Part of the funds are distributed to the family agricultural producers and rest goes to a cooperative collective fund which organizes services such as microcredit for the members and production infrastructure improvement projects.

Our ambition is to completely eliminate deforestation in RECA in the coming monitoring cycles.

commitment to Life

# Being More human

A truly inclusive production force involves culture and conditions which enable our people and our broader network to prosper.

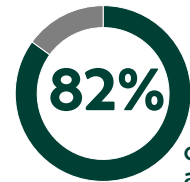
## Equal pay

*The remuneration gap between genders is*

**1.3%**

We will eliminate this difference by 2023.

*Living wage, or above for everyone by 2023*



of employees already receive a living wage

**51%**

of senior management positions (director level and above) are occupied by women

## Human rights

We launched our human rights policy in alignment with the UNO Guiding Principles. Suppliers were also involved. Available [here](#).

*Instituto Natura:*  
**BRL 75.1 million invested in public education.**

*Instituto Avon and Avon Foundations:*  
**BRL 36 million invested in measures to combat domestic violence and breast cancer**

We have innovated in metrics to measure the earnings of Natura consultants and Avon representatives

Inspired by its 2030 Vision, **Commitment to Life**, the Natura & Co group hereby presents the main initiatives associated with the pillar *Defend human rights and be more human*, aimed at our employees, the consultant and representative network, suppliers and, through the Instituto Natura and the Instituto Avon and the Avon foundations, at the whole of society. Our activities with the supplier communities are detailed in the chapter **The Amazon and the climate**.

### **Human rights**

After undertaking an extensive diagnosis of human rights-related questions in all the countries in which the Natura & Co group operates, we developed the organization's global Human Rights Policy, which expresses our intolerance of any type of human rights violation, not only in our supply chain, but also among our other stakeholder groups, such as employees and the Natura consultants and Avon representatives.

Elaborated based on the United Nations Organization's Guiding Principles on Business and Human Rights, the document should be released in 2022. The group is also developing an area dedicated to human rights. Natura has its [Open Letter for Human Rights](#).

One of our main activity fronts is combating violence against women and girls, a cause led by the Avon brand by means of its Institute and the Avon foundations in all the countries in which we are present. Natura & Co Latin America embraces and seeks to reinforce initiatives in this area, which impacts our relationship network, comprising the consultants and representatives, female employees and consumers. The Avon Promise to End Violence Against Women and Girls is committed to promoting measures to increase awareness about healthy relationships by encouraging conversation, sharing knowledge, stimulating actions and strengthening support networks for women and girls.

The Institute and the Avon Foundations have led many actions throughout Latin America to boost support for

victims and reinforce prevention during the pandemic, when rates of this type of violence climbed even higher (*for further information in Instituto and Avon Foundations*).

### Combating violence across the board

In addition to the support we provide for consultants and representative victims of gender violence, which may now be requested via the Social Support Center (*see more in Consultants and representatives*), in 2021 we developed structural prevention measures.

The anti-violence program involves consultants, representatives, employees and the service providers responsible for product distribution and is promoted by the Committee to End Violence Against Women, based on the standardized Anti-Gender Violence Policy for the group. Worthy of note among the actions in the program in 2021 are:

- **Internalization of the consultant and representative help line:** attendance for our network is now led by the Movimento Natura, which has a team of psychologists. The service also migrated to a new channel: Movement against Violence.
- **Course on healthy relationships:** Natura launched a free course on healthy relationships via WhatsApp. The goal is to train the consultant network and

society in general to identify, prevent, break and report cycles of violence. There are four versions of the course which take into account different intersectional perspectives considering race, gender and sexual diversity, and disabled women.

- **Driver awareness:** project to boost awareness among Natura &Co transportation partners in Brazil.
- **International Labour Organization (ILO) Convention 190:** Instituto Avon, representing the business coalition of which the Natura &Co brands are members, participated in a public act requesting that the Brazilian government speed up the decision to ratify the ILO Convention 190 regarding the elimination of violence and harassment in the world of work.

### GRI 2-28

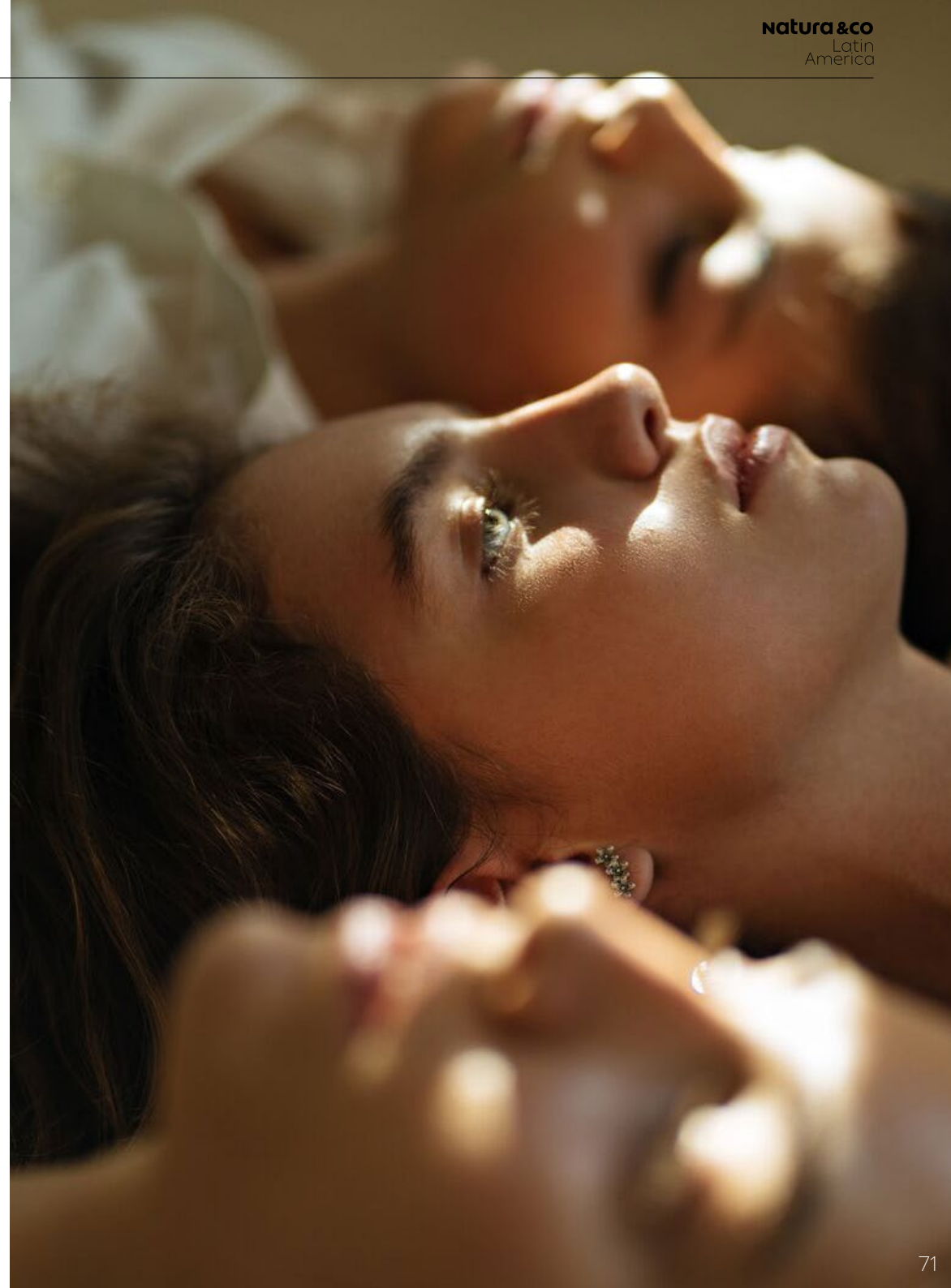
## *Consultants and representatives*

### **GRI 2-29, 3-3, 413-1**

Our network expanded with the arrival of Avon in the Natura & Co group. At the end of 2021, we had over 4.4 million Natura Beauty Consultants and Avon Beauty Representatives in 18 countries in Latin America. We are increasing our efforts to strengthen the entrepreneurial journey for this extensive network, with structured commercial models, robust training strategies and diverse support tools.

Based on an integral perspective, we also continue to be committed to improving the network's access to educational opportunities and healthcare services, as well as retaining our focus on combating gender violence. In 2021, we advanced on diverse fronts in tightening the links with consultants and representatives to help generate prosperity.

At Natura, for over 16 years the Movimento Natura has been dedicated to generating social impact for consultants and leaders, seeking to leverage their role as agents of transformation within their communities. The initiatives undertaken by the Movimento Natura in 2021 involved investments of over BRL 3 million, including the formation of the Social Support Center and the Acolher (Outreach) Program, among others.



## Income: measure to increase

GRI 203-2

For a number of years, Natura has tracked the average income of Brazilian consultants and leaders. Since 2019, the company has used the concept of a living income as a basis for boosting the network's earnings from Relationship Selling.

The most current assessment of a living income for consultants would correspond to, on average, BRL 16.13 per hour dedicated to the activity – the calculation considers that a consultant's total income may involve other activities and takes this into account proportionally.

As part of the 2030 Vision (Commitment to Life), the Natura &Co group is working on the preparation of a comparable measurement of income in its ten main markets, considering the Natura consultants, the Avon representatives and the people involved in direct selling for The Body Shop, to link them with amounts corresponding to a living income.

This front is being developed by the Measurable Gains working group, with the participation of employees from the three brands, from diverse geographies and not only in Latin America. With this new metric, we will focus even more closely on initiatives to increase the earnings of our relationship network. The working group uses the cumulative knowledge gained from assessments of earnings undertaken by Natura, such as the Consultant-HDI and the **Integrated Profit & Loss (IP&L)**, to obtain in-depth

knowledge about income and the activities of consulting and representation.

In these efforts to measure the value generated for our network, we assessed the impact of training on consultant productivity and earnings in 2021. Comparing the average productivity of two groups (trained and not trained), the study showed that training increased earnings significantly for those who participated.

In 2021, the average income of the Natura consultant in Brazil decreased 12% compared with the previous year, while leaders' average income dropped by around 5% (see history in the following table). The variations are linked with the socio-economic consequences of the pandemic in the country and all over Latin America in 2020 and 2021. We verified the contraction in income and consumption capacity of the population and the growth in extreme poverty and unemployment rates.

We also initiated monitoring and calculation of the income of consultants in the other countries in which Natura operates. In parallel, we are developing a metric for tracking Avon representative income based on the results of the Measurable Gains working group.

In 2021, 54% of the consultants with a higher level of development in their businesses (levels Silver, Gold and Diamond), or around 40% of all the consultants and 100% of the leaders, achieved an amount per hour dedicated to the activity equal to or higher than the living income.



<b>GRI 203-2 Average annual income of Natura consultants and leaders (BRL)<sup>1</sup></b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Consultants	3,821	5,398	4,771
Leaders	41,536	59,355	56,101

1. The indicator is calculated by the average income between cycles 01 and 21 of the reference year. The income calculations for Avon representatives and leaders are under development and are not yet available for the 2021 report.

### **Evolution of the Consultant-HDI**

GRI 2-26, 2-29

Since 2014, we have employed the Natura Beauty Consultant Human Development Index (HDI) to measure the network’s living conditions, with results that help us to design strategies for the commercial model and the educational, healthcare and human rights fronts commanded by the Movimento Natura.

Inspired by the indicator for the United Nations Development Programme (UNDP), the Consultant HDI was the first corporate human development index created in the world. With the arrival of Avon in the Natura &Co family, we started to analyze how to adapt the methodology so that it could include the beauty representatives.

The last measurement in Brazil in 2019 indicated an HDI of 0.608 (on a scale from 0 to 1), a 3.1% increase over the previous survey in 2017. The survey also demonstrated that by working as a consultant for one year, the HDI

increases on average 1.8%. In Hispanic America, we have conducted one survey so far, in 2018, which resulted in an HDI of 0.620.

A new edition was scheduled for all the countries in which Natura operates but was postponed until 2022, given the need to prioritize support measures in function of the pandemic.

### **Educational credit for consultants**

GRI 2-25, 2-29, 413-1

In 2021, Natura implemented its Natura Education Educational Credit, part of the company’s education strategy for the consultant network. The program, which helps consultants and their families to take technical, undergraduate, graduate and language courses, received a new, simpler and more intuitive platform (financiamentonatura.mova.vc) in 2021, facilitating the stages of requesting and approval of educational credits.

The program is managed by the Instituto Natura and by the partnering fintech Mova. In each application, the beneficiary can finance six months of the course in up to 36 interest-free instalments. Payment of the credit conceded is made directly to the educational institution chosen.

Based on the peer to peer lending model, any person can invest in the fund and contribute to the consultants’ and family members’ dreams of studying.

## Learn Today Campaign: Study grants for consultants

Other results on the Natura Education front for consultants, business leaders and their families include almost 400 people benefiting from different partnerships in higher education, languages, vocational and preparatory courses, with more the 220,000 participants in the Learn Today Campaign.

Launched in parallel with the Natura Education Educational Credit platform, the Movimento Natura and Instituto campaign was aimed at raising the awareness of consultants and society as a whole of the importance of lifelong education. More than simply supporting the campaign, we engaged Natura consultants and leaders in developing plans for their future and reflecting on their development and the role of education in their lives. More than 220,000 people prepared plans for the future based on this reflection.

To recognize the efforts of leaders who encouraged their consultant networks to embark on the campaign, we granted 100 study scholarships for undergraduate courses. In another activation organized during the last five sales cycles of the year, we offered another 300

undergraduate and graduate level study scholarships to the leaders. To compete for a scholarship, the mission was to encourage consultants to conclude two courses offered by Natura in financial education and digitalization: more than 37,000 people accessed diverse contents on the training portal and 40,374 enrolled in the two free courses via WhatsApp.

The concession of study scholarships is funded by the Natura Crer para Ver product line (*further information in **Instituto Natura***).

## Natura consultants

GRI 2-25, 2-29

### Productivity

Since we started to implement the new Natura commercial model in 2017, the average productivity of Brazilian consultants has grown consistently. This growth path has been maintained in Hispanic America, increasing by 24,2%, while in Brazil it was interrupted in 2021 due to the increase in the number of beginning consultants, who have lower productivity levels because of the less developed stage of their business, a situation aggravated by the acceleration of the economic crisis in 2021, which affected purchasing power. In the fourth quarter of 2021, productivity was 0.9% lower than in the same period of 2020. However, analyzing consultants with a higher level of engagement, Silver, Gold and Diamond, who represent the largest portion of sales, productivity was 1.6% higher than the fourth quarter of 2019, before the pandemic.

In addition to measures to evolve our commercial strategy, increase penetration in more households and boost household consumption, we strive to continuously enhance training measures, which also leverages consultant productivity, as indicated by the impact study done by the company (*further information in **Income: measuring to assess***).

### The network trains the network and produces content

In 2021, 34% of the Brazilian consultants took at least one training program, 4% up on 2020. This is partly due to the Network Trains Network initiative, begun by Natura in 2020 and which gained momentum in 2021 – with almost

350,000 sessions completed. We ended the year with around 100 trainer consultants, who are remunerated for this complementary activity, which may represent an important addition to their earnings from selling the company's products.

Some 95,000 consultants received training under this model in the year, worthy of note being the great interest in subjects such as digitalization, financial management and stock management. When being trained by a colleague, the consultants feel inspired. Also, learning is facilitated by identification and sharing experiences. Our consultants in Brazil concluded more than 7 million courses in 2021. If we include the courses available in an open environment, such as our YouTube page, this number increases to 8.5 million.

Another role gaining relevance at Natura is that of consultant content producers. In Brazil, they may share information about daily routines and give tips on the website [www.comunidadenatura.com.br](http://www.comunidadenatura.com.br), which is open to anyone. How to organize a virtual bazaar, intelligent stock management and how to sell more on commemorative dates are some examples of contents produced by our consultants and aired on the website. Given the positive reception to this initiative, our next step will be to define how we can remunerate the consultants for this extra activity.



## Avon Representatives

GRI 2-25, 2-29

### Digital inclusion advances

The Avon Beauty Representative network training strategy in Brazil was reviewed in line with the new commercial model and the Representative Journey, with measures aimed at all the Avon contact points: products, digital and business development. The initiatives in the Hispanic American countries are heterogeneous, based on the specificities of each region and aligned with the pace of expansion of the new commercial model, adopted in Brazil, Ecuador, Colombia and some Central American countries in 2021. Each cluster has different forms of management, measurement and definition of targets.

In Brazil, more than 300 training contents were reassessed and updated, and over 70 new ones developed. The squads training method and the agile model were adopted to speed up the process of creating and disseminating training courses, involving active listening of the consultants to understand the best content, format and means of communication with the network.

Adhesion to the new training strategy exceeded all projections. A 25% increase in accesses to digital courses was expected compared with 2020. The actual increase was 1,500%, with the number of

representatives trained increasing by over 2,600%, or a total of 106,700 people. Counting the whole of Latin America, more than 1.1 million representatives were trained in 2021 (*the detailed numbers by region are in **Complementary disclosures***).

To support the development of new representatives we built a training journey based on the Attraction and Welcome and Development and Retention squads, with contents on how to develop the business, products, incentives, digital tools available, as well as information on orders, product exchange, payment in installments and special dates, among others.

We continue to focus on increasing the digitalization of the representatives to boost their productivity.



## Unified Social Support Center

GRI 2-25, 2-26, 2-29, 413-1

The support measures introduced for consultants, representatives, leaders and entrepreneurs from 2020, the first year of the pandemic, and the other types of care we already provided were unified in our new Natura & Co Social Support Center, available in all the countries in which we operate in Latin America.

Consultants, representatives, leaders and entrepreneurs are attended by social assistants who assess the context and refer them to the specialized services we offer: telemedicine, psychological counselling, support in the event of domestic violence and/or financial assistance for food, medical expenses and cases of public calamities. For the time being, emergency income payment is in place only in Brazil due to the difficulty of finding local partners and the specificities of the legislations in the countries in which we operate as Natura and Avon.

In 2021, the support center attended more than 4,000 consultants and 5,000 representatives, with the provision of psychological, telemedicine, financial, social support etc, amounting to over BRL 2.5 million. In the first days of 2022, we also approved a benefit for over 400 consultants and representatives living in regions affected by flooding at the time, such as the south of Bahia and the north of Minas Gerais.

## Acolher (Outreach)

GRI 413-1

Another initiative that mobilizes the Natura consultant network is Acolher. Idealized over ten years ago as an award to recognize and value social projects led by Natura Beauty Consultants, it was restructured in 2021, underscoring the individual development of new community leaders. The program selected more than 50 Brazilian consultants engaged in social initiatives in a selection process that had 1,155 submissions, a record in the eight editions of the program. 83% of the candidates selected are women and 56% declared that they were black or mixed race. This group also includes a trans women, a

non-binary person and a person with visual impairment.

The participants undertook training, comprising six months of online mentoring, and an incentive allowance of BRL 1,500 a month. The funding was raised during Natura Friday of the previous year. On Natura Friday 2021, we repeated this action and will employ all the funds raised in the 2022 edition of Acolher.

**FURTHER INFORMATION ABOUT RELATIONS WITH CONSULTANTS AND REPRESENTATIVES IN OUR BRANDS.**



## Our people

### GRI 2-29, 3-3

During the course of 2021, we made significant advances in the integration of our people management strategy, work on which began in 2020 with the arrival of Avon, and in the consolidation of the group's new organizational design in the region, with the Missions (*further information in **Strategy***).

With the challenge of building a common cultural base for Natura &Co Latin America, we focused on disseminating the culture's priority behaviours which should guide our more than 17,600 employees in their activities and interactions. These are:

- We place the consultants and representatives at the center every day;
- We pursue the result of the whole;
- We act in a coordinated, complementary and cooperative way;
- We understand and value differences, learning from one another.

Respecting the history and specificities of each business, we also established complementary behaviours for Natura, Avon, The Body Shop and Aesop, as a means of guaranteeing interdependence with autonomy.

The dissemination of the culture included training for the whole team and exclusive workshops for leaders, given the key role of leaders in this journey. In 2022, organizational culture continues to be a priority: our goal

is to guarantee it is increasingly incorporated into the routines of our employees in all areas and functions.

Ahead we present the other people management processes in which integration is already advanced.

- **Remuneration and benefits:** in 2021, we progressed in harmonizing remuneration to enable career development and ensure fluidity in the transfer of talent within the organization. We defined a single remuneration strategy and implemented a new global structure of hierarchical levels, in addition to aligning our short and long-term incentives. We also worked on harmonizing benefits, such as discounts on the purchase of company brands (in accordance with availability in each country), life insurance and a vehicle policy, among others. In 2022, we intend to conclude this process, ensuring a unified benefits package that reinforces the essence of Natura & Co (further information on senior management compensation in Governance). **GRI 2-20**
- **Our Talent and My Performance:** our processes for mapping potential, career development and performance are already integrated for administration area employees. In 2022, we will harmonize these processes for operational and sales force staff. The My Performance review system has also evolved, now prioritizing deliveries capable of generating value for the actual employees, for the business and for society. This new way of reviewing team performance is connected to our purpose and

culture, as well as to the **Commitments to Life** goals.

- **Learning Ecosystem:** we have consolidated a major learning ecosystem for Natura & Co Latin America which connects people and knowledge inside and outside the company and is aimed at driving the transformation of our employees, the company and society. One of the pillars of the model is stimulating a proactive stance among employees for their development. In 2021, the administrative teams of our four companies in the region started using a social-learning platform that had been tested by the Natura team in Hispanic America during 2020. Meanwhile development of operational staff, especially in Natura and Avon, is being centralized in another online platform that explores gamification and the sharing of content created by the employees themselves. The platform for operational staff was launched in all the countries in which we operate in Latin America, with the exception of Ecuador and Colombia, where it will be implemented in 2022. **GRI 3-3**
- **Gateway programs:** during the year we concluded the creation of new intern and trainee programs for Natura & Co Latin America. The first unified intern program for the four companies was launched at the beginning of 2022, with 80 places. As was already the case at Natura, we maintained the target of hiring at least 50% black people. In addition to being unified, the intern program was made more robust, with new actions to strengthen the journey of these young

talents in the company and leverage their careers.

- **Onboarding:** we also started work on designing a uniform onboarding strategy for new hires, focused on transmitting the values of our culture. A pilot project was run in Colombia in 2021.
- **Engagement GRI 2-29:** we changed the methodology for measuring the satisfaction and engagement of our people in 2020, including Natura, Avon, The Body Shop and Aesop employees. In 2021, we started organizing two surveys a year, driving agility in identifying how people are feeling and points requiring attention. The surveys also incorporated questions linked with company culture. In the October 2021 survey, which was responded by 90% of the team, engagement reached 86 points, seven percentage points above the market average. However, the result was two percentage points lower than that of the survey in the previous year. It is our understanding that this variation is in line with the current conjuncture in Latin America and other continents and is directly related to the extended context of the Covid-19 pandemic.
- **GRI 2-26**







## Natura &Co Latin America team by country

Total: 17,672 employees

United States: 1  
France: 13

### *Training focused on integration*

#### GRI 3-3

In addition to the training to strengthen the Natura &Co culture, in 2021 we developed a series of live transmissions to boost employee knowledge of the four brands in the Natura &Co group, reaching 35% of the team. We also made specific knowledge trails about each brand available.

In the second half of the year, we organized workshops on the key topics in the **Commitment to Life** (2030 Vision), including human rights, the climate agenda, the Amazon, and circular and regenerative economy.

During the year, each Natura &Co Latin America employee concluded an average of 5.5 hours of training.

#### GRI 404-1

GRI 404-1 Employee training by gender	2021	
	Total hours of training	Average hours of training
Men	39,063	5.52
Women	41,269	3.89
<b>Total</b>	<b>80,332</b>	<b>4.54</b>

GRI 404-1 Employee training by functional category'	2021		
	Total number of employees	Total hours of training	Average hours of training
Director level	24	1,259	52.46
Management	1,114	8,528	7.65
Technical/Supervision	40	188	4.68
Administrative	5,100	28,683	15.62
Operational	7,051	8,847.00	4.77
Sales force	4,357	12,512	2.87
<b>Total2</b>	<b>17,672</b>	<b>80,322</b>	<b>4.54</b>

1. The data were calculated based on the headcount presented in disclosure 2-7.
2. Throughout the year, in addition to the load included in the intern program, a total of 902 hours of training was offered to the 153 female and 74 male interns, an average of 4 hours training per person.

## Leadership

### GRI 3-3

We continued to hold the bimonthly meetings between the members of the Executive Committee and managers. In these events, we present the business's results and strategic priorities, reinforcing the role of managers in engaging their teams. We also organized specific workshops for managers on the pillars of the **Commitment to Life** and on the change in mindset proposed in the new performance review program (My Performance), which prioritizes the delivery of value.

For 2022, we expect to resume the Re.Conecta development program, an immersive experience that connects with purpose, and which will now involve the entire leadership of Natura & Co Latin America. We will also pursue the development of the skills required for this new moment of the company, which is implementing a more agile model of action based on managing five missions (*further information in Strategy*) and the rapid transformations permeating the work environment.

## **Re-signify**

GRI 2-29

With the advance in vaccination against Covid-19 in the countries in which we operate in the region, we prepared a plan to return to the offices, baptized Re-signify. Rather than just ensuring the safe return of the teams in line with health and safety protocols, the pilot plan was designed to reconnect the teams, who worked primarily on a remote basis over the last two years, with our culture and to give new meaning to our spaces and the meetings and reunions of our teams, making them more significant for the integral development of our people.

At the end of 2021, the operation in Colombia was chosen for us to test Re-signify. The return in the other operations, originally scheduled for the beginning of 2022, was postponed in function of the new increases in the number of cases of Covid-19 in the Latin American countries. The return was initiated gradually from March and April.

The Re-signify plan also includes the validation of our new work models: remote, for some cross-cutting positions in areas such as Information Technology and the Communication hub, which can be executed

at a distance; on-site, for operational positions and areas such as Product Development, which require the presence of the employee; and hybrid, in which on-site and remote work are alternated. Surveys conducted previously with the team indicated that the majority preferred a hybrid format. We also customized the benefit package for each model – in the case of remote positions, for example, the company covers the cost of internet and provides IT support services.

**GRI 2-26**

## Living wage

### GRI 3-3

One of the targets in our Commitment to Life is to ensure the payment of a living wage for all Natura &Co group employees by 2023. A living wage represents the minimum income necessary for a person and their family to supply their basic needs: food, rent, healthcare, education, clothing, transportation and savings. Considering that this is a right extensive to everyone in the world and is aligned with the UN Sustainable Development Goals (SDGs), in many countries a living income is higher than the minimum salaries paid in Latin America.

Between 2020 and 2021, we worked on developing understanding of the methodology, adopting benchmarks and mapping employees whose salary is still below the living wage parameters. At Natura &Co Latin America, a living wage was guaranteed for 82% of our employees<sup>1</sup> in 2021, considering the amount for a family. We are now engaged in defining the initiatives necessary to ensure achievement of the target.

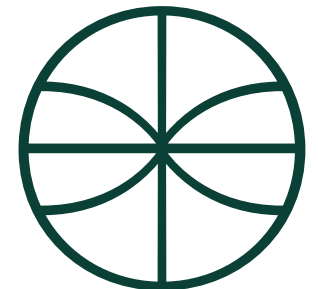
To generate effective changes in society, we understand that this agenda should also be adopted by other organizations. This is the reason the we became signatories to the recently launched Global Compact

Living Wage Movement in Brazil in 2021, when we started to present our living wage methodology to other companies.

### Career transition

At Natura Brazil, we have a program the provides support in professional outplacement for predetermined cases since 2014. In 2021, 28 employees undertook this process. Especially for business managers, we provide Building the Future, which addresses self-knowledge and self-care and includes a section for planning the future after retirement.

### GRI 3-3, 404-2



## Diversity strategy

### GRI 3-3

In October, we launched the Natura &Co Latin America Diversity, Equality and Inclusion Policy, valid for Natura, Avon, The Body Shop and Aesop in all the countries in the region. In addition to maintaining the topics of gender equality, ethnic and racial equality, inclusion of the disabled and valuing sexual and gender diversity as priorities, we added two other focus areas: generational integration and opportunities for migrants and refugees. The policy is aimed at shaping organizational practices and guiding employees in their relations inside and outside the company.

In parallel with the launch of the policy, we maintained the initiatives addressing the diversity targets in the Commitment to Life and the priorities established in our diversity agenda. New in the year was the expansion of the affinity groups for the four Natura &Co brands in Brazil and the beginning of the establishment of affinity groups in the operations in Latin America. We also continued to undertake diverse educational and engagement measures – one of which for members of the Executive Committee with the attendance of the leaders of the four affinity groups in Brazil. See other highlights in the year:

### Gender

One of our ambitions for 2023 establishes the presence of 50% women on the Board of Directors and in senior management (the three highest director-level positions). In Latin America, we achieved this target in 2020, and ended 2021 with 51% women in senior management. At director level, women correspond to 50% and at management level, they correspond to 58%. Currently, women are a majority at all functional levels, except in operational positions. On the Board of Directors, female participation stands at 30.8%.

We also remain committed to gender equality. In addition to our work on guaranteeing salary equality, in the four companies we seek to equalize actions and benefits that promote co-responsibility in bringing up children. Since 2020, our measures to support women victims of gender violence have covered employees of all the group's brands and are backed by the Natura &Co Latin America Anti-Gender Violence Policy. We have the Anti-Gender Violence Committee, comprising leaders from diverse areas who decide on the support provided to female employees, ranging from psychological counselling to the granting of leave and credit to cover additional expenses.

### Equality

51%

female  
participation  
in senior  
management  
positions



## Race

We still have some way to go to increase the presence of black people on our team, principally in management roles. As Natura &Co, we promoted exclusive affirmative openings for black people and launched a career acceleration program for black employees currently occupying the positions of coordinator and analyst, aimed at preparing them for management positions in the short and medium-terms. The group's unified intern program, launched in 2022, also maintained the target of having more than 50% of the openings filled by black university students.

At Avon, we launched the DIVA (Diversity + Avon) project, aimed at attracting, retaining and developing black women. We created the DIVA Talent Bank, exclusively for people who identify themselves as being black or mixed race and launched some measures to accelerate the career of black female employees. On another front, we incorporated the fictitious company Minha Cor S/A (My Color Inc), which aims to increase the connection between recruiters and professionals who declare they are black. In its Anti-Racist Commitment, released in 2020, Avon Brazil committed to a series of public targets, including having 30% black women in management positions by 2030.

At Natura, we initiated a program to raise the awareness of business managers about the importance of attracting and retaining black women in management positions, which combines the activity of consulting with management of a group of consultants.

In The Body Shop, in 2020 we started a project

comprising workshops to prepare socially underprivileged girls to enter the labour market. This was expanded in 2021. Many of these become employees in the brand's stores and receive training and development in retail, store routines and the entire brand universe. In 2021, The Body Shop also invested in driving awareness and racial literacy among managers.

### **The Disabled and the LGBTQIA+ audience**

We continue to execute our practices aimed at the inclusion and career development of disabled persons, extending the experience we have accumulated in Natura, particularly in the São Paulo Distribution Center (SPDC) to Avon in Brazil and in Latin America. In 2021, 6.4% of our employees in Brazil were disabled. The rate for all the countries in Hispanic America was 0.24%.

For the LGBTQIA+ audience, in partnership with other companies, Natura took part in the Soma project, which promoted the social inclusion of trans individuals and transvestites living in the Casa Florescer, in São Paulo (SP). The initiative included a learning experience leveraged by digital tools, with training related to culture, self-care, healthcare, emotional management and the development of skills for entering the labour market.

## *Recognition*

Natura &Co Latin America was a winner and one of the distinctions in the third edition of the Exame Diversity Guide, promoted by Exame magazine and by the Instituto Ethos.

The Natura and Avon brands were also distinguished in the 2021 WEPs Brazil Award – Companies Empowering Women, promoted by UN Women. Avon achieved maximum recognition in the diamond category.

### Diversity census

At the beginning of 2022, we started to apply a voluntary and anonymous census, which will enable us to collect more data related to race and ethnic origin, sexual diversity and disabilities among our employees in the region. This research will permit us to more accurately map the extent of the challenge we face to include under-represented groups.

The Commitment to Life establishes the target of 30% of management positions to be occupied by persons from under-represented groups by 2030. In Brazil, based on the data currently available, we have already recorded a to-percentage point growth in this indicator compared with 2020. In 2021, there were 5.2% black people occupying director-level positions, with 9.4% black people in management positions.

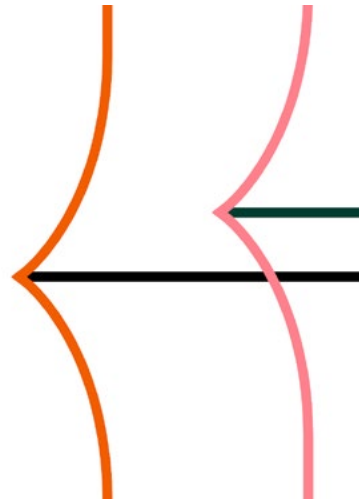
GRI 2-7, 405-1 Number of employees by functional category and gender (%) <sup>1,2</sup>	2021	
	Men	Women
Director level	48.10	51.90
Management	58.40	41.60
Technical/Supervision	40.60	59.50
Administrative	41.20	58.80
Operational	62.00	38.00
Sales force	4.10	95.80

1. The data were calculated based on the headcount presented in disclosure 2-7.  
 2. The numbers of employees by functional category considered in the calculation are Director level: 106; Management: 1,207; Technical/Supervision: 1,920; Administrative: 3,866; Operational: 6,391; and Sales force: 4,170. One person in the Sales Force did not declare their gender. The table does not include five vice presidents, the CEO and six trainees.

### GRI 405-1 Number of employees by functional category and age group

	2021					
	Under 30 years		Between 30 and 50 years		Over 50 years	
	Nº	%	Nº	%	Nº	%
Director level	0	0	74	69.8	32	30.2
Management	9	0.7	1,072	88.8	126	10.4
Technical/Supervision	211	11	1,577	82.1	132	6.9
Administrative <sup>1</sup>	1,176	30.4	2,408	62.3	280	7.2
Operational <sup>2</sup>	1,071	16.8	4,328	67.7	991	15.5
Sales force	472	11.3	3,093	74.2	605	14.5
<b>Total<sup>3</sup></b>	<b>2,939</b>	<b>16.6</b>	<b>12,552</b>	<b>71.1</b>	<b>2,166</b>	<b>12.3</b>

1. For one employee in the Administrative category the age group is not declared.  
 2. For two employees in the Operational category the age group is not declared.  
 3. The table does not include five vice presidents, the CEO and six trainees. The number of employees per functional category considered in the calculation was Directors: 106; Managers: 1,207; Technical/Supervision: 1,920; Administrative: 3,866; Operational: 6,391; and Sales Force: 4,170.





**GRI 405-1 Employees from under-represented groups by functional category' – Brazil**

	2021			
	Black <sup>2</sup>		Disabled	
	Nº	%	Nº	%
Director level	4	5.2	0	0.0
Management	68	9.4	5	0.69
Technical/ Supervision	79	8.0	13	1.3
Administrative	538	27.8	135	7.0
Operational	1,748	46.9	396	10.6
Sales force	469	26.3	42	2.4
<b>Total</b>	<b>2,906</b>	<b>31.5</b>	<b>591</b>	<b>6.4</b>

1. The data were calculated based on the headcount presented in disclosure 2-7.

2. Employees self-declared as black and mixed race are considered in this category

**Salary equality**

GRI 2-20, 3-3, 405-2

Another Commitment to Life ambition is related to salary equality. We have committed to implementing the measures necessary to ensure salary equality, eliminating any gender differences in all of the Natura &Co companies by 2023.

Since 2020, in conjunction with the leading human resources consultancy Mercer, we have developed annual studies on salary equality in the group,

encompassing data on salaries, positions, level of experience, length of time in function, performance, country and gender. The first initiatives to reduce the differences identified were implemented in 2021. Currently, we are undertaking another edition of the study and should address this question in the annual salary review cycle. It should be noted that the analysis of salary equality was already in place at Avon before it joined the Natura &Co group.

Our activities are focused on the unexplainable salary differences (see chart). The survey undertaken indicated that in Natura &Co Latin America the unexplainable salary gaps correspond to 1.3%. There was a slight growth from the previous year, when the difference was 0.94%, a reflex of the significant changes in the businesses, including employee turnover, the harmonization of the classification structures between the businesses and the addition of new hires.

Even though this gap may be statistically insignificant according to specialists, we are committed to eliminating any difference, however small it may be. To do this, we are prioritizing the creation of management mechanisms taking into account admissions and salary changes that occur during the year, as well as the annual salary review cycle.

In 2021, we also worked on raising manager awareness of unconscious biases that could influence their choices when hiring or promoting an employee.

Although the Commitment to Life target only refers to gender salary equality, we are also working on eliminating unexplainable salary differences related to ethnic origin and race. In 2021, we conducted a study in Brazil with this focus and updated some merit and promotion guidelines.

In accordance with our commitment to transparency, in the next reporting cycle we intend to disclose the results taking into account salary differences by functional category.

## **Understanding salary equality**

GRI 2-20, 3-3

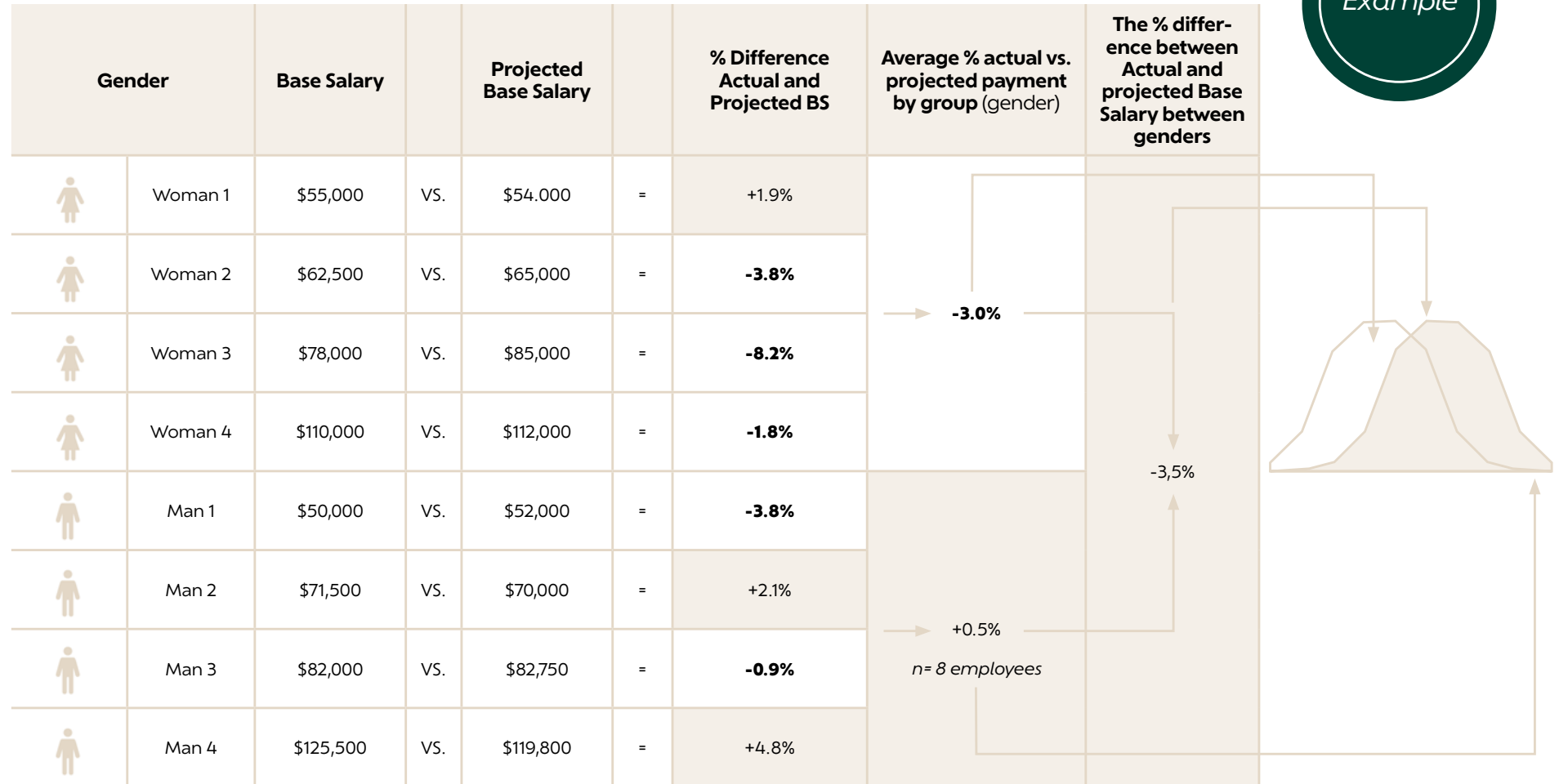
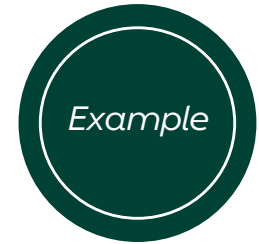
Salary equality encompasses the following concepts:

- "Pure salary difference: the difference between the average salary of men and women regardless of position, experience, time on job, performance, country and gender.
  
- Explainable salary difference: situations in which the payment differs because men and women occupy diverse functions, have different levels of experience and/or there are distinctions in the other factors mentioned above;
  
- Unexplainable salary difference: residual difference, which is not explained by legitimate variables and could constitute salary inequality due to gender, race or ethnic origin. The unexplainable salary differences are the focus of Natura &Co's actions.

The methodology for calculating this gender equality gap, developed in partnership with the specialized consultancy Mercer, is explained as the comparison of the base salary received by a person within the organization, with the base salary in the market for equivalent positions (in qualification, level of experience, performance, time on job, country). This means that the comparison is done individually, understanding the differences between the salary the individual receives and the one he/she should receive, without gender biases. Accordingly, the median of the difference in this calculation for women is compared with the median of the difference in the same calculation for men. This result corresponds to the organization's salary gap.

# Salary Management

## Gender equality salary gap



Source: Mercer \* Expected pay levels are estimated from statistical models which account for legitimate factors that affect pay (e.g., career levels, experience, performance, location, etc.).

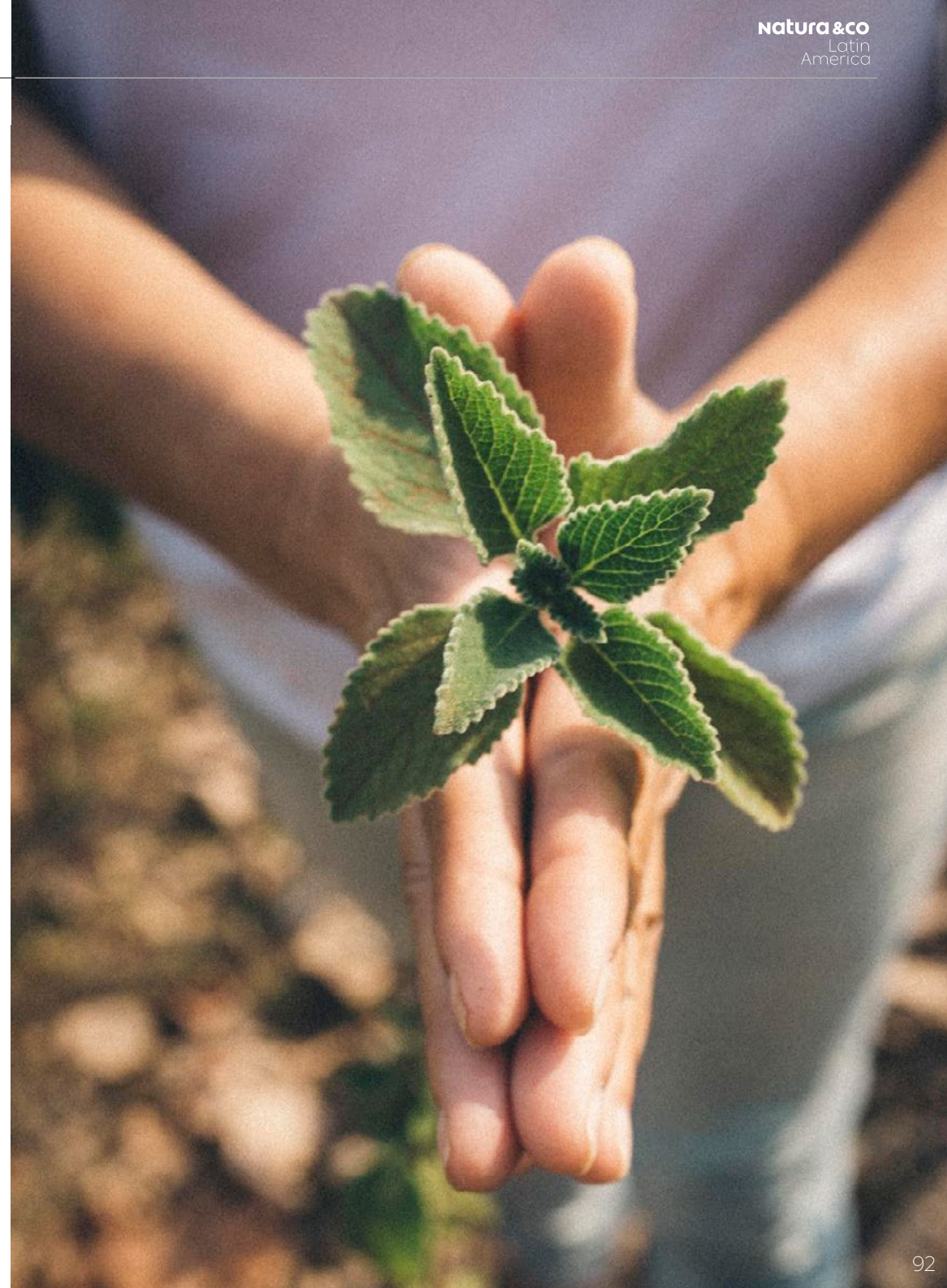
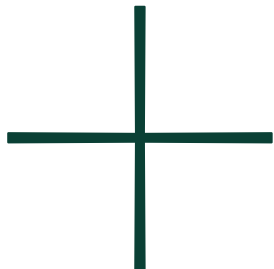
GRI 405-2 Remuneration	2020	2021
Salary gap <sup>1</sup> by gender – Natura &Co Latin America	0.94%	1.31%

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

It is important to take into account that, when talking about people, there are continuous movements. We are creating mechanisms that help us manage these data during the year and ensure that admissions and movements also have an impact on eliminating this difference.

## Diversity beyond HR

**To drive the diversity agenda beyond our employees, in 2021 we introduced the Radical Transformation Project, with representatives from different company areas. With a focus on the ethnic-racial theme, the actions should be reflected in our business behaviour, in our product development strategies and in the initiatives for our network of consultants and representatives.**



## Private social investment

### *Instituto Natura and support for education*

The Instituto Natura evolved in its work in improving public education during the course of 2021, intensifying and expanding its activities in Latin America, in spite of the strong impact still imposed by the Covid-19 pandemic.

In the first half of the year, we progressed in our measures to support public policies in 21 states in Brazil even with the schools closed. Later, we provided support and solutions in the gradual reopening of the institutions. Our major focus was on the joint pursuit of solutions to make up for lost learning and to combat school dropout rates.

We also expanded our presence in the state of São Paulo, entering the literacy segment in the region, and we extended our reach in the initiative aimed at secondary education.

Having started to work in the Hispanic American countries, beginning with Argentina, Mexico and Chile in 2020, by the end of 2021 the Instituto Natura was wielding its banner for the promotion of education in another two countries: Colombia and Peru. The Institute's annual performance is part of planning formulated for the period from 2020 to 2027, which is aimed at contributing to a transformation in education

that will ensure quality learning for all children and young people. To do this, we opted to support key public policies, aimed at influencing systemic actions at scale for education.

In Brazil, our main focus is on partnering with states and other entities, based on four commitments:

- **Literacy at the right age:** in 2021, we supported 11 states. On this front, in partnership with other institutions, we offer technical support to state education departments in the adoption of public policies that promote an increase in the number of students achieving literacy at the right age. iN's target is to support the increase in the national literacy rate as measured by the Basic Education Assessment System (Saeb 2019) from the current level of 50% to 85% of Brazilian children literate at the right age by 2027.
- **Full-time Secondary Education:** in this initiative, the iN provides technical support for an educational model oriented to a proactive stance on the part of young people and encourages the states to expand the number of schools providing full-time secondary education. In 2021, 692 new full-time secondary education schools were implanted nationwide. Growth during the year was high, extending full-time secondary education to a total of 3,431 schools and 820,000 students.
- **Articulation of priority agendas in education:** we

promoted priority agendas in education through articulation with public authorities and the third sector. 2021 represented a period of consolidation of this articulated action with other agents, worthy of note being the development of agendas such as technology and technical teaching. Another high point was the focus on actions oriented exclusively to questions related to the pandemic, encouraging the reopening of schools initially and later disseminating solutions to make up for lost learning and combating school dropout rates.

- **Education and the mobilization of consultants:** through partnerships the Institute offers educational opportunities for the Natura Beauty Consultants, including study scholarships, discounts and, since 2021, the opportunity to finance technical, undergraduate and language courses (further information in **Consultants and Representatives**).

### **Advances in the Hispanic American countries**

The first year of the Instituto Natura's activities in Hispanic America was marked by the challenge of effectively initiating work on building and supporting robust public policies in provinces in Argentina, Chile and Mexico; and by setting up the organization's headquarters in Colombia and Peru. As in Brazil, the goal of the Institute is to participate actively in a structural change that results in the offer of quality public education, with the formulation of strategies in accordance with the peculiarities of each country.

In Argentina, where the focus is on literacy and secondary education, the Institute is already fully operational in three provinces. In the Misiones province, it established an alliance with the CIPPEC Foundation (Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento) to support the government in the transformation of secondary education.

In Mexico, where there is a greater need for improvements at the literacy stage, the Institute started to implement an integral basic education policy in conjunction with the Education departments in the states of Veracruz and Yucatán.

In Chile, public education administration occurs through "local services" that act as regional instances of the Ministry of Education. In 2021, the Institute signed a partnership with two local services, with the start up of activities scheduled for 2022. In Chile, the priority will be to reduce inequalities in learning between more and less vulnerable schools.

In Colombia and Peru, the Institute ended 2021 having contracted its representatives, with research and planning underway for work to begin in 2022. In Colombia, the priority focus will be on secondary education.



## Crer Para Ver

### GRI 3-3

The amounts invested by the Instituto Natura in education are funded by the proceeds from Crer Para Ver, a non-cosmetic product line from which all the profit is invested in education. The line depends on the mobilization of the Natura Beauty Consultants, who also forgo their earnings from the sales in favour of education.

In 2021, the amount raised totalled BRL 75.2 million, counting all the countries in Latin America in which the Natura brand is present. This volume is slightly below (5%) the 2020 figure, while in Brazil there was a 16.85% decrease. This difference was due to a very high base figure in 2020 (when there was an increase of almost 50%). If compared with 2019, the amount raised in 2021 was over 40% higher, which demonstrates the maintenance of the high level attained and that the line and the investment in the cause of education continue to be

attractive and to motivate the engagement of consumers and consultants, even given the challenging conjuncture of the economic crisis generated by the pandemic.

Investment in the actions of the Instituto Natura also increased in 2021, reaching BRL 75.1 million. The amounts invested differ from the amount raised in the same year because the Instituto takes the history of the previous years into account and manages the funds responsibly. Any surplus in the fund is invested in the following years. All the funds are audited.

The number of people benefiting from the actions also increased. In Brazil, the beneficiaries were 3,400 schools and around 2.5 million students. In the countries in Hispanic America, 1,000 schools and 168,000 students benefited.

GRI 203-1 Investments benefiting public education	2020	2021
<b>Brazil</b>		
Crer para Ver Program Revenue <sup>1</sup> (BRL million)	55.9	46.6
Crer para Ver Penetration <sup>2</sup> (% cycle)	38.9	41
<b>Operations in Hispanic America</b>		
Crer para Ver Program Revenue <sup>1</sup> (BRL million)	23.3	28.6
Crer para Ver Penetration <sup>2</sup> (% cycle)	17	17

1. Refers to earnings before tax (ebt) on the Natura Crer Para Ver product line.  
2. Average indicator of percentage of Natura Beauty Consultants who bought any Crer Para Ver product from the total number of Natura consultants active during the 20 cycles.

GRI 203-1 Natura Crer Para Ver Program Actions <sup>1</sup>	2020		2021	
	Brazil	Hispanic America	Brazil	Hispanic America
Cost of projects developed and supported (BRL million)	37	12.2	49	27
Municipalities involved	953	Not available	2,902	Not available
Schools	2,389	Not available	3,431	1,084
Students	1,383,572	Not available	2,568,526	168,079
State Education Departments having partnerships with the Instituto Natura	21	Not available	21	9
Natura Beauty Consultants impacted by education benefits	145,020	47,093	154,433	76,387

1. Considering the new Instituto Natura strategy adopted in 2019 in Brazil, some indicators, such as teachers and municipal education departments impacted, are no longer monitored and reported. For the other data, there was a change in metrics that make comparability with previous years impossible.

2. Takes into account provinces and one national government involved in the actions.

**READ MORE ABOUT THE INSTITUTO NATURA AND SEE ITS ANNUAL ACTIVITY REPORT, AVAILABLE AT [WWW.INSTITUTONATURA.ORG.BR](http://WWW.INSTITUTONATURA.ORG.BR)**



## Private social investment

### *The Avon Institute and Foundations and women's empowerment*

For 136 years, Avon has been working to empower women as a lever for social transformation. The Avon Institute oversees these actions to engage its audience and different sectors of society with a focus on two causes that positively impact the well-being and the physical and psychological health of women and girls: care with breast cancer and combating violence against women and girls.

With a fundamental role in articulating these topics and mobilizing resources, we are engaged in advancing these causes from the inside out, that is, from our employees to the network of Avon representatives, who are simultaneously the beneficiaries and the driver of the social transformation we are promoting.

Accordingly, it is our goal to contribute towards diminishing current femicide rates and under-notification of cases of violence against women, as well as boosting the attention paid to breast cancer, with a focus on early diagnosis in Latin America. We also influence public policy through a mobilization network comprising employees, partnering companies, public and private institutions and social organizations to achieve the broadest reach possible in supporting these causes.

## Structure in Latin America

Our activities in the different countries in the region follow the same lines of drawing attention to breast cancer and combating violence against women, but with administrative autonomy in each region. To raise awareness and boost the dissemination of the causes among representatives and consumers, the catalogue contains "fund raising products" the profits from which are dedicated entirely to supporting the cause projects.

The Instituto Avon Brasil has been in operation all over the country since 2013. Since 2020, the institution has invested more than BRL 29 million and supported 13 projects. In addition to the money from sales of the "fund raising products", the Institute receives a fixed monthly donation from Avon.

In Argentina, the Avon Foundation has existed since 1999. Worthy of note is the award which recognizes and provides financial support for 5 projects led by women that help transform the lives of others and are aligned with the Sustainable Development Goals (SDGs) every year. The award, which is valued due to the high visibility and training it provides for leaders, is now in its 14th edition. Since its creation, it has provided financial support for 45 women who have led more than 1.500 projects. The Argentinian

Foundation is also responsible for activities in Chile and Uruguay. In addition to the "fund raising products", in these countries three cause-driven products are commercialized with labels that publicize the importance of taking mammograms and help lines for cases of domestic violence.

Similarly, the Avon Foundation Colombia has existed since 2005 and also covers Peru and Ecuador.

The exception in the organizational format is Mexico, which does not have a foundation, but rather an Avon social responsibility area that operates through alliances with organizations and governments to promote projects based on female causes in the country and in Central America.

Oriented to the same causes in all the countries, our goal is to act in an increasingly unified manner to strengthen the impact we generate on society in Latin America, ensuring we fulfil the particular needs of each country. In the last two years, our causes have been in even greater evidence due to the confinement imposed by the pandemic. There was a reduction in the number of mammograms taken for the diagnosis of breast cancer and an increase in domestic violence against women. To change this situation, we are committed to taking measures in all the countries in which we operate.

In addition to communication strategies, the Avon Beauty Representatives play a fundamental role as ambassadors for the causes in their regions. They form a bridge with

their communities and help women to find out about the risks of breast cancer and disseminate knowledge about violence against women and women's rights.

### **Violence against women**

In line with the goals of the second pillar of the Commitment to Life, *Guarantee Human Rights and Be More Human*, and with support from the Avon Institute and Foundations, the Protocol Violence Against Women and Girls was developed to provide support for employees who are victims of domestic violence in Latin America. In 2021, the range of the protocol was expanded to the network of consultants and representatives through a pilot project in Argentina, which incorporated a network of external support institutions and conducts case to case monitoring.

Launched in 2020 to diminish the number of cases of domestic violence and under-notification rates (when the case is not reported), the #IsolatedNotAlone (#IsoladasSimSozinhasNão and #AisladasNoSolas) campaign was continued in 2021 to reinforce the message. To back up the campaign, the Angela project, an artificial intelligence tool created by the Instituto Avon in Brazil, offers a range of guidance and support services, such as social and legal assistance and material and psychological support for the victims of violence. The service has provided support for 15,000 women since the beginning of the pandemic, with an approval rating of 90%. Angela is based on a cellular telephone number and can be activated discretely by women via WhatsApp.

In line with the commemoration of the International Day for the Elimination of Violence Against Women (November 25), a joint campaign was organized involving signatories to the business coalition Coalizão Empresarial pelo Fim da Violência contra a Mulher, an initiative led by the Instituto Avon. The communication, aligned in all the countries in Latin America, impacted more than 12 million people through the campaigns conducted by the group and the commitment of 130 companies to the cause.

### **Activism actions**

November 25 marks the beginning of the Days of Activism – 16 for the Hispanic countries until the commemoration of Human Rights Day on December 10, and 21 days for Brazil, where mobilization begins with the commemoration of Black Awareness Day, on November 20.

In 2021, a unified campaign was conducted in Latin America, drawing attention to the importance of the question of consent. Designs by artists from different countries under the hashtags #querqueeu desenhê, in Portuguese, and #SiNoHaySíEsNo, in Spanish went viral on the internet, propagating the message that consent should be expressed, conscious and renewed.

The Foundation in Argentina, Chile and Uruguay developed a learning trail on this matter, not only for employees, representatives and consultants, but also for other companies and institutions, reaching over 19,000 people in 2021 and boosting the source of funding for the cause. The Foundation has also been supporting 23 institutions in the Integral Household Reinforcement Program for four years. The program provides protection

for women suffering from violence and prepares an annual report on femicide in Argentina in partnership with the Consciência Association.

For four years Colombia has been working on propagating the message disruptively, as occurred in the opening of the most important fashion event in the region, Colombiamoda, which also impacts Peru and Ecuador. The partnership includes the development of special collections which raise funds for the cause. Colombia also saw the creation of the first virtual program to reduce violence in relationships between adolescents, called "Por mi, Por Ti, Por los Dos". In partnership with the Natalia Ponce de Leon Foundation and the El Bosque University, the action impacted more than 5,000 young people, with the potential to be extended to Ecuador and Peru.

The Avon Promise to Combat Violence against Women was launched in Mexico, Central America and the Dominican Republic; 111 projects were submitted in the award, which delivered donations to 16 winners.

A campaign was also executed to promote use of the SOSMex cellular telephone application to report incidents; it functions as a panic button to request help in situations of violence. The initiative is run jointly with Rede Nacional de Refugios Ac and Casa Gaviota AC. Within the #SiNoHaySíEsNo campaign, one measure sought to warn the student community about explicit consent and the risks in digital environments, accentuated by sharing photos. The donations made in Mexico and Central America to support programs to combat domestic violence benefited more than 2 million people.



## Breast Cancer

Breast cancer is the most lethal form of cancer for women worldwide. However, if the disease is diagnosed in time, mainly through mammograms, it can be treated and cured in 90% of cases. However, in less developed countries, women do not have access to this information. Added to the context of the pandemic, which restricted access to imaging examinations and diagnoses, the spread of the disease increased.

In Brazil, there are more diagnoses of breast cancer at an advanced stage than at an early stage, and the network of free mammogram coverage is insufficient to meet the demand. This situation influenced the adoption of mobile mammograms that visit a number of cities in the country.

Understanding that information enables more strategic and effective actions, we promoted an extensive survey on the question in seven countries in Hispanic America, involving over 7,000 women. Among the barriers and gaps in information about breast cancer, the survey indicated that 83% of women feel afraid of being diagnosed (*other results in the following chart*).

In Argentina, Chile and Uruguay, in relation to awareness, worthy of note was the realization of "tête-à-tête" conversations with specialists and the launch of a new body moisturiser, which promoted the need for annual mammograms, with practical information and contacts for doing the examination in each region. Regarding detection, the mobile mammogram unit in operation in Argentina for 20 years formed a partnership with healthcare departments in the provinces to undertake more than 10,400 free mammograms, double the number scheduled for the year. In Chile the mobile unit offered free mammograms to 3,600 women.

"The Carrera de la Mujer (or Women's Crusade <https://www.carreradelamujercolombia.com>), organized simultaneously in Colombia, Peru and Ecuador for 15 years, promoted early diagnosis and inspired women to take care and spend time on themselves. More than 3,000 free mammograms were done in Colombia in 2021.

In Mexico, the transformation of the Women's Crusade into digital format enabled the expansion of the initiative to the entire country, convening organizations and institutions to recognize projects that promote research, education and treatment of the disease. This led to an increase in donations to the cause, benefiting 18,000 women with early detection and treatment.

**The First Public Opinion Survey on Breast Cancer interviewed 7,000 women in seven countries\* and demonstrated the degree of misinformation about prevention of the disease:**

- 3 out of every 10 women at the age of risk did not do a mammogram and only 30% recognize it as the main means of detection (for 50%, self-examination is the means indicated).
- Only 25% of women believe they are very well informed about means of early detection of breast cancer.
- 7 out of every 10 women did not have an annual medical check-up due to the pandemic.

\*Source: research conducted by the Avon Foundations in Hispanic America among women aged from 16 years, in the following countries: Argentina, Chile, Colombia, Ecuador, Mexico, Peru and Uruguay.

### Integration with Natura &Co

With the integration of Avon into the Natura &Co group, the impact of the causes we lead expanded. The policy of protecting women was extended to all employees, with the creation of the Protocol against Gender Violence. The measures to drive awareness of breast cancer and the activities of a committee to combat violence against women were extended to the entire group.

Although the benefits of the campaigns are disseminated in first place to Natura consultants and Avon representatives, this reinforces the network's role as agents of social transformation capable of exerting positive influence on their surroundings. We believe that our actions have been translated into social and ethical capital in the group's favour.

#### GRI 203-2 Instituto Avon Brasil Investmen

	Breast Cancer	Domestic violence	Others	Total
Proceeds from product sales	BRL 6,617,675,05	BRL 5,749,016.14	BRL 2,286,928,78	BRL 14,653,619.97
Amount donated (grants and donations to NGOs)	BRL 2,625,771,44	BRL 5,024,181,87	BRL 545,150,41	BRL 8,195,103,72
Total investments Avon Brasil				BRL 22,848,723.69

#### GRI 203-2 Investment in Hispanic America <sup>1 2</sup>

	Breast cancer	Domestic violence	Gender equality	Total
Campaigns and direct actions	BRL 10,348,654.01	BRL 5,817,213.29	BRL 472,506.43	BRL 16,638,373.73

1. Consolidated data for the Avon foundations in Argentina (including Chile and Uruguay), Colombia (including Peru and Ecuador) and Mexico (including countries of Central America).

2. Values converted from US dollar, at the rate: USD\$ 1.00 - BRL 5.40.

### Further information about the Instituto Avon and Fundación Avon

**Brazil:** [www.institutoavon.org.br](http://www.institutoavon.org.br)

**Argentina (including Chile and Uruguay):**

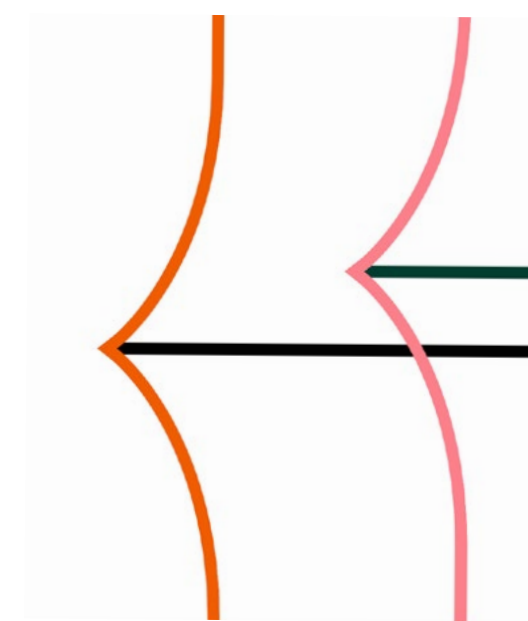
<https://fundacionavon.org.ar/>

**Colombia (including Peru and Ecuador):**

<https://www.avon.co/LaFundacion>

**Mexico and Central America:**

<https://www.avon.mx/avon-mx/responsabilidad-social.html>





## *Natura Musical fosters culture*

GRI 3-3, 203-1

2021 was the sixteenth year of our Natura Musical program, through which we support Brazilian music and promote reflection and dialogue on important questions for society. During the year, BRL 14.6 million was invested in the program (BRL 8.6 million in private funds and BRL 5.9 million in funds derived from tax incentive laws).

The Natura Musical 2021 Call for Proposals received 3,720 submissions, 10% higher than the previous year. We selected 33 projects (19 from artists and 14 from collectives), that reflect the plurality of the contemporary Brazilian music scene. Ten of the projects chosen by the team of curators were from the Amazon region, which will jointly receive BRL 1.4 million. Moreover, six projects from indigenous peoples from five states in the country were chosen to receive investments totalling BRL 1 million. During the year, 280 cultural products were launched with support from the program, such as the new albums of the singers Linn da Quebrada and Juçara Marçal.

In the Casa Natura Musical, we continued to prioritize digital shows and events due to the Covid-19 pandemic. Located in the city of São Paulo, the space was once again awarded the Municipal Human Rights and Diversity Seal. This is the second time our commitment to diversity and inclusion has been recognized by the city of São Paulo local government.

## *Mobilization against the pandemic*

### **GRI 2-29**

In 2021, we maintained our support for society and the governments of the countries in which we operate in combating the Covid-19 pandemic and its socioeconomic consequences.

In Brazil during the first months of 2021, when the hospital system faced a critical situation due to the high number of severe Covid-19 cases, we joined forces with other companies to acquire oxygen concentrators for the SUS public health system (Sistema Único de Saúde). With the beginning of vaccination in the country, we supported different states and municipalities to enable mass immunization of the population. We also participated in the Unidos pela Vacina movement, led by the group Mulheres do Brasil, and the São Paulo government business support committee Comitê Empresarial Solidário.

Directly and through the direct selling association ABEVD (Associação Brasileira de Empresas de Vendas Diretas) and the CTF industry association Abihpec (Associação Brasileira da Indústria de Higiene Pessoal, Perfumaria e Cosméticos), we sought recognition of the critical nature of our sector from the authorities and supported the development of protocols for the safe return to on-site activities.

Donations in Brazil exceeded BRL 11.1 million in 2021, encompassing food hampers, personal hygiene products and 70% hand sanitizer, medical inputs, including ones used for vaccination (cotton, thermal containers and cold storage units for vaccines, among others), as well as financial support for Natura supplier communities and the recycling cooperatives engaged in the Dê a Mão para o Futuro and Natura Elos programs. Financial support for Natura consultants and Avon representatives were overseen by the unified Social Support Center (*further information in **Consultants and representatives***).

In the other countries in Latin America, we made donations in partnership with the Ministries of Health, the Red Cross, national and municipal governments, aimed at supporting the acceleration of vaccination, increasing hospital attendance capacity in regions with fewer resources, by supplying respirators and oxygen, as well as donating food and personal care products to the public, in the total amount of BRL 10 million.



Donations in the Covid-19 pandemic – Brazil	Valor monetário (R\$)
<b>Products</b>	
Natura personal hygiene products and alcohol <sup>1</sup>	315,452.32
<b>Emergency fund</b>	
Supplier communities <sup>2</sup>	874,352.00
Recycling cooperatives <sup>3</sup> Brazil	179,087.14
Recycling cooperatives Hispanic America <sup>6</sup>	182,016.52
<b>Assistance and Financial Help</b>	
Food hampers <sup>4</sup>	950,000.00
Medical inputs <sup>5</sup>	8,823,235.45
Medical inputs Hispanic America	10,000,000.00
<b>Total Brazil</b>	<b>11,142,126.91</b>
<b>Total Hispanic America</b>	<b>10,182,016.52</b>
<b>Total – Brazil</b>	<b>21,324,143.43</b>

1. Personal hygiene products and alcohol offered to programs in Pará, local governments in Cabreúva, Itupeva, Cajamar, São Paulo and the Acre and Amazonas Red Cross.

2. Inputs offered to Natura extractivist communities in Pará and diverse other locations.

3. Inputs offered to recyclable material pickers in the state of São Paulo.

4. Inputs offered to the state of São Paulo.

5. Medical inputs offered to programs in Pará, Amazonas, Alagoas, Maranhão and NGOs in São Paulo, Bahia and Ceará.

6. The exchange rate used for conversion from Chilean peso (CPL) to BRL is 150.41; from new sol (S/), currency in Peru, to BRL 0.71; from Colombian peso (COP) to BRL 701.51.

7. Medical inputs offered to programs in Argentina, Chile, Peru, Colombia, Mexico and countries in Central America.

## Global supplier chain

GRI 2-6, 3-3

The Natura supplier chain comprised 4,822 commercial partners in 2021, of which 213 were responsible for 80% of our purchase volume in the year. The total amount of products and services acquired was US\$ 1.5 billion.

Relations with the supply chain are oriented by the Supplier Code of Conduct, released in 2014 and reviewed in 2020 for the entire Natura &Co supplier base (except Avon). The document sets forth guidelines for social, environmental and quality requirements, describing the company's expectations and its commitment to partners, society and the planet. In 2022, the code will be relaunched with the inclusion of the Avon supply base, resulting in a single universal Supplier Code of Conduct for all the group companies in all geographies.

Regarding risk management, factors considered are related to market, finance, social and environmental aspects, occupational health and safety, quality, in addition to other legal requirements. On December 31, 2021, Natura had a list of 739 suppliers eligible for our risk assessment and control process.

Supplier contracts contain clauses on human rights, such as the risks of child and forced or slave labour. Natura has a policy of zero tolerance to human rights violations.

## **Embrace**

GRI 2-6, 2-25, 2-26, 2-29

We believe that quality relations generate shared economic, social and environmental value, and we seek to express this belief throughout our chain. The group of strategic suppliers, comprising 163 partners accounting for 55% of procurement spending, participates in a development program projected to create long-lasting relationships and to drive continuous evolution.

Created by Natura 17 years ago and with a strong reputation in Latin America due to the bonds developed with our partners and the attention dedicated to sustainable development, the Qlicar (Quality, Logistics, Innovation, Competitiveness, Environment, Social and Relations) Program advanced in 2021 to embrace all the Natura &Co brands and geographies. Renamed Embrace, the initiative pays tribute to the Qlicar legacy, preserving what we consider fundamental: our belief in the power of relationships.

Embrace reflects our way of embracing and including our partners in the group's integration process, inviting them to accompany us on this new journey in which we expand our presence in the world and, consequently, our ambition to generate positive impact.

The program launch took place during the group's first global suppliers meeting, held in August. During the four-day event, 689 Natura &Co guest partners from different parts of the world took part in strategic

online meetings with the CEOs and leaders of the group, holding conversations about Innovation, Brands, Logistics, IT, Procurement and Sustainability. The agenda also encompassed alignment with the Natura &Co 2030 Vision, the Commitment to Life.

The development program assesses partners based on critical indicators related to service levels, quality, competitiveness, in addition to social and environmental questions, in line with our sustainable supply chain strategy. We track the long-term investment and socioenvironmental impact of these partners. The program also recognizes the evolution of our commercial partners by means of an annual award.

There is a special award category for the company's supplier communities. In 2021, we also promoted a differentiated category, Special Awards, for partners who achieved distinction in overcoming obstacles and showing resilience during the pandemic.

Commitment to Life

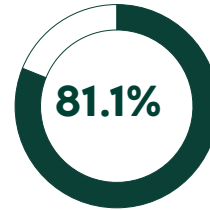
# Circularity *and regeneration*



natural or  
renewable  
ingredients



Biodegradable



of the portfolio  
reusable,  
recyclable or  
compostable

**Materials reclaimed via reverse logistics\***

49%

Brazil

30%

Hispanic  
America

\*Scope Natura



Natura Biome  
Solid product line

- Vegan
- Zero plastic
- up to 100% natural
- Palm oil (dendê)
- produced without crop defence products in agroforestry system (AFS)
- more than 6 years of applied research and technology

**AVON**

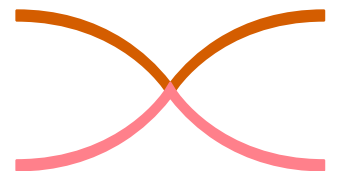
7.2% of packaging produced from recycled or renewable material diagnosis of Fashion & Home category, new in the Natura & Co portfolio

GRI 2-25, 3-3, SASB CG-HP-410a.2

The combination of aesthetics, functionality and the pursuit of lower environmental impact sparked a much broader strategy focused on the beauty of a new way of producing and consuming that embraces circularity in inputs and the regeneration of natural

By means of the **Commitment to Life**, we defined targets to ensure that 100% of our materials are reusable, recyclable or compostable by 2030. Moreover, we committed to collecting and disposing of 100% of waste correctly, using at least 20% less packaging material (in weight) and ensuring that half of the plastic the company uses is post-consumer recycled material (in weight).

To accelerate the achievement of these challenges throughout the Natura &Co group, at the end of 2021 we created a packaging hub, a collaboration mechanism with people from all our brands that will help to resolve urgent problems more efficiently, generating new ideas and technologies to make packaging more circular. The embryo of this hub, a working group from the four brands, harmonized the recyclability parameters to facilitate the adoption of measures at scale based on the RecyClass concept, an internationally recognized multisector initiative that establishes standards for calculating recyclability, traceability and communications.



With clear, unified criteria, the Natura &Co innovation and R&D teams from all the brands and geographies have protocols and tools that accelerate decision making in the development of new products and packs in line with our positive impact generation commitments. The review of project pipelines also helped to map the extent to which already planned solutions contribute to achieving our targets and determining how necessary it is to accelerate research and technological development.

On a global level, together with the main beauty brands in the world, we led the EcoBeautyScore Consortium for the construction of an assessment system capable of offering consumers clear, transparent and comparable information on the environmental impact of cosmetics products (formula, packaging and use), thus helping them to make more sustainable choices.

**GRI 2-28**

Also worthy of note was the beginning of the integration of Avon packaging management processes in the region, a process that was intensified in 2021 and not only involves adapting product packaging and

manufacturing, but also the mapping of new categories that were not hitherto part of the Natura &Co portfolio, such as the Fashion and Home line.

The question of waste was one of the main highlights in the Avon integration process in the year. The work done by the Transformation Office focused on sustainability. Answerable to the Executive Committee and the Natura &Co Latin America Sustainability Committee, the area helps us to take decisions and position actions related to waste management at the center of decision making for all our companies (*urther information on decision making structure in **Corporate Governance***).

We are on target to achieve the targets defined: we maintained a reusable, recyclable or compostable rate for 81% of the Natura &Co Latin America portfolio. We achieved 8.5% use of post-consumer recycled plastic and reduced the average weight of our packaging by 8%. In the formulations, we reached 90.4% natural ingredients. **SASB CG-HP-410a.1**



## CASE STUDY

### **Biôme: a circular product line that regenerates**

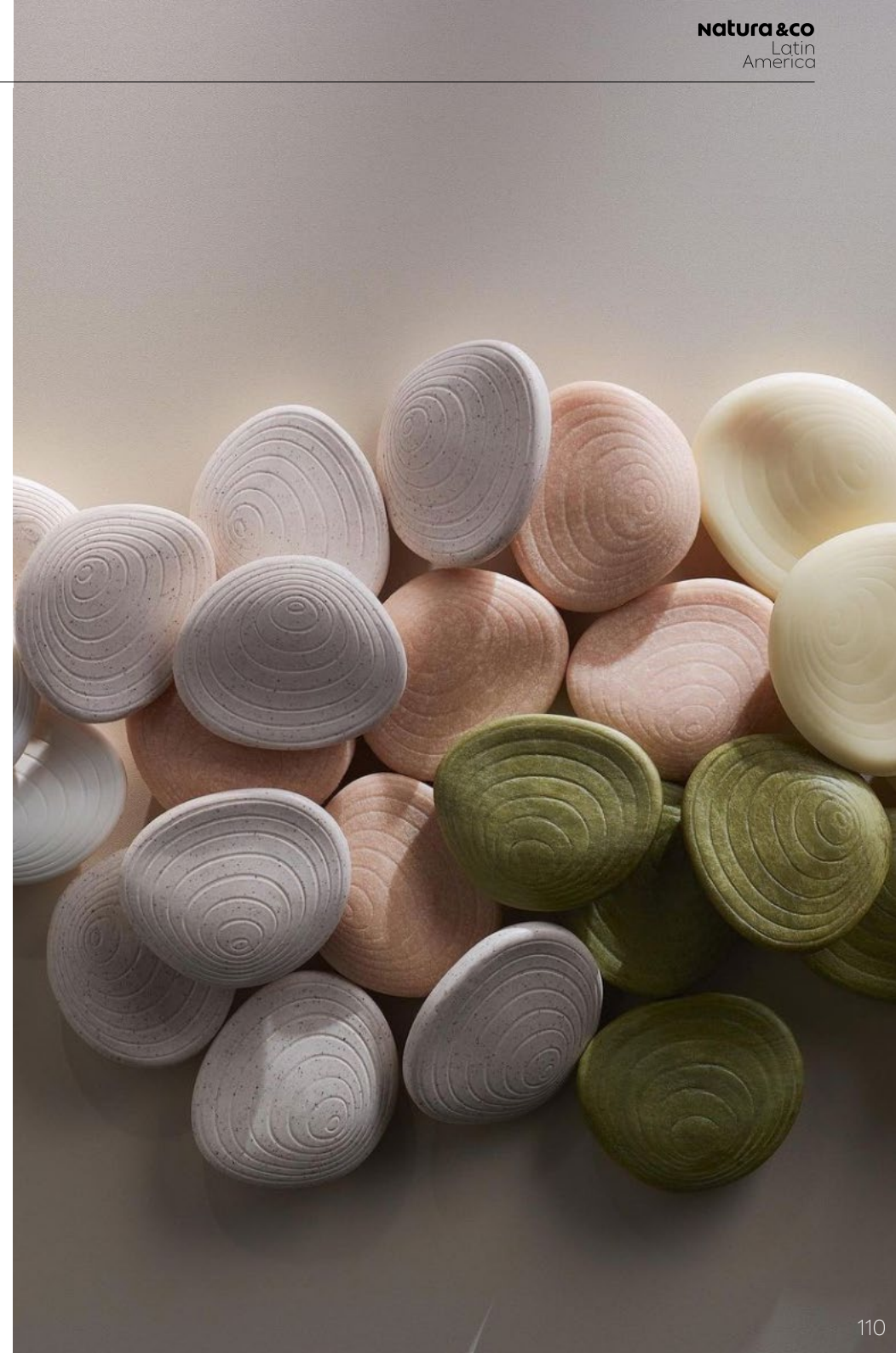
#### GRI 2-25

In December 2021, the Natura brand launched its first solid product line in the beauty and personal care category, with vegan formulas, zero plastic and up to 100% natural ingredients. Natura Biôme comes into being governed by the logic of regenerative solutions for people and for the planet, aligned with our commitments to generate positive impact.

The result of over six years of applied research and technology, the brand embodies regenerative principles by employing ingredients from nature-based solutions and an accessory made from bioresin derived from methane gas.

The palm oil used in the products is manufactured by the Camta cooperative (Cooperativa Agrícola Mista de Tomé-Açu) in Pará, without the use of crop defence products in an agroforestry system (AFS). The system associates palm production with other crops such as pepper, cassava and bananas. The new production technique is part of a research project led by Natura in partnership with Embrapa. Based on these results and

**The first products are daily use shampoos, moisturizers, conditioners in bar format and soaps.**





this product launch, we want to expand oil production using this system as an alternative to monoculture. Palm oil is one of the main ingredients for diverse industries worldwide, reinforcing the importance of the initiative

The bar format of the product generates additional benefits such as reduced greenhouse gas (GHG) emissions at all stages of the production cycle – extraction of the raw material, production and consumption. Growing the palm in the AFS has a lower carbon impact and transporting the products in bars is more efficient. The line also has an exclusive stand for the bars made with a bioresin produced using an unprecedented technology worldwide. The technique developed for the production of the accessory captures methane gas – which has a greater impact on global warming than carbon gas – transforming it into a biodegradable polymer (polyhydroxyalkanoate, or PHA). The accessory was developed by Natura in partnership with a Silicon Valley (USA) start-up *Mango Materials*.

**Packs made from recyclable and post-consumer recycled paper. The products are wrapped in biodegradable cellulosic film. The accessory is made from a bioresin that captures methane gas (a toxic gas that has 28 times greater impact on global warming than carbon gas) and that is transformed into compostable and reusable material.**

## *A year in which challenges produced innovations*

### **GRI 2-6, 2-25, 3-3 SASB CG-HP-410a.2**

The reflexes of the pandemic on the production chain intensified in 2021, affecting the supply of a series of materials. This led us to pursue solutions in order not to jeopardise business performance. The integration of supply processes, already fully concluded within the Natura &Co group, gave us the capacity and flexibility to manage this situation.

In Natura, we reached a 10.4% reuse rate for post-consumer recycled material (PCR) in 2021 and, in parallel, the innovation and procurement teams sought to address supply issues, including the reduced offer of inputs such as green polyethylene (Green PE). Worthy of note were glass supplies – we accelerated tests and the validation of new specifications for recycled materials. Natura pioneered the inclusion of recycled glass in perfumery and continues to work with the chain to overcome technological challenges and guarantee criteria of quality and traceability. Today, the Natura perfumery bottles contain up to 30% recycled glass.

The Research and Development (R&D) team developed a technology to adjust the various types of glass to the standards required, a remarkable experience that established a new perspective for the technological development of recyclable materials. As a result, we increased the number of glass recycling cooperatives in the Natura Elos program, boosting inclusion and the number of people in this ecosystem (*further information about the Elos Program ahead*).

Another highlight in the circularity agenda was the launch of a line of refillable bases for the Natura Una brand at the beginning of 2022, an innovation in the makeup category, in which the use of recycled material is more complex.

During the year, we also progressed in eliminating single use plastic, removing cellophane from packaging as had already been done with the magazines and gift kits.



<b>GRI 301-2, SASB CG-HP-410a.1 Recycled input materials used (%) - Natura</b>	<b>2020</b>	<b>2021</b>
Post-consumer recycled plastic incorporated into finished product packaging – Total	15.0	16.0
Post-consumer recycled glass incorporated into finished product packaging – Total <sup>1</sup>	10.0	14.3
Post-consumer recycled material (PCR) <sup>2</sup> incorporated into finished product packaging – Brazil	10.0	11.4
Post-consumer recycled material (PCR) <sup>2</sup> incorporated into finished product packaging – Hispanic America	7.0	8.1
Post-consumer recycled material (PCR) <sup>2</sup> incorporated into finished product packaging – Total	9.0	10.4
Recyclable material <sup>3</sup> in finished product packaging – Brazil	44.0	80.5
Recyclable material <sup>3</sup> in finished product packaging – Hispanic America	51.0	83.1
Recyclable material <sup>3</sup> in finished product packaging – Total	46.0	81.3

1. Measurement initiated in 2020.
2. Percentage of post-consumer recycled material (PCR) mass in relation to total mass of packaging materials, weighted by the quantity billed.
3. Percentage of recyclable material mass in relation to total mass of packaging materials, weighted by the quantity billed.

<b>GRI 301-3 Reclaimed products and their packaging materials (%) – Natura</b>	<b>2020</b>	<b>2021</b>
Natura – Brazil	52%	49%
Natura - Hispanic America	36%	29.5%
Natura Latam		44.1%

## *Natura Elos, our connection with recyclability*

### **GRI 2-25, 3-3, SASB CG-HP-410a.2**

Natura Elos is a reverse logistics program aimed at building a chain with packaging manufacturers, industries and recycling cooperatives with a view to fostering a sustainable post-consumer recycled (PCR) material supply ecosystem. Created in 2017, it provides support and training for the suppliers, encouraging professionalization and dedication to the highest standards of compliance and good practices – requirements for entering the program –, thus ensuring the sustainability and traceability of the diverse production links during the entire materials cycle.

Furthermore, it promotes the development of the waste picker cooperatives through formal labour relations and gains in efficiency, in addition to valuing and recognizing the services the workers engaged in the collection and sorting of materials provide for society.

Our audits check compliance with organizational management, social and environmental responsibility and occupational health and safety requirements. The audits assess management capacity, level of transparency in managing resources, safety in the operation of

machines and in sorting, as well as compliance with environmental legislation.

We also analyse factors linked with gender equality, fair pay in accordance with the hours worked, and we do not work with suppliers involved in child, forced or slave labour.

In 2021, our work resulted in the recovery of 13,200 tons of PCR, a volume increase of 28% compared with 2020. The number of cooperative partners increased to 25, with the number of cooperative members more than doubling to 1,332. Worthy of note in this growth was the glass chain, in which we added nine new cooperatives to the 12 existing ones, as well as three waste management companies.

Our packaging reverse logistics actions are complemented by the sector program *Dê a Mão para o Futuro* (DAMF), led by the CTF association Abihpec. The program is part of an industry agreement to comply with Brazil's national solid waste policy (PNRS) which, in spite of the restrictions imposed by Covid-19, exceeded its waste reclamation target.

With the pandemic, Natura helped the cooperatives to overcome the difficulties they faced, providing financial assistance to participants in Natura Elos and DAMF, with additional payments in 2020 and 2021. The company also donated soap and sanitizer. Partnering cooperatives in

Hispanic America also received donations via business associations and agreements with local governments.

### **New partnerships**

In the course of the year, Elos expanded partnerships to foster recycling and mobilize people and resources around this cause. One of these was with Green Mining, a start-up that developed an algorithm programmed to map post-consumer waste generation points. In Ilhabela (SP), the focus is on plastic and the measures included the installation of 20 material drop-off points, as well as payment for sorting the plastic and for freight to partnering Natura resin manufacturers. In Alto Paraíso (PA), Natura's support enables the sorting of the glass collected and finances transportation of the material to the processor in São Paulo (SP).

Another partner is the Instituto Recicleiros, whose Cidade+ program is dedicated to implementing an innovative selective collection and recycling model for municipalities. This partnership is also focused on glass, covering the cost of sorting and freight of material from 12 cooperatives in ten cities.

## *Stores receive packaging*

To encourage consumers to dispose of our product packs correctly, we have a program for the Natura and The Body Shop stores in Brazil and the Natura stores in all the countries of Latin America. For each five empty packs handed in, the customer receives a moisturizing pulp for the hands. 73 Natura and 53 The Body Shop stores in Brazil participate in the initiative, in partnership with TerraCycle. The materials reclaimed are sorted, recycled and transformed into vases for plants, traffic cones, boxes for vegetables and other utensils.

The initiative was partially affected by the pandemic due to operational restrictions, mainly in the retail trade; however, it is still underway. We also developed a pilot to include the Aquí Tem Natura stores as drop-off stations for packs from all the group's brands. Currently, the program is in place in seven of these units.

## **Expansion of recycling in Hispanic America**

### GRI 2-25

In Hispanic America, there was progress in our waste management strategy in the five countries in which it is in place – Argentina, Colombia, Chile, Peru and Mexico – and we reached a new level in the integration and standardization of our work.

We operate on two fronts in these countries: with recycling cooperatives in which we invest to improve operational and management practices; and the development of the glass recycling chain for perfumery. We made steady progress in integrated actions during the year. All the countries implemented More Beauty, Less Waste cause strategies, including mobilization and advocacy initiatives for the cause.

In all the countries we established that our waste reclamation and diversion from disposal rates should be higher than those required by local legislation. Even under the impacts of the pandemic, we not only achieved but exceeded our targets. We ended the year with over 350 partnering waste pickers and 57 organizations (cooperatives, NGOs and companies), with 30% of waste directed to recycling and 4,094 tons of post-consumer material reclaimed.

### **#ChauPlástico (#ByePlastic)**

Initiated in Peru and extended to all the Natura brand operations in Hispanic America, the #ChauPlástico movement identifies and eliminates single use plastic in the company. Materials such as those used to wrap gifts, the Natura magazine, the bags used for presents or the plastic used in the cartons in which orders are sent to consultants are being eliminated. In the cartons, for example, the products are now accommodated in kraft paper. In Brazil, we eliminated plastic film from our Christmas gift kit packs and from the Kaiak Oceano packs.

### **San Andrés**

The initiative, which was resumed in 2021 after the relaxation of social distancing imposed by the pandemic, mobilizes consultants on the island of San Andrés, in Colombia, to collaborate with recycling.

Located in the Caribbean, the island is home to coral reefs and a wealth of marine life which suffer from maritime pollution. Together with orders, Natura Colombia sends bags for the collection of clean, dry recyclable materials which are returned to the logistics operator. The action is supported by other companies in the region and by the airline Latam, which transports the material from the island.



## *Kaiak and the defence of the oceans*

We set ourselves the challenge of building a virtuous business model that contributes to improved management and reuse of plastic found in high risk areas, helping to ensure it does not pollute the oceans.

We reused and transformed discarded plastic to ensure it does not reach the sea. The Kaiak perfumery line has been the ambassador of this message since the 2020 launch of Kaiak Oceano. In 2021, with the commemoration of 15 years of the line, classic Kaiak for men made its debut using waste retrieved from the Brazilian coast. In 2022, the plastic part of the other versions of Kaiak should contain post-consumer recycled material.

It should be noted that the bottles of men's and women's perfumery products use up to 30% recycled glass. We also eliminated the single-use plastic these products were wrapped in.

We envisage our business as a driver of transformation and our positioning as part of the solution. We have supported those who accompany us on this journey, maintaining our partnership with the Instituto Ecosurf, which cleaned the beaches in the Jureia-Itatins Conservation Unit in São Paulo.



### **Support for the Schurmann Family**

In 2021, the Kaiak line joined the Schurmann Family on the Voice of the Oceans expedition, with the mission of preserving the oceans. The voyage, which is supported globally by the United Nations Environment Program (Unep), departed from Rio de Janeiro in August. The vessel, which is powered by sail and uses clean energy from solar panels, will visit 60 destinations around the world. The Schurmanns are recording the state of the oceans and promoting public awareness and engagement around waste disposal and conscious consumption.



# Our *brands*





AVON



THE BODY SHOP

Aēsop®

## Our *brands*

For us, innovation only exists if it can generate positive impact. This vision is embodied in all our businesses, iconic brands that believe beauty, technology and nature should go hand in hand.

In 2021, our authentic and ever more omnichannel value proposition proved its worth once again.



## Our brands

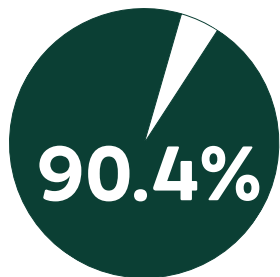
### Natura

36%

increase in digital sales  
(sales via e-commerce  
and the consultants'  
virtual spaces)

1.5 million  
online  
consultant  
stores  
(45% up on 2020)

### More and more vegetable



of our  
formulas are  
of natural  
origin (Natura  
and Avon)

None of our brands  
do tests on animals  
or buy from suppliers  
who use animal  
testing.



### Avon

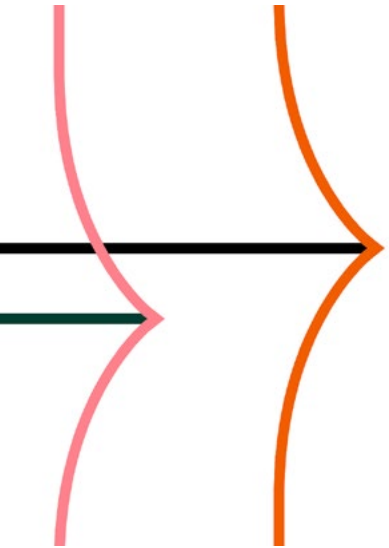
Commercial model for  
representatives fully  
adopted in Brazil  
with expansion to  
Ecuador, Colombia  
and countries in  
Central America

### The Body Shop

First products  
developed exclusively  
for Latin America

### Aesop

With the launch of  
its e-commerce, the  
brand now sells to all  
of Brazil



In Brazil and Latin America, our brands – Natura, Avon, The Body Shop and Aesop – reach millions of people. To offer different types of consumer the best shopping experience, we are increasingly investing in an omnichannel approach, ensuring that at each moment, customers may choose the best way of acquiring our products: through Relationship Selling with Natura and Avon, and for our four brands, via e-commerce and in person in our stores.

### *Innovation Purpose and beauty*

For us, innovation only exists if it can generate positive impact. This vision is embodied in all our businesses, iconic brands that believe beauty, technology and nature should go hand in hand.

This is what inspires our journey to design products based on disruptive and regenerative solutions, conserving and restoring ecosystems and promoting quality of life and inclusion for everyone.

Each brand has its unique vision for portfolio development, but they share the purpose of pursuing a better way of living and doing business. Natura combines technology and science in a unique business model that values traditional knowledge from the Amazon forest and promotes biodiversity, regenerative

production methods and income generation for local communities and consultants. Over a hundred years ago, Avon was the first company in the world to empower women to become representatives. Until today it continues to promote the Avon purpose of making high-performance products accessible to everyone. Ethical beauty and an appeal for action are in the origins of The Body Shop, which promotes self-love, ruptures gender stereotypes and uses innovative technology based on biodiversity. Aesop, in turn, unites intelligent and sustainable design with highly sensorial and sustainable natural ingredients.

Within the Natura & Co group, iNEx, the internal Excellence Network focused on innovation, formulated its strategy, mapping synergies and identifying areas in which each brand will act independently and those in which joint action may drive benefits. The goal is to create an agile, open ecosystem for the group, connected with external trends and expertise, that promotes innovative solutions for the brands. Two recently-created R&D hubs will greatly facilitate innovation and advances in the Commitment to Life: Circular and Regenerative Packaging Technologies and Regulatory Intelligence.

**Sustainability to leverage innovation**

The goals assumed in the Commitment to Life present us with complex and ambitious challenges, which are highly dependent on innovation, collaboration and cooperation within the entire group and our value chain. These include increasing revenue flows with 55 Amazonian

bioingredients by 2030 (starting from 38). In 2020, we had 39, and we ended 2021 with 41 bioingredients in our technology base, which means they are available for the R&D teams to create new products.

**Other goals established for 2030 include:**

**The percentage use of natural origin and/or renewable ingredients, which in 2021 was**

**90.4%**

*considering products billed by Natura and produced by Avon in Latin America.*

**93%**

**of Natura products are vegan**

*Currently, the only non-vegan ingredient in the Natura portfolio is beeswax, used mainly in makeup, and which is gradually being substituted.*

The biodegradability target for our rinsable product portfolio, in line with our commitment not to use toxic ingredients or ingredients harmful to the environment. The choice of renewable or natural origin ingredients is essential to achieve circularity in company formulations, since it permits value generation within the planet's capacity to provide resources. Biodegradability is just as important, ensuring the planet's capacity to reinsert materials in biological cycles. Furthermore, both are sustainability concepts widely recognized and valued by consumers.

## Local launches for The Body Shop

In addition to executing the adaptation of global formulas for Latin America, including the availability and cost of raw materials, a Natura project nucleus participates actively in The Body Shop expansion strategy in the Latin American countries.

This work resulted in 27 exclusive launches in 2021: ChoicePower, an eastern Chypre fragrance that combines red fruits, saffron flower and patchouli in Deo Cologne, Body Lotion and Hand Cream versions; the Home Fragrance line, consisting of an aromatiser, diffuser (regular and refill) and liquid soap in the versions Purify, Sleep, Breathe and Boost. The launches are completed by the Moringa, Argan and Lolita line body oils, seasonal soaps for Christmas, Sakura hand sanitizer and Leite de Baobá.

Origin of formulations <sup>1</sup>	Natura <sup>1</sup>		Avon <sup>1</sup>
	2020	2021	2021
Material with certification of origin <sup>1</sup>	15.6	13.0	-
Material of natural origin <sup>2 3</sup>	93.4	94.0	85.2
Biodegradability of rinsable products <sup>3 4 5</sup>	93.5	95.8	86.7
Vegan products	84	93	-

1. Consolidated Latin America scope for each of the brands. For Avon, data on vegan products and material with certification of origin are not available in this cycle, as is the case with historical data.

2. Natural origin (vegetable, mineral or biotechnological) of the product portfolio (based on ISO 16128) weighted by the mass of organic components in the formula billed in the year.

3. The % of materials of natural origin and % of rinsable products that are biodegradable is based on international standards, such as ISO 16128, for the natural origin of formulations.

4. Biodegradability of the rinsable product portfolio weighted by the mass of organic components in the formula billed in the year. The organic mass refers to the ingredients that have carbon in their chemical structure.

5. The data for 2020 were corrected.

## An end to animal testing



Our brands do not conduct tests on animals. They use the most varied alternative methods to guarantee the safety of the formulations, such as in vitro tests, advanced computational models, 3D synthetic skin created in the laboratory and allergy tests on human volunteers.

Animal well-being has been a key cause for The Body Shop since its foundation in 1976. Natura abolished all animal tests in 2006 and only acquires ingredients from suppliers committed to this conduct.

Aesop has never conducted or commissioned animal tests, and its products are fully vegan. The three brands have Leaping Bunny certification granted by Cruelty Free International, attesting to the non-use of tests on animals, as well as from PETA (People for the Ethical Treatment of Animals).

Avon has not conducted tests on animals in Brazil or in other locations for over 30 years. In 2019, the company announced the end of testing worldwide, including China.

## Open innovation

### GRI 2-29

The Natura open innovation model has been evolving since 2001, employing as main instruments: 1. Natura Campus: to promote relations with the scientific academic audience; 2. Natura Startups: focused on relations with technology-based start-ups for R&D (*further information in **Natura startups***); and, 3. Embrace: with a focus on forging closer relations with suppliers (*further information in **Global supplier chain***). In 2021, Natura Campus in association with Emerge and other partners tested a new model for pursuing technologies in scientific environments to transform the chain to make ingredients viable. This helped the company to map 148 technologies, of which 30 show potential for application in the cosmetics sector. Some were also selected to become scientific spin-offs.

In pursuit of life science-related solutions dedicated to R&D, we undertook international prospection in Sweden, with Ignite, and in Israel, with Tech It Forward, to expand monitoring of disruptive solutions. In addition to these new pilot models, the internal team and/or external partners conducted 11 smaller-scale scouting exercises in ongoing R&D processes.

We ran a new technological planning cycle, analyzing technologies from different segments to build the future of beauty. This involved the study of patents, articles, virtual workshops with networks of scientists and external guests, which helped us to shape new strategic drivers and technology platforms. Up to 2021, Natura

had filed 1,135 patents and 680 industrial designs. In 2021, we filed 43 patents and 13 industrial designs

At Avon, listening to external specialists and partners to develop new knowledge also helps in the production of relevant innovations. Our varied makeup palette for different skin tones was developed in partnership with the expert on makeup for black skin Daniele Da Mata

The work developed in partnership between the brand in Brazil and scientists in the Avon laboratory in Suffern, New York, sought to listen to and understand the needs of the Brazilian public, connecting innovative technologies with the consumer vision. This collaboration resulted in the launch of makeup products between 2020 and 2021. These were elaborated with new colours for black and mixed-race Brazilian skin, with new tones of powder, foundation, corrector, blush and highlighter.

### **Innovation Centers in Latin America**

- **Natura Innovation Center:** located in Cajamar (São Paulo), our R&D center was revitalized in 2019 and 2020 to expand the company's scientific capabilities, mainly related to Brazilian biodiversity ingredients. It is equipped with advanced laboratories for research into biotechnology, formulas and prototypes. The technology park also has a space for collaboration which may be used by different teams involved in open innovation at Natura, including co-creation activities with universities, start-ups, suppliers and partners;

- **Natura Amazonia Innovation Nucleus (NINA):** installed in the Ecoparque in Benevides (PA), where there is a biorefinery that assesses the potential of extracts and essential oils from Amazonian biodiversity. Launched in 2012 (originally in Manaus), NINA promotes the bioeconomy in the region, joining forces with other organizations to promote science and technology that value the standing forest and generate local income;
- **Avon Innovation Center:** the brand's technological development is centered in Suffern, close to New York, staffed by over 200 world class scientists, engineers and beauty specialists. The innovation network, however, encompasses laboratories in Brazil, Argentina, Mexico and countries in Asia, Europe and Africa. In Suffern, we have high technology laboratories focused on colours, body and face, fragrances and insights, aimed at seeking inspiration and capturing trends, behaviours and consumer needs to generate unique and innovative beauty ideas.

**In 2021, the company filed**

**43**

**patents and**

**13**

**industrial designs**

## *The unique Natura way of making products*

We have developed a unique way of making products which combines prospecting biodiversity ingredients, access to the traditional knowledge of communities and advanced science to produce natural formulas with technology and powerful active ingredients, resulting in beauty products that provoke positive impact on the environment and on our relationship network.

We have consolidated a product development cycle, conducted by multidisciplinary teams using agile methods to deliver more differentiated products, connected with beauty market trends and with the best time to market for our innovations. The Research & Development (R&D) area is manned by professionals dedicated to the study of new molecules, cell culture, microbiota (the bacterial ecosystem that protects the skin), biomimetics (the concept of using nature as inspiration for the conception of products) and biotechnology (development of high performance renewable ingredients).

Using genomic techniques, for example, we conduct the simultaneous genetic mapping of diverse actives, and the thousands of data generated expand our knowledge about their benefits, enabling us to deliver high performance formulas to the market at an ever-faster rate.

Natura products:

94%

of our products are  
of natural origin

93%

of our portfolio  
is vegan

The biodegradability  
rate for rinsable  
products is

96%

This structure drives the launch of on average over 200 products each year. This number does not include special kits on commemorative dates or more incremental innovations. With the inclusion of these, the R&D team develops almost 3,000 prototypes per year.

Data science enables us to develop increasingly effective formulations. To accelerate processes in 2021 in order meet the repressed demand from the most restrictive period of the Covid-19 pandemic, we introduced an additional work shift in the Natura Innovation Center in Cajamar (SP). The work cycle was redesigned to guarantee productivity and streamline processes.

The robust stature of this structure meant a year characterized by important launches. Examples of this work include the relaunch of the Ekos line in 2021. The complete relaunch marked Ekos' 20th anniversary, with three-times more powerful vegan formulations, as well as the introduction of a new Amazon bioingredient, Tukumã, with key anti-ageing properties. In the açai-based products, in addition to the crude oil derived from the pulp, our scientists discovered a potent antioxidant effect in the concentrated extract of the seeds. This enabled more complete use of the fruit and less waste disposal.

In the Lumina line, one of the highlights was the technological development of the Anti-Dandruff Rebalancing Shampoo. To develop this product, unprecedented in the Natura portfolio, our scientists undertook an in-depth analysis of the microbiota, the natural skin ecosystem formed by bacteria and other

fauna, did the genetic sequencing of the fungi and performed a ground-breaking study of the scalp. The result is a highly efficient anti-dandruff shampoo that does not dry out the hair; it also treats it with the exclusive vegan pro-teia protein developed by Natura, found in all the products in the Lumina line.

The brand's most disruptive launch in 2021 was the new Biôme line. It inaugurates a new product category for Natura comprising solid items fully based on regenerative solutions. Shampoos, conditioner and soaps use dendê oil (a type of palm oil) cultivated in a pioneering agroforestry (AFS) system in Brazil. Its plastic-free pack uses recyclable paper and an accessory to store the bars is made with a technology that captures methane gas and transforms it into bioresin – a pioneering Natura development in partnership with the American start-up Mango.

In 2021, Natura investment in innovation reached BRL 262 million, a 12% increase over the previous year, maintaining the rate of 2% of net revenue invested in innovation. The number of new products grew 74%, reaching 367 launches. Our innovation rate, the indicator that demonstrates the share of products launched in the last 24 months in gross annual revenue, reached 66%, underscoring the ongoing importance of innovation for the business.

**SEE THE MAIN PRODUCT LAUNCHES OF THE YEAR IN [OUR BRANDS](#)**

2%  
of net revenue  
invested in R&D

**BRL 262  
million**



Natura innovation indicators	2020	2021
Investment in innovation (BRL million)	233	262
Percentage of net revenue invested in innovation (%)	2.1	2.2
Number of products launched <sup>1</sup> - Brazil	211	367
Innovation rate <sup>2</sup> - Brazil (%)	67.1	66.3

1. The number of products launched includes only products that represent a new value proposition for the consumer, including new packs and formulations.

2. Share of sales of products launched in the last 24 months in total gross revenue in the last 12 months.

## Environmental information on labels

### GRI 417-1

The Lumina, Tododia, Ekos, Mamãe e Bebê and Perfumery lines contain symbols that communicate our practices.



No animal testing



Vegan product



Safe ingredients



Care with origin

## Product safety

### GRI 2-23, 3-2, 3-3, 416-1, SASB CG-HP-250a.3

Our concern with consumer health and safety is present from the research into new ingredients and the conceptual design of the product until its launch. From this point we continue to monitor its use to identify opportunities for improvement – of our products are submitted to health and safety impact assessments. We use cutting edge technological tools, based on predictive models and data science, to support product safety management.

The products are submitted to tests by toxicology specialists and are aligned with international scientific criteria for assessing safe use. In addition to following Brazilian and international sanitary regulations, we only use ingredients that have been proven to be safe by the international scientific community. We ban any ingredients of concern to human and environmental health. Our list goes beyond the list of regulatory prohibitions in the markets in which we operate.

To guarantee these procedures, we monitor international lists of controversial ingredients and movements among the scientific community and other influencers related to these ingredients, as well as alterations in international legislations. This monitoring supports our decision making: we may, for example, opt for the gradual elimination of an ingredient from our portfolio or the prohibition of its use in new products.

Phthalates, parabens, and triclosan are among the controversial ingredients banned by Natura. In 2021, we excluded boric acid and a substance from the nonoxynols (polyethylene glycol nonylphenyl ether) group from our formulations. The former was in line with the classification of the European Union due to concern for human health and, the latter, a substance of environmental concern. In 2021, all the products containing the ingredient lylal were reformulated and all new products developed do not contain this ingredient in their formulations.

We also continue to gradually eliminate the ingredient MIT (methylisothiazolinone) from our portfolio of rinsable products in line with a recommendation from the European Union. From 2018, MIT was banned from all non-rinsable products – neither is it used in new developments.

Moreover, we prohibit the use of any ingredient that is considered to be a microplastic (polymers and/or synthetic copolymers in solid particulate form, with particles smaller than 5 mm, insoluble in water and non-degradable) to avoid the risk of pollution to rivers and oceans.

The safety evaluation process is based on a bibliographical review of each ingredient, and whenever necessary, additional data are obtained from the literature. In-vitro studies are conducted and/or computational predictive models are applied to identify possible concerns arising from structural alerts of molecules.

There were no cases of non-conformance or incidents related to our products that impacted consumer health and safety. Neither have there been any product recalls in recent years.

#### **GRI 416-2**

#### **Continuous monitoring**

We classify the risk of each ingredient in terms of human and environmental health and consumer perception. Currently, we are monitoring the status of 67 ingredients in our portfolio. Moreover, we track approximately 10,000 ingredients, based on 26 global safety lists. In addition to technical monitoring, we map consumer perception of risk. This mapping analyzes data from 857 stakeholders, including influencers and organizations in 46 countries.

## Natura Startups

### GRI 2-29

The start-up ecosystem is a key innovation tool to drive new business, leverage our strategy and boost income generation and opportunities for our network. Created in 2016, Natura Startups pursues solutions to overcome the company's challenges via collaboration.

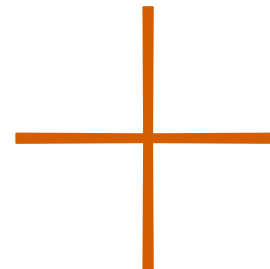
Our methodology for promoting these important connections and experiences embraces the characteristics of this entrepreneurial open innovation environment, with well defined conceptual and business analysis phases, faster processes and reduced time frames for contracting and paying for this type of service. We also deploy diverse internal innovation teams in an integrated and coordinated manner, multiplying synergies throughout the organization. From the initial analysis to selection, testing and deciding to contract a start-up, the planning process lasts, on average, four months.

This active pursuit has yielded key innovations for the organization in different areas. We resorted to the start-up ecosystem to implement solutions for the consultants, such as the Trainer and Influencer Consultant projects, and to develop new packaging circularity and waste generation solutions (*further information in* Circularity and regeneration).

In 2021, we promoted another edition of the Natura Innovation Challenge, this time with the participation of external partners: Brazil's national Confederation of

Industry, CNI, and the international SOSA agency. This edition was focused on progressing in more personalized experiences for consumers, leveraging the power of the consultant network to generate greater impact and conversion. More than 250 solutions were examined, and the finalists interacted with Natura. A Pitch Day organized with start-ups from different countries resulted in the choice of two contenders whose solutions will be tested in 2022. In addition to partnerships, we had the opportunity to study new ecosystems, including those of the United States and Israel.

In line with our focus on female inclusion and empowerment, in 2021 we supported the event ACE por Elas, which offered free training in enterprise for 140



**As part of the open innovation culture and to contribute to the ecosystem, Natura Startups conducts open sessions for the public to share learning, good practices, methodologies and processes, helping large companies and start-ups to make successful connections. To participate, send an email to [startups@natura.net](mailto:startups@natura.net).**

women – Natura helped to select the participants and provided learning contents and mentoring for the program.

To address some of our main social and environmental challenges we started to study the delivery of Natura and Avon products by drone, a format which, in addition to being disruptive, will contribute towards achievement of our 2030 net zero carbon emissions target. Technical tests were conducted in 2021, and the project will continue in 2022.

The company also has created its own internal start-ups, a case in point being Naomm, a platform created by Natura employees that connects people with therapists providing over 40 types of integrative and complementary practices. In 2021, Naomm launched a new online service platform, resulting in 113% growth in the number of contracts signed with companies and a 217% increase in the average income of participating therapists, attesting to the company's commitment to generating positive impact for the network and society.

The Natura Startups multiple contact points disseminate a cross-cutting culture of innovation, a digital mindset, entrepreneurship, collaboration and agility throughout the diverse areas of the business. The number of employees engaged in an initiative of the program increased almost 60% compared with 2020, reinforcing its role in organizational transformation.

## *Among the companies most engaged with start-ups*

Natura is part of the *Top 100 Open Corps*, a ranking organized by 100 Open Startups that measures the companies most engaged in relations with start-ups.

In 2021, Natura came 1<sup>st</sup> in the Health and Well-Being Top 5 category and 7<sup>th</sup> in the overall ranking. We are the only company to remain in the Top 10 of the ranking since it began in 2018, demonstrating the consistency of our relations with the ecosystem over time.

## **Communication channels**

*[www.natura.com.br/startups](http://www.natura.com.br/startups)  
[startups@natura.net](mailto:startups@natura.net)*

## 2021 results

In 2021, there were 52 companies active in Natura Startups, including those undergoing tests or awaiting post-test definition and companies already contracted as partners. Since 2016, more than 5,400 start-ups have been assessed – 309 in 2021 – and over 100 solutions tested.

In the analysis phase, initial assessments are undertaken to identify potential connections with our businesses. The high demand for start-ups confirms the potential Natura &Co offers for the development of businesses in their initial phases. The next stage, involving interaction, begins when the Natura Startups team invites the businesses for more in-depth conversations so that they may understand Natura and its context. This is followed by contact with the Natura specialist areas. In the testing phase, the solutions are tried on

a small scale, with well defined hypotheses and indicators so that any decision to scale up the solution is well grounded and provides clear feedback for the entrepreneurs, which is essential for the development and the competitiveness of these companies.

We are evolving in our mechanisms to assess the impact and quality of our relations with the start-ups, adopting specific innovation environment methodologies such as ROI (return on investment in innovations) and monitoring the time from the beginning of the test phase to the concretization of the partnership, as well as the satisfaction (measured by Net Promoter Score – NPS methodology) of the Natura client areas and the active start-ups regarding our processes, methods and tools.

<b>Natura Startups Funnel</b>	<b>2021</b>	<b>From the beginning of the program<sup>1</sup></b>
Assessed <sup>2</sup>	309	5,402
Interactions <sup>3</sup>	79	1,179
Solutions tested <sup>4</sup>	9	115
Start-ups contracted <sup>5</sup>	6	47

1. Natura Startups began in 2016, however, we have maintained relations with the enterprise ecosystem since 2014.

2. Start-ups assessed: an initial analysis of the start-up to get to know the business and identify potential connections with our business.

3. Interactions: when the Natura Startups team engages the start-ups to begin more in-depth conversations to understand the business and analyze the business context.

4. Start-ups tested: when a test is conducted with the start-up.

5. Contracted/partners: ongoing contract for a longer period, including in-house start-ups and/or investees such as Naomm and Singu. Naomm is an app. that connects therapists with potential patients. Singu is a business offering home beauty services that received investment from Natura in 2020.

## *&Co Pay: our financial services platform*

One of the initiatives that demonstrates the company's potential to generate new opportunities and gains from the consolidation of the Natura &Co Latin America operations is the rapid evolution of our financial services platform &Co Pay, idealized to enable the digital and financial inclusion of our consultant and representative network.

In December 2021, more than 340,000 Natura Beauty Consultants had a Natura Pay digital account. One novelty during the year was transfers via Brazil's PIX system – more than 120,000 consultants used PIX actively to receive payment from customers in 2021. They may also pay bills, top up their mobile phones and travel cards, use the debit card, shop and generate payment links for customers, in addition to receiving payment for sales via their digital spaces in the account.

Our next step will be to offer credit to the network; this will be used exclusively for acquiring our products, thus leveraging their business. During the year, we intensified educational campaigns about the services available through the digital account to better help the consultants to manage their cash flow and boost their

income. We are monitoring the impacts of Natura Pay on consultants' productivity levels. In the future, we expect to measure its reflexes on the Consultant-HDI (*further information about the indicator in **Representatives and Consultants***).

At the end of the year, we initiated digital account tests with a small group of Avon representatives in Brazil. In 2022, in addition to scaling the solution up to Avon, we will implement Natura Pay for Argentina and Mexico.

Furthermore, the platform processes payments for Natura, The Body Shop and Aesop e-commerce in Brazil and the entire The Body Shop retail operation in the country, as well as some Natura company owned stores. It is also being used to manage funds for the educational credit program the company offers Brazilian consultants, headed by the Instituto Natura. Moreover, the platform is being used for transactions with some of the Amazonian communities that provide Natura with raw materials.

**&Co Pay  
in 2021**

**340,000**  
digital accounts  
in December

**BRL 6.5  
billion**  
in TPV (Total  
Payment Volume)

*Pilot in  
Avon Brazil*

## *Natura*

It is through relationship selling that we reach a major part of our consumers by means of a model that generates income and benefits for an important chain of people and organizations – from suppliers and communities supplying social biodiversity ingredients to the network of Natura Beauty Consultants, comprising almost 2 million people in Brazil, Argentina, Chile, Colombia, Mexico and Peru. The company maintains its consultants at the core of its strategy, leveraging their businesses with support from technology and the social networks.

Our activities in the other channels – e-commerce and retail – were designed to involve the consultants: directly encouraging them to maintain their virtual stores on the internet or providing them with the opportunity to become an entrepreneur in our network of Aqui Tem Natura franchises. And indirectly, when we encourage them to take their customers to one of our own stores, where we offer differentiated solutions for trial and connection with the brand.

From 2017, we started to review our commercial model to reinforce the entrepreneurial nature of consulting, whereby the consultants ascend in level as their sales performance evolves and they have new career opportunities. One of these is to become a Business Leader, reconciling product sales with managing and supporting a group of consultants. It should be noted that the percentage of earnings is equalized for offline and online sales.



In 2021, the consultant base grew in four of the six countries in which we operate. The exceptions were Brazil and Argentina, with respective reductions of 10.5% and 1.6%, resulting in a 4% negative variation in the total number of Natura Beauty Consultants compared with 2020. Mexico stood out amongst those that grew most, with an 11.7% increase in the number of consultants.

<b>Natura Beauty Consultants<sup>1 2</sup></b>	<b>2020</b>	<b>2021</b>
Brazil	1,229,186	1,100,162
Argentina	233,922	230,104
Chile	84,377	87,931
Colombia	130,636	132,701
Mexico	285,661	319,189
Peru	95,777	101,950
<b>Total</b>	<b>2,059,559</b>	<b>1,972,037</b>

1. This considers consultants who are available, that is, those who have placed one or more orders in the last four sales cycles.
2. The indicator does not take into account consultants in Malaysia and Bolivia, operations managed by local partners.

<b>Natura Leaders<sup>1</sup></b>	<b>2020</b>	<b>2021</b>
Brazil	4,608	4,311
Chile	388	360
Colombia	656	614
Peru	475	439
<b>Total</b>	<b>6,127</b>	<b>5,724</b>

1. There are no leaders in Argentina. In Mexico, the model adopts a different system for classifying the consultants.

## **Preference for the Natura brand**

GRI 2-29

Natura is positioned as the leader in brand preference in 5 of the 6 countries in which it is present in Latin America (Brazil, Argentina, Colombia, Chile and Mexico) and also reached the highest historical level in preference in Brazil, Argentina, Colombia and Mexico. The brand is a benchmark in sustainable products in all the countries in the region according to Kantar studies.

## **Loyalty**

GRI 2-29

Our model periodically monitors consultant satisfaction and loyalty. The results are used to identify opportunities to improve relations with the network.

Satisfaction is one of the data that make up the loyalty index, which also takes into account the intention to continue the relationship with Natura and the probability that the consultant would recommend the company to other people. In 2021, we started to disclose the consolidated results for Latin America. Measurement of the consultants is conducted in each sales cycle, while for leaders it is in each two cycles. Avon measures representative satisfaction on a continuous basis.

In 2021, consultant satisfaction and loyalty rates continued to rise, growing 4 percentage points. This reflects the diverse commercial measures implemented



and evolved during the course of the year, the guarantee of availability of products for purchase and actions to support the network. Among leaders, the results remained practically stable compared with 2020, with a 1 percentage point increase in the satisfaction rate and a small drop in the loyalty rate (see the following tables).

<b>Relationship quality<sup>1</sup></b>	<b>2020</b>	<b>2021</b>
<b>Consultants</b>		
Satisfaction <sup>2</sup>	76.04	80.03
Loyalty <sup>3</sup>	24.28	28.27
<b>Leaders</b>		
Satisfaction <sup>2</sup>	81.05	82.08
Loyalty <sup>3</sup>	35.72	35.52

1. The consolidated result takes into account the weight per country, according to the projection of the consultants available in the year (average of cycles).

Source: Cyclical Survey, conducted by Kantar (Brazil) and Questmanager (Hispanic America).

2. Percentage of consultants and leaders who are "completely satisfied" or "very satisfied", who gave a score of 4 or 5 ("Top2Box") on a scale from 1 to 5 points in relation to their overall satisfaction with Natura.

3. Loyalty: percentage of consultants and leaders who gave the top score ("Top1Box"), on a scale from 1 to 5 points in the three aspects: overall satisfaction with Natura, intention to continue the relationship with the company and recommendation of Natura to other people.

## Our multichannel network

GRI 3-3, 203-2

As in the previous year, the consultant digitalization process accelerated during 2021. We ended the year with more than 1.5 million consultants having digital stores, a 45% increase compared with the previous year. The digital spaces are available to consultants in Brazil, Argentina, Chile, Colombia and Peru.

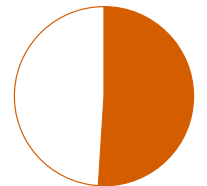
We also saw an increase in the number of consultants who embarked on our social selling strategy, commercializing our products through the interactive digital version of the Revista Natura (Natura Magazine). They share the magazine with their customers via WhatsApp and other messaging applications and the customer may choose to conclude the purchase directly via our e-commerce or via the consultant. The facilities for the consultants include generating and sending the payment link to the customer and deciding whether the sale will be made from her own stock or delivered by Natura.

The social selling strategy also incorporates the Minha Divulgação (My Publicity) section on the consultant application, where it is possible to customize a series of Natura contents and share them on the social networks. In 2021, we started to test a live shopping platform.

At Christmas, for example, we organized a live shopping session to enable consultants to see and purchase products with discounts. During the year some of our consultants who are influencers on social networks broadcast live transmissions via their social network profiles to present and sell Natura products to their followers.

**More digitalized consultants**

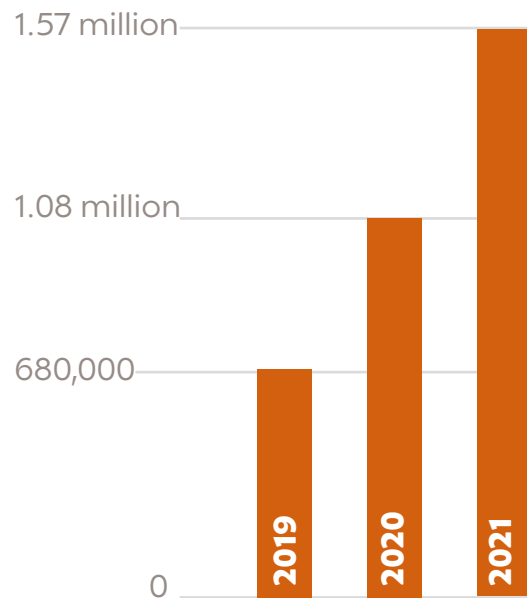
**More than 1.5 million digital stores.**



**51%**  
**of the consultants use the social selling tools**  
(interactive magazine and the My Publicity resource).

Our contact with the consultants, at the most diverse stages of relationship, is also becoming increasingly digital. This is the case with our training programs, service channels and recognition events. In 2021, this change in behaviour of the network led us to discontinue the print version of the Minha Natura magazine in Brazil, an exclusive publication for the consultants.

### Consultants' digital stores<sup>1</sup>



1. The format is not yet available in Mexico.

### Acceleration of online sales

Our online sales, including the direct sales channel to the end consumer and consultant sales through their digital spaces, grew 36% compared with 2020.

In 2021, we inaugurated e-commerce in Argentina, where previously our web operations were confined to the consultants' digital stores, and in Mexico. In the latter, we are working on enabling virtual stores for the consultants.

To enhance the experience of consumers who shop for Natura on the internet, we are constantly perfecting the quality of our online channels. In 2021, the website was made more interactive, with faster loading and a reformulated search field. One of the novelties launched in Brazil and in Hispanic America was Tradutons, a quiz available on the website and the application which helps the consumer choose the most suitable foundation tone by means of a quiz. In Brazil, we launched a quiz that helps people looking for a gift to choose the best option. It is projected that these solutions will also be made available in the My Publicity section of the consultant application, enabling them to share the tests with their customers. The gifts quiz should also shortly be available in Hispanic America.

**The natura.com.br website was elected the best e-commerce in Brazil (Blue Diamond category) in the 2021 edition of the Ebit|Nielsen award.**

## Technology enhances the after-sales experience

GRI 2-25, 2-26, 203-2

We have a proactive focus on customer service. In addition to highly qualified human services, we design our processes with support from artificial intelligence to identify the possible needs of our consultants and consumers and to anticipate solutions.

Since August 2021, consultants and consumers in Brazil are notified in advance by Natura when there is any kind of setback in the delivery of their order. Nat, our virtual assistant, proactively communicates via WhatsApp an address that cannot be found, when there is no customer to take delivery of the order or any advance or delay in the delivery date. Everything is resolved with an exchange of messages on the application, without the consultant or consumer having to contact the customer service center. The customer also receives updates on each stage of logistics. In the first month after the launch of the solution alone, the contact rate related to online purchase orders decreased by 52.6% in our service center. The level of satisfaction with the new process was 80 points, on a scale from -100 to 100.

Currently, preventive monitoring is under test at Natura Argentina and Natura Chile and should reach the other Hispanic American countries by the end of 2022. With the success of this initiative, Natura has started to extend the technology to other areas, advising consultants in Brazil about payment due dates and overdue payments, among other questions related to

collection. The service center is also mapping other solutions employing artificial intelligence and analytics to enhance the consultant and consumer experience even further.

There are various self-service options on our websites and applications (for consultants and end consumers), such as the issue of copies of payment orders and consultation of credits and order status. In 2021 alone, Nat received 3 million contacts. For telephone calls, increasingly used only in more complex cases, our target is to answer 80% of the calls in up to 30 seconds and have an abandonment rate (when the customer gives up the call due to delay) lower than 5%.

Our efforts to continuously improve our service levels have been recognized externally. In 2021, Natura was the winner in the Beauty, Aesthetics and Cosmetics category in Brazil's Reclame Aqui award and in the Personal Hygiene, Perfumery and Cosmetics category of the Empresas Que Mais Respeitam o Consumidor (Companies That Most Respect the Consumer) award.

### Digitally enabled sales

**With the growing connection between the online and offline worlds, we started to monitor digitally enabled sales, which encompass our e-commerce and consultant sales driven by digital tools, such as the interactive magazine and My Publicity.**

### Natura sales



**51.5%**

of the company's sales are digitally enabled

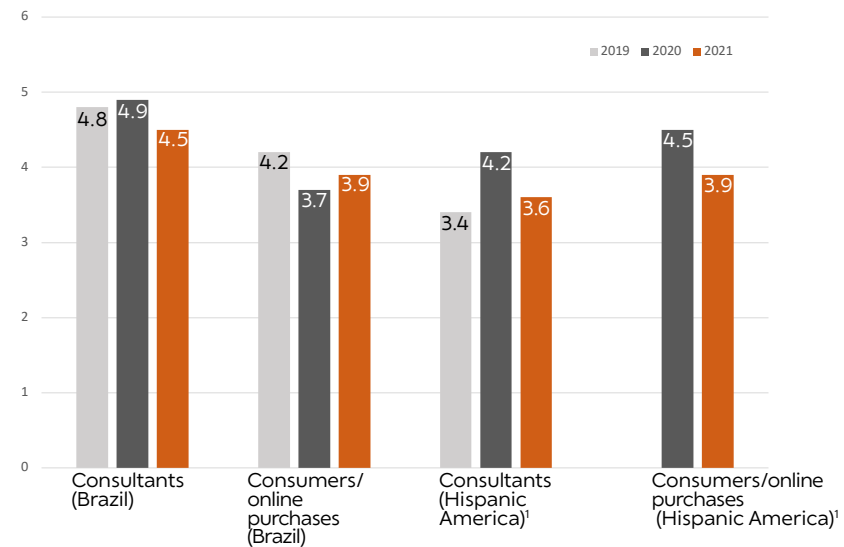
## Committed to the highest service levels

In addition to enhancing after-sales service for consultants and consumers, we maintain our focus on providing these audiences with the best service levels. In 2021, 28% of consultant orders were delivered in up to 48 hours in Brazil, compared with 58% in Hispanic America.

The average delivery time for consultants in Brazil was Natura's lowest ever. For Brazilian consumers, the average delivery time was two percentage points higher than in 2020, especially in function of the significant sales volume recorded on Natura Friday. In the year to date figure from January to October, the month before Natura Friday, our average delivery time to the consumer remained at 3.7 days (the same rate as 2020).

Taking advantage of the capillarity of the retail trade, in 2021 we initiated a pilot project for same day delivery in the city of São Paulo: consumers acquire their products via the Natura online sales channel, but the same day delivery is made by one of our own stores. The focus now is to scale the solution up to the Aqui Tem Natura franchise network and to other major cities in the country.

## Average delivery time



1. The e-commerce operations were implemented between 2018 and 2019 in Chile, Colombia and Peru, so there are no consolidated data for 2019. Online direct sales to the consumers were initiated in 2021 in Argentina and Mexico.

## Diverse retail formats

In the retail trade, we have differentiated formats enabling us to serve different consumer profiles and distinct purchase occasions. There are currently three formats:

- Concept stores, in which we explore the connection with the brand and our causes and offer exclusive trial experiences. Our store consultants are trained to provide customers with the same differentiated experience as the relationship selling consultants.
- The Aqui Tem Natura stores, the franchise network managed exclusively by consultants who have reached Silver level in our value proposition and decided to be entrepreneurs, opening their own

business. Located in high traffic commercial regions, in addition to the Natura portfolio part of the Avon portfolio is available in some stores. These are convenience stores, located in districts that are easy for our customers to access.

- Intermediate, inaugurated in 2020, this model seeks to combine the differentials of the concept stores with the versatility of the Aqui Tem Natura network. Normally, these stores are located in shopping malls and high people traffic commercial centers. The company expects to adopt the franchise model for this format too.

Even impacted by new waves of Covid-19, which led to the closure or partial functioning of the retail trade at determined times during the year, the Natura retail channel increased by 50% in 2021, driven by the company growth strategy and the inauguration of six company-owned stores in Mexico. We also opened new units in Chile. In Brazil, we maintained our expansion in the Northeast region, with the inauguration of new units in Recife (PE) in 2020, and our first store in Aracaju (SE). We ended the year with 91 company-owned stores, 75 in Brazil and 16 in Hispanic America.

We also expanded the Aqui Tem Natura network, managed by consultants, from 449 stores in 2020 to 558 units at the end of 2021, with one in Peru and the remainder in Brazil. We maintained our support for the entrepreneurs in the network to enable them to overcome the challenges imposed by the pandemic and

the economic crisis. As a result of these efforts, in 2021 only 10 Aqui Tem Natura stores closed down.

For the coming years, we will continue to leverage our retail operation. In Brazil, one of our upcoming challenges is to reach the Northern region. We also want to increase our presence in Argentina, Chile and Mexico and enter new geographies. In parallel, we are designing new formats for retail, always focused on offering consumers the best value proposition.

### **Natura worldwide**

Outside Hispanic America, the Natura portfolio may be found in the United States, Europe (via the operation in France), Malaysia and, more recently, in Canada.

The arrival in the Asian country in 2019 symbolized a new stage in our internationalization strategy, opening doors for Natura on the continent in which the cosmetics market has the greatest expansion potential in the world.

Since its launch, a multichannel approach has been one of the main pillars of Natura's business model in Malaysia. Consumers can acquire our products via retail, e-commerce and relationship selling. We ended 2021 with approximately 400 consultants, who from the beginning have adopted social selling and digital tools. In retail, we have one store in the capital, Kuala Lumpur, which combines technology with Brazilian biodiversity, offering visitors differentiated experiences.

## **Retail participation**

91

**company-owned stores**

558

**Aqui Tem Natura stores (belonging to consultants)**

Around 300 products (all vegan) are available for Malaysian consumers, including the Ekos, Chronos, Lumina, Mamãe e Bebê, Natura Homem brands and the main Casa de Perfumaria do Brasil brands. One of the most successful products is the Ekos bioingredient Patauá, an Amazonian fruit that strengthens and boosts the resistance of hair.

In Europe, we have a store in Le Marais, in the French capital, and operate via e-commerce, serving consumers in France, Germany, Spain, Italy, the United Kingdom and Portugal. In the North American market, we operate via Natura's own e-commerce and the Amazon marketplace. We are also intensifying partnerships with specialized beauty curators through digital marketplaces and subscription boxes (subscription clubs), with a view to boosting capillarity in channels that show affinity with our brand proposition. The two operations have generated significant increases in revenue year on year. On the last day of 2021, we initiated e-commerce sales in Canada.

## *Next stop: Ecuador*

During 2021, we focused on another international expansion project. The country chosen was Ecuador, in which the Natura brand will be available by the end of 2022 in tandem with Avon. This represents a new internationalization strategy for the group, in which the Avon structure in the country and its broad knowledge of the market will support the Natura launch.

The Natura portfolio was projected to leverage gains for the group and the network, focusing on items that complement the Avon portfolio.

After being tested in Ecuador, the new model may be replicated in other geographies in Latin America and worldwide.



## Avon

We are the first company in the world oriented to women, having completed 135 years of existence in 2021, with over 60 years in Brazil, our largest operation in the world. Our new positioning, #OlhadeNovo (#WatchMeNow), launched in 2021, underscores an important moment of renovation, by celebrating and valuing the strength and self-esteem of women, connecting their journeys with the history of the transformation of our brand.

The plan is part of our turnaround process, which began in 2020 with our entry in the Natura & Co family, together with other iconic beauty brands. It is based on three fronts: revitalization of the brand, review of the portfolio and transformation of the commercial model.

In Brazil, the #OlhadeNovo movement began with #AvonTáOn, a campaign launched in the Big Brother Brasil 2021 program, which helped to update perception of the brand and present a new, digitalized, more contemporary and diverse Avon with an affordable portfolio of the highest quality. Even though the brand already enjoyed 100% awareness in Brazil, one of our expectations was to reconnect with the public, in particular younger people, and to be present in Brazilian households at peak times, putting our products on trial 24 hours a day in the reality show.

In addition to the product experience, we saw BBB as an opportunity to invite viewers to take another look at a time-honoured brand that has never stopped innovating, remaining affordable, offering quality and purpose, and proposing a relevant dialogue around the themes we support, such as female entrepreneurship and empowerment, diversity and inclusion. At a moment, when cancellation was rife, our brand reaffirmed its activist position in social causes and launched the #ConversaTãOn platform, aimed at stimulating talk and deeper exchanges in its networks about subjects that generated debate around what was happening at home, proposing dialogue and acceptance.

As the first makeup brand to sponsor BBB, we built consistent, visionary communication, stimulating dialogue with different platforms and eliminating the barriers between the digital and the offline environments. This degree of integration leveraged public recommendation and proximity with the Avon brand, significantly boosting purchase intention and recommendation of the brand in a relatively short period of time. We also tripled e-commerce revenue in the period, becoming leaders in share of voice among the sponsors of the program, as well leading engagement among all the beauty brands on Instagram and Twitter.

The #AvonTãOn campaign on BBB21 was also one of the top three advertisers in the 2021 Caboré award; it won gold and bronze prizes in the Effie Awards Brasil and was elected best of 2021 by the market in a survey conducted by Propmark.

Our focus in 2022 will continue to be expansion in penetration and activation in digital channels, including both the constant enhancement of digital tools for our representatives and the reformulation of our e-commerce. And we continue to partner with BBB in 2022, based on the #VemDeAvon (#ComeInAvon) campaign, which promotes pride in buying and selling the brand’s products. By doing this, we value our Avon Beauty Representatives even further, in addition to promoting conscious purchases that promote work and income, networking and sisterhood, generating financial autonomy, while making the dreams of thousands of women come true.

	2020	2021
GRI 2-2g <b>Avon brand consideration<sup>1</sup></b>	<b>40.60</b>	<b>39.22</b>

1. Brand consideration rate from quantitative research conducted with consumers, the result is consolidated from the two applications done during the year. Consolidated result of the Avon brand in Latin America.



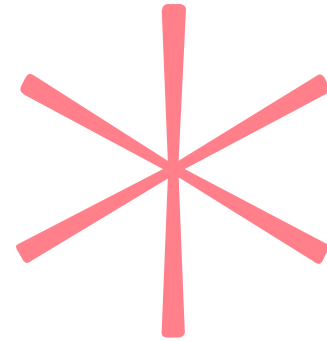
## *A pioneering stance and innovation*

In 2021, Avon completed 135 years. It has been present in Brazil for 63 years, and many of the accomplishments and transformations Brazilian society has experienced during this time have taken place hand in hand with the company's history.

This trajectory, built by hundreds of thousands of people, is the inspiration for this new moment in time in which we revisit our history in pursuit of the essence still fundamental in our way of experiencing the world.

The Avon Memory project comes into being with historical contents linked with our presence in Brazil and the world, our main projects, products, campaigns and causes that connect the past, present and vision of the future, in three pillars that permeate our history: A Pioneering Stance and Innovation; Women's Empowerment and Enterprise; and Democratization of Beauty.

**FURTHER INFORMATION AT:  
[AVON.COM.BR/MEMORIA](https://www.avon.com.br/memoria)**



## Renewal of the portfolio

Our product portfolio optimization process began as early as 2018 and has accelerated over the last two years. We reviewed products, brand architecture and segments in accordance with financial return, company and brand strategy, as well as fit with today's market.

The strategic plan to reduce the number of brands and categories was aimed at simplifying the portfolio and focusing on the products that are most important to and most valued by consumers. Thus, we defined hero-products in all the brands, which differentiate us and are landmarks in our

trajectory. We decided to exit the clothing category. The Fashion & Home portfolio also underwent a detailed review.

Makeup, a category in which we are the leaders, continues to be our flagship. At the beginning of 2021, we launched the new Bonita line in partnership with our ambassador, Juliette Freire, champion of Big Brother Brasil 2021. Part of the sales of the Bonita line, which comprises 11 products, is destined to combating domestic violence and benefiting women in cactus cooperatives in the Northeast of the country.

## *New commercial model*

### **GRI 3-3, 203-2**

Our business model based on relationship selling was not only revolutionary because it crossed frontiers and generations over the years, but also because it helped promote autonomy and freedom of choice for women by offering a source of income at a time when they did not have opportunities for work.

A pioneer in the direct selling model focused on female entrepreneurship since 1886, Avon believes the model is an agent of transformation in the lives of many women. Be it the possibility of having a first professional activity, earning extra income or opening the door to women's empowerment, this model is part of our history and the cornerstone of our brand.

In 2021, we initiated the launch of a new value proposition for the Avon Beauty Representatives in Brazil. This work was begun in the previous years and was incremented by the expertise of Natura, which revitalized the relationship selling model in 2017. We innovated in this commercial model, accentuating the quality of the sale through the reformulation of strategies, incentives, earnings indicators and, mainly, the change in mindset of the team of Avon Beauty Representatives and Entrepreneurs.

Basically, the new commercial model revives the essence of Avon, strengthening the entrepreneurial nature of

direct selling and the possibility of professional growth and higher income generation. It is a lifetime value model, that is, the retention of earnings over time. Based on segmentation, the new Avon commercial model comprises stages in which sales commissions and benefits grow as the representatives develop their sales and productivity. Whoever decides to invest more time in Avon, has more chance of growing with us. The focus for Beauty Entrepreneurs is no longer just on recruiting new representatives but on supporting and developing the network. With the revision in roles, the Entrepreneur structure also became leaner; however, the business volume they are responsible for increased, ensuring greater profitability.

The Avon Beauty Representatives receive additional benefits besides commissions, such as training to develop their business, including digital and financial education; educational benefits, such as study grants for undergraduate, graduate, language and vocational courses; as well as healthcare, including discounts on medical examinations.

Joining Natura &Co in 2020 resulted in learning and expertise to renew our commercial model, without forgetting the specificities and the identity of our brand, which was launched in January 2021 in Brazil. During the first half of the year, the focus was on implanting the

project with the Representatives and Entrepreneurs. Based on the learnings from the first phase, in the third quarter of the year there were adjustments to consolidate the new commercial model, which resulted in the recovery of our results in the fourth quarter.

In parallel, we undertook changes in the product portfolio. The catalogue was optimized in perfumery, fashion and home, based on branding.

After implementing the new format in Brazil, the operation was replicated in Ecuador, and we began to implement it in Colombia and part of Central America. In Hispanic America, this reformulation drove modifications in the product portfolio, in promotions and in the provision of instalments for consumers. One of the main changes in the new value proposition is to increase the benefits and profitability for those representatives most engaged in developing their businesses. We also progressed in digital sales and facilitated the entry of new Beauty Representatives in the network – currently the registration process takes less than 10 minutes, enabling the representative to place her first order in up to 2 hours, that is, almost immediately.

Our network	2020		2021	
	Representatives	Entrepreneurs	Representatives	Entrepreneurs
Brazil	1,503,174.0	9,489	1,299,227	6,028
Argentina	375,142	17,471	319,138	9,297
Chile	86,294	3,676	80,417	1,408
Uruguay	16,336	283	15,073	245
Ecuador	90,097	1,754	68,472	743
Peru	120,014	2,268	111,086	2,028
Colombia	257,294	5,091	212,843	3,679
Central America (CA) <sup>1</sup>	174,967	2,925	149,317	2,251
Mexico	549,041	25,789	508,016	23,055
<b>Total</b>	<b>3,172,359</b>	<b>68,746</b>	<b>2,763,589</b>	<b>48,734</b>

1. Does not take Dominican Republic into account.



**Whoever sells  
#represents us**

The new value proposition for our network has also changed the way we identify our commercial network. The representatives are now called Avon Beauty Representatives, demonstrating the importance of their role for the company, representing Avon's history, present and future. They embody our values and it is through them that our vision of a transformational,

inclusive and diverse beauty is transmitted to the consumers.

Meanwhile, the Beauty Entrepreneurs play a double role. In addition to selling, they not only attract other representatives to the network, but also support their development and understanding of the model, stimulating the representatives to evolve in the proposed growth plan through activations and tools.

One of our challenges for 2022 is to share our learnings from Brazil, which is beginning to be reflected in improved representative satisfaction. A major challenge is stabilizing the model, synchronizing all the transformations (brands, categories, commercial model and commercial strategies) faced with a complex external conjuncture. The challenges are similar in the other countries. The implantation of the new model in the other countries will continue gradually in 2022, taking into account the different levels of maturity of the operations and the degree of digitalization of the representative networks. Consequently, the transformations of the model will occur at different paces in accordance with the specificities of each market and its competitive context.

GRI 2-29 Representative satisfaction <sup>1</sup>	2020	2021
		57.15

1. Avon Beauty Representative Satisfaction Rate measured by a quarterly quantitative survey, considering top2box in Mexico, and top3box in the other Latin American countries.

## Digital advance

### GRI 203-2

One of the main advances in the Avon digitalization process was online self-registration to become a Beauty Representative. In addition to facilitating the process, reducing the number of documents necessary and enabling an almost immediate start up – registration is concluded in up to two hours – self-registration provides an artificial intelligence tool, Bella, to provide step by step assistance. Even so, physical registration through a Business Entrepreneur is still an option. One of the results of digitalization was to further diversify and broaden the Beauty Representative profile, expanding the brand to new audiences.

With the evolution of direct selling in the digital channels during the pandemic, an omnichannel strategy was created to enable the representatives to work both on and offline in an integrated manner.

In Avon Conecta, the digital space developed to drive representatives' sales, more than 180,000 stores have been opened. This enables representatives to place orders, consult their sales records, verify credit, forward the digital magazine to customers, among other functionalities that facilitate the digital sales flow. Since April 2021, Representatives have had cards available to help them to publicize products, including

via social networks such as Instagram, Facebook, etc. Avon also provides them with a CRM tool via WhatsApp to improve interactions with customers. The year also saw increased use of the Minha Avon (My Avon) application by the representatives.

### Strategic evolution for 2022

Since Avon's foundation, we have engaged in women's causes such as combating breast cancer (noteworthy being Pink October) and violence against women. This year diversity has gained ground, with racial literacy measures. In the diverse countries in which it is present, the Avon Institute promotes these causes, with the representatives both driving and benefiting from these values (*for further information in Instituto Avon*).

With the adjustments made in the new commercial model, for 2022 we envisage increased productivity and profitability, higher loyalty and satisfaction rates among professionals and customers and stronger bonds between them.

Another priority is to continue the optimization of the portfolio and acceleration of the digital strategy, which support the new commercial model.

### Representatives with the Minha Avon app

2020: 42%  
2021: 52%

### Digital stores in Avon Conecta

2020  
100,000  
2021  
180,000

\*Numbers for Brazil



In Avon Brazil, we are striving to develop the online channel integrated into the business model, training and equipping the representative network to be the main lever for growth. This enables us to leverage the relations between the representatives and consumers by means of the interaction possibilities permitted by the tools.

80% of the network is already digital. This means that they use digital media such as the website, the app, the digital magazine or Avon Conecta to relate to Avon and to their customers.

Digital sales continued to grow in 2021. Representative sales via the Avon Conecta spaces grew 75% compared with 2020; sales with support from the digital magazine grew 4% in the same period. The levels of digital sales are higher than during the period of greater restrictions to trade in 2020, demonstrating that the growth in the format is robust and continuous.

**To leverage The Body Shop's activities in Latin America, we will make use of the existing Natura and Avon structures, a strategy that optimizes resources as well as making use of the sister brands' accumulated know-how in these geographies.**



## *The Body Shop*

The British cosmetics brand joined the Natura &Co group in 2017. Like Natura, since its foundation in 1976 The Body Shop has been underpinned by the principle that business organizations should be responsible for generating positive impact on society and on the planet. The company has been B Corp certified since 2019. A pioneer in anti-animal testing activism with a 60% vegan portfolio, in 2021 the company announced that it will be 100% vegan with The Vegan Society certification for all its products by 2023.

The portfolio includes products for the face, body, hair, makeup, as well as for the home. In 2021, there were 152 stores in Brazil, Chile and Mexico – worldwide the company is present in over 100 countries. The majority of the units are managed by franchisee partners.

Anchored in the retail trade, the company was impacted by the restrictive measures imposed following the outbreak of the new corona virus. However, this situation accelerated the digitalization of the brand, enabling it to reach a larger number of consumers. E-commerce was implemented in Chile and Mexico and continues to expand in Brazil. Compared with 2019 (pre-pandemic), revenue generated by e-commerce in Brazil grew 146% in 2021. In the three countries, we established digital partnerships during 2021, with the marketplaces Amaro (Brazil), Falabella (Chile) and Liverpool (Mexico).

As in the previous year, we continued to support franchisees, with the extension of payment terms and support in stock management. In Brazil, our partners were incorporated into e-commerce: the consumer chooses and purchases the product from the website, but it is delivered by the closest store, guaranteeing part of the revenue for the franchisee. The website also provides the WhatsApp numbers of the stores, enabling consumers to buy directly from a specific unit.

### **New The Body Shop store concept in Latin America**

Two stores inaugurated in 2021 in Chile and Brazil were designed based on the new The Body Shop concept, idealized as part of the global revitalization strategy for the brand which is gradually being implemented worldwide.

In addition to publicizing the brand's causes, the new stores draw attention to the history and origin of some of The Body Shop's most iconic ingredients, such as Shea butter, moringa and ginger. The spaces also have a community sink where it is possible to try the products and learn self-care rituals.

The store in Brazil, located in Rio de Janeiro (RJ), also presents ceramic works by the studio Casa da Mãe Joana, which value femininity and the role of women in society.

### *Exclusive products for the region*

As part of the Christmas and end of year sales strategy and to offer an exclusive product line for the Brazilian consumer, the brand developed a kit of soaps manufactured at the Natura unit in Benevides (PA).

There is currently a Natura Research & Development project nucleus focused on developing The Body Shop products, adapting global formulas to launch exclusive products for the region (*further information in **Innovation***).

In yet another example of synergy between the brands, at the end of the year The Body Shop Home Fragrance line was commercialized in some AQUI Tem Natura stores.





## Aesop

Founded in Australia in 1987, Aesop was the first company to join our group, in 2013. A premium brand in the cosmetics segment, it is recognized for combining botanics and science in the development of effective, high quality products. Its portfolio of vegan products includes items for the skin, hair and body, as well as fragrances and products for the home.

Committed to sustainability since its creation, in 2020 Aesop became a B Corp. It is also certified by the Leaping Bunny program, from Cruelty Free International, by PETA (People for the Ethical Treatment of Animals) and by the Australian Climate Active program, attesting that its operations in Australia and New Zealand are carbon neutral.

At the end of 2021, there were 268 stores in 28 countries worldwide. Its store in Brazil, opened in 2015 on São Paulo's Rua Oscar Freire, was designed by Metro Arquitetos Associados in collaboration with the renowned architect Paulo Mendes da Rocha.

Recently, the Brazilian Aesop operation initiated its omnichannel journey. The e-commerce ([aesop.com.br](https://aesop.com.br)) was launched in December and, from October, the brand portfolio was also made available via the Iguatemi 365 marketplace. The partnership was extended to a pop-up store in the Iguatemi mall in the city of São Paulo, focused on trial – customers choose their products and buy them in the space, after which they are delivered to their home.

Taking advantage of the structure of the other Natura & Co brands, we intend to extend Aesop to other Latin American countries in the coming years. Expansion in Brazil is also planned.

*Main*  
launches



# Main Natura *launches*

## Ekos

Natura enhanced its entire vegan Ekos range with new formulas, now three times more potent, and introduced a new bioingredient from the Amazon forest: tukumã. The Ekos Tukumã line comprises a series of bath and body care products with a powerful dual anti-ageing action. While the crude tukumã oil combats the loss of hyaluronic acid in the skin, the tukumã butter boosts its natural production by up to 77%. A symbol of resistance and resilience, the tukumã palm is capable of being reborn in degraded areas, even after major fires, regenerating the soil of the forest (*further information in The Amazon the climate*).



## Chronos Super Serum *Wrinkle Reducer*

With prebiotics extracted from jatobã and casearia – Brazilian biodiversity ingredients – and a potent probiotic to create a triple action care, the new item in the Natura Chronos portfolio combats all types of wrinkles, from deep to fine lines. The brand, which celebrated 35 years in 2021, pioneered the idea that women can have a healthier complexion by giving their skin precisely what it needs at each stage of life.



## Essencial *Oud Vanilla*

This boasts the rare and sophisticated oud, which is extracted from the resinous heartwood of the agar tree found in the dense forests of

Southeast Asia. The essential oil is combined with "Vanilla bahiana", from the Brazilian Atlantic Rainforest, now used for the first time in perfumery, employing a pollination process done by hand. The feminine fragrance combines the two ingredients in a magnificent floral bouquet of rose, muguet and jasmine, while the men's fragrance contains touches of sandalwood and musk. The result is an engaging, woody scent ideal for special occasions.



# Main Avon *launches*



## Power Serum and *Renew Hydra Vita-D*

Avon added two new products to its affordable, revolutionary Renew skin care range. Renew Power Serum treats fine lines and wrinkles, containing Avon's exclusive award-winning Protinol™ technology, that fills the skin, leaving it firmer with the activation of its exclusive dual collagen. The formula also contains niacinamide, which helps restore the surface skin. The new cream gel Hydra Pro Vita-D has the power to hydrate the skin for up to 72 hours without leaving it oily with its light formula. It also stimulates the activation of vitamin D, which reinforces the skin hydration barrier and is perfect for preparing it for makeup.

## Ultra Lipsticks

An iconic best-selling Avon item, the Ultra Lipsticks were chosen to inaugurate the new moment for the brand, through a relaunch with a renewed formula and a palette of 60 colours. The lipstick now comes in a modern and sophisticated format, making it easier to achieve the precision of matte finishes or creamy velvets. The upgraded formula boasts an exclusive blend of nourishing oils, including avocado oil, and reveals a new fragrance, mocha crème, conferring a comforting aroma in addition to FPS 15 protection.



## Avon Power *Stay Mascara*



To expand one of the consumers' preferred ranges, Extra Volume Power Stay Mascara ensures up to 9x greater volume without the sensation of heavy eyelids.

With the long-lasting effect that characterizes the line, the mascara contains collagen, proteins and amino acids that envelope the lashes in its ultra black formula, fixing the volume of the eyelids for up to 24 hours with ColorLock technology. The exclusive Power VL brush has long and short bristles to reach all the lashes, guaranteeing volume without smudging.

# Main The Body Shop *launches*



## Choice *Power*

The new fragrance of the range developed exclusively for Brazil is a striking blend of red fruits, saffron flower and patchouli. In addition to the deo cologne, the line comprises hand cream and body moisturizer – all the formulas are 100% vegan, certified by The Vegan Society. The launch is a perfect example of the integration of knowledge about the consumers, the characteristics of the local market and the advanced R&D practices that have enabled synergy between the Natura and The Body Shop brands.

## Home *Fragrance*



Comprising an aromaterizer, ambient diffusers and liquid hand soaps, this is another exclusive creation for Brazil. There are four families – Sleep, Boost, Breathe and Purify. The new Home Care line was inspired by the global The Body Shop Wellness range, offering the same fragrances, with the exception of Purify, which is exclusively for the Brazilian public. The line is 100% vegan and is certified by The Vegan Society, a key seal that guarantees that the entire production chain is vegan.

## Argan, Moringa and Lolita body oils

The brand's new body oils are 100% vegan, with a light texture and hydration guaranteed for 24 hours. The Moringa and Argan oils are sourced respectively from Rwanda and Morocco. Bioglitter confers a rosé orange glow to the Lolita body oil. The range is indicated for relaxing massages that help



# Main the AESOP launches



## *Rôzu Eau de Parfum*

Launched in Brazil in May, the rose fragrance has shiso accords, woods and spice, with earth and light smoke.

## Sublime Replenishing *Night Masque*

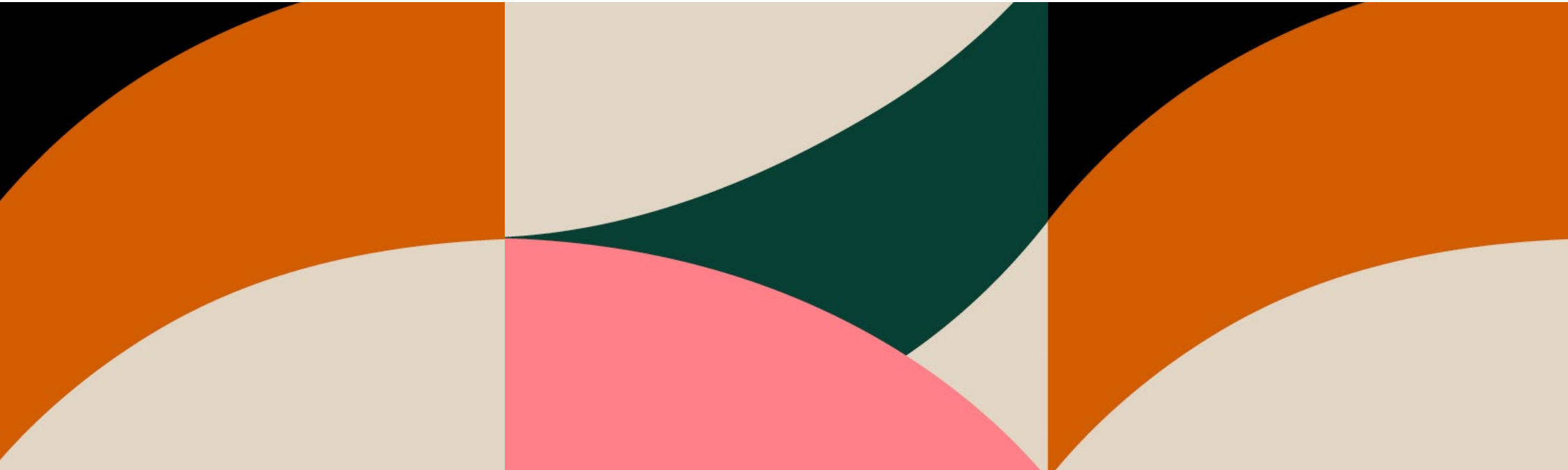


Enhanced with vitamins B, C, E and F, it offers immediate and sustained hydration to balance the skin and make it glow. It has been on sale in Brazil since July.

Other Aesop launches in Brazil were Facial Sun Protection Lotion FPS25 and Lip Balm with Sun Protection FPS30, available since October.



# Corporate *information*



Governance

# Independence *and experience*

GRI 2-1, 2-9

2021 saw the consolidation of the Natura &Co group, with advances in the integration of its different businesses, always guided by a balance between autonomy and interdependence.

The Natura &Co Holding company wholly controls Avon Products, Inc. and Natura Cosméticos S.A. (which, in turn, controls Aesop and The Body Shop). The Natura &Co Board of Directors oversees both subsidiaries, which are organized in four business units, including Natura &Co.

Corporate governance practices are reviewed annually, in pursuit of the continuous reaffirmation of our pioneering stance and commitment to our stakeholders. Since 2004, we have been listed on Brazil's B3 Novo Mercado, which establishes the highest standards of corporate governance for companies in the segment. We also observe the recommendations of the Brazilian Corporate Governance



Institute (IBGC) and are continually evolving in the level of adherence to the Brazilian Corporate Governance Code.

The composition of the Board of Directors was increased from 12 to 13 members in 2021 with the election of Georgia Garinois-Melenikiotou. It currently comprises nine men and four women, all of whom may be elected and removed by the Shareholders' Meeting, with a unified term of office of two years and re-election permitted by the by-laws.

Of the 13 members, six are resident in Brazil, six in the USA and one in the United Kingdom. In accordance with Novo Mercado rules, at least one third of the board members should be independent. At Natura &Co, this percentage is 69.23%.

The three co-founders of Natura are co-chairmen of the board, maintaining the legacy of the original company and contributing to the group's long-term vision, a fundamental factor for us. They alternate as chairmen in the Board meetings and are supported by Roberto Marques as Executive Chairman of the Board and CEO of the Natura &Co Group. Further information in the publication on the [Brazilian Code of Corporate Governance](#). **GRI 2-11**

The administrators participated in ten ordinary and extraordinary board meetings in 2021 to discuss strategic questions for the group, in addition to subjects ranging

from quarterly results, strategic planning, sustainability, risk to people and culture.

The Board examines and approves corporate policies on transactions with related parties, conflicts of interest, risk management and the distribution of dividends, as well as the group's new compliance policies, such as anti-corruption policies and group commercial sanctions policies. The Audit Committee supports the review of these policies.

### **Support for the Board**

#### **GRI 2-16**

To guarantee its best performance, the Board of Directors has five advisory committees, two of which are statutory, and four sub-committees to meet specific requirements. On an annual basis, they undertake a self-assessment with the active contribution of the board members on questions such as composition, workflow and the responsibilities of the committees. As a result of this feedback, for example, the board member W. Don Cornwell joined the Governance Committee in 2021.

During the year, the Audit Committee held nine meetings, focusing on reinforcing compliance and cybernetic security processes and controls, as well as analyzing risk and control-related questions, internal and external audits, ethics and compliance, the structuring of financial operations and capital structure.

*\* Roberto Marques left the functions of executive chairman and CEO of Natura &Co in June 2022, while continuing as a member of the Board of Directors. The board member Fábio Barbosa, chair of the People Committee, assumed the position of chief executive officer of the Natura &Co group. A Board Transition Committee was created to support the redesign of the group's structure and corporate governance.*

## **Advisory committees**

### **GRI 2-9**

- Strategy Committee
  - *Asia Sub-Committee*
- People and Organizational Development Committee
- Corporate Governance Committee
- Audit, Risk Management and Finance Committee
  - Sub-committees:*
    - *Finance*
    - *Tax and Legal*
    - *Internal Audit*
    - *Information Security and Remediation*
  - *Group Operating Committee (GOC)*

The Strategy Committee concentrated on questions such as digital expansion and Asia, as well as mergers and acquisitions in the course of its seven meetings. The People and Organizational Development Committee met six times to discuss succession, culture, compensation, diversity, inclusion and organization. The Governance Committee analyzed factors related to the evolution of the group's governance system, reporting its findings to the market in the Corporate Governance Report. It also conducted a self-assessment of the Board of Directors and a review and analysis of the composition of the Board advisory committees. **GRI 2-13**

The Group Operating Committee (GOC) is engaged in defining and implementing global strategy, overseeing each one of the Natura &Co business units, and identifying synergies and opportunities between them. The GOC is also charged with observing organizational aspects to ensure fluidity and efficiency and to make recommendations on administrative and operational structures. It is headed by Roberto Marques, Executive Chairman of the Board of Directors and CEO of the Group; its members include the CEOs of the business units and representatives of key areas of the group. In 2021, the GOC held six two-day meetings to drive robust, lean processes for Natura &Co. **GRI 2-13**

### **Economic, social and environmental analysis**

GRI 2-12, 2-13, 2-16, 2-17

It is the function of the Board of Directors to determine and to monitor the implementation of company strategy and to assess the performance of the chief executive of the group and its main leaders on a periodic basis. This assessment

includes the evaluation of quarterly performance and the Natura &Co annual management report, which encompasses the main socioenvironmental indicators considered relevant for the company, expansion projects and investment programmes, risk management and definition of profit share parameters for Natura &Co employees.

The Board of Directors also undertakes the assessment and approval of Natura &Co's strategic activities and performance in the socioenvironmental areas, including engagement actions and presentations related to data collection and progress.

### **Assessment of critical topics**

GRI 2-12, 2-13, 2-16, 2-17

The Board of Directors is also responsible for analyzing quarterly performance and the Natura &Co annual management report, which encompasses Natura &Co Latin America. The Board monitors the organization's performance in terms of the Commitment to Life targets, which include sustainability goals and engagement measures and presentations on the collection process and progress reports.

Furthermore, board members analyze the definition and review of strategic planning, expansion projects and investment programs, risk management and the definition of employee profit share plan payouts.

### **Role in validating the report**

GRI 2-14

The disclosure of the Natura &Co Latin America Integrated Report is accompanied by two vice presidents, members of the business unit's Executive Committee: The VP of Marketing, Innovation, Internationalization and Sustainability and the VP of Media, Content and Communication, through the Communication and Creation Management area. The document was submitted to independent external third-party assurance, conducted by PwC. The external assurance of the report is aligned with principles of transparency shared by senior management, as well as good market practices.

### **Board selection criteria**

GRI 2-9, 2-10

The indication of board members to be voted by the general shareholders' meeting takes into account qualifications, complementary executive experience, identification with Natura' business principles and an absence of conflicts of interest, as set forth in the Administrator Indication Policy. The term of office is two years, with re-election permitted. The process of identifying potential candidates for the Board also takes into account the availability of members to exercise their functions and diversity of knowledge, experiences, behaviours, cultural aspects, age group and gender. The proposed re-election of board members should take into account the periodic evaluation of the Board

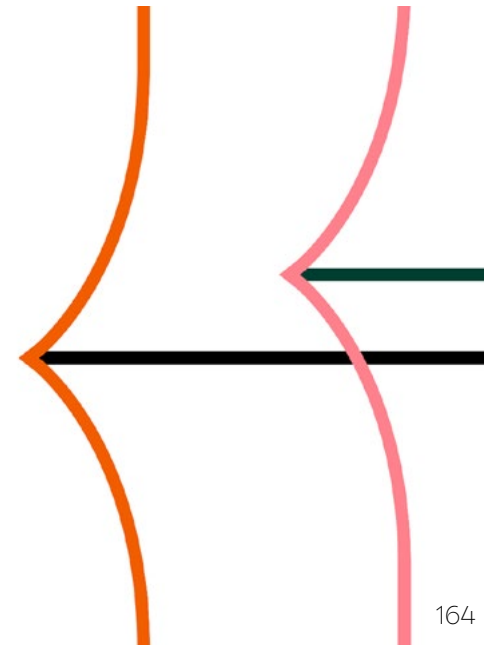
of Directors and any conclusions as to its suitability or the need for adjustments in its composition.

## Reviews

GRI 2-18

On an annual basis, the Board of Directors undertakes a self-assessment with the active contribution of the board members, who share their opinions and recommendations to improve the composition, workflow and the responsibilities of the committees. As a result of this feedback, for example, the board member W. Don Cornwell joined the Governance Committee in 2021, bringing his independent contributions and broad experience in this area.

The performance reviews are conducted annually, after analysis and recommendations made by the Corporate Governance Committee to the Board of Directors, encompassing diverse aspects related to the functioning of such bodies during the period under analysis, including the quality of participation and performance, aimed at identifying opportunities for improving the functioning of the bodies. The reviews are conducted by means of interviews with the members of each body and our main executives, who also undertake a self-assessment of their performance in the exercise of their functions, without, however, performing an individual assessment of the other members of the administration and/or other bodies.



*Our Board  
of Directors*



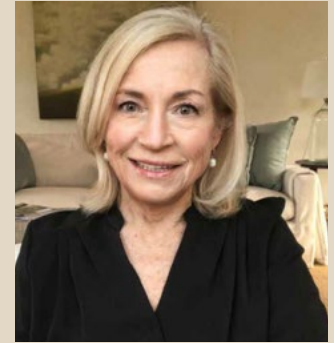
Luiz Seabra



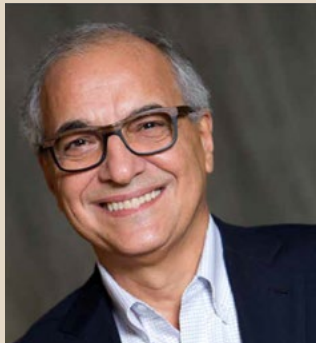
Jessica Herrin



Don Cornwell



Nancy Killefer



Guilherme Leal



Pedro Passos



Roberto Marques



Fábio Barbosa



Gilberto Mifano



Georgia Garinois Melenikiotou



Carla Schmitzberger



Ian Bickley



Andrew McMaster Jr.

Board of Directors GRI 2-9	BUSINESS									SPECIFIC SECTOR		GEOGRAPHY			
	Finance and accounting	Sales, marketing and brand	Strategy, marketing and brand	Digital	Leadership/ International experience	Legal & regulatory	ESG	Risk & ethics and compliance	Operations	Direct selling	Beauty & Health consumer goods segment	North and Central America	Latam	APAC	EMEA
Luiz Seabra		o			o		o	o	o	o	o		o		
Guilherme Leal		o	o				o	o	o	o	o		o		
Pedro Passos	o	o	o		o	o	o	o	o	o	o		o		
Roberto Marques	o	o	o		o		o	o	o	o	o	o	o	o	o
Carla Schmitzberger		o	o	o	o				o		o	o	o		o
Fábio Barbosa	o		o		o	o	o	o					o		
Gioberto Mifano	o				o	o	o	o					o		
Jessica Herin	o	o	o		o		o		o	o	o	o			
Ian Bickley	o	o	o		o		o	o	o		o	o	o	o	o
Andrew Mc Master Jr.	o		o		o	o		o	o			o			
Don Cornwell	o		o		o	o		o	o		o	o			
Nancy Killefer	o	o	o		o		o	o	o		o	o			
Georgia Garinois Melenikiotou		o	o	o	o						o	o	o	o	

Natura & Co  
Board of Directors<sup>1</sup>  
Board profile  
GRI 2-9, 405-1

69.2% independent members

Gender (%)

Women 30.8



Men 69.2



Age group (%)

Between 30 and 50 7.7

Over 50 years 92.3

By colour/ethnic origin (%)

Black 7.7

White 92.3

Origin of board members, by country

Brazil 7

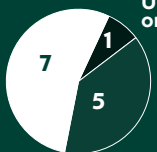
United States 4

United Kingdom 1

Greece 1

Time on Board

Over three years 7



Between one and three years 5

1. See details of the curriculum vitae of each board member, including information about participation in other companies on the Investor Relations website.

## *Natura &Co Latin America*

### **GRI 2-24**

Natura &Co Latin America combines the operations of Avon, The Body Shop and Aesop in the region and the Natura brand in all its geographies. This model is aimed at accelerating the integration process and guaranteeing strategic priorities in Latin America, particularly in view of the potential for synergies between Natura and Avon in these countries (see *all the **Business units***).

The Natura &Co Latin America Executive Committee (Comex) is headed by João Paulo Ferreira, CEO of Natura &Co Latin America, and also the global head of the Natura brand. He is accompanied on the committee by 13 executives, eight men and five women, who play key roles in the integration of the four brands in the region. In addition to the CEO, Comex members include the leaders of the brands (Avon Brazil, Natura Brazil, Avon Hispanic America and Natura Hispanic America), as well as the leaders of strategic areas: Retail; Finance; Legal; Brand, Innovation, Internationalisation and Sustainability; Media, Content and Communication; Operations and Logistics; People, Culture and Organization; Integration and Expansion of New Businesses; and, &Co Pay and New Businesses.

This executive governance also has support structures in strategic areas for the company's businesses. In 2021, we created the Sustainability Committee to collaborate on the integration of the four brands in the region supported by the Commitment to Life agenda and the promotion of positive impact. The group, which comprises senior

leaders and holds bimonthly meetings, is also focused on the Natura brand innovation agenda in the company's role as a leader in sustainability. Another instance is the Transformation Office, focused on the priorities in gains from synergies, the optimization of Natura and Avon assets and opportunities arising from the integration.

### **Sustainability committee**

With 13 fixed members, including vice presidents and directors of key areas in the company, the committee is central to managing strategic sustainability goals and is responsible for ensuring that Natura &Co Latin America incorporates the commitments into the management of all the businesses and relevant decision making to guarantee the achievement of the targets set forth in the Commitment to Life. In bimonthly meetings in 2021, the committee conducted diagnoses of questions such as management of greenhouse gas emissions, the impact of the new categories that were incorporated into the group with the arrival of Avon and defined action priorities and KPIs, mainly related to the reduction of CO2 emissions. The participation of business leaders and strategic processes such as operations and logistics, in addition to integration with the TO, ensure an integrative vision of management – an exclusive TO front was created to debate socioenvironmental processes and interact with the committee. The subjects debated by the Sustainability Committee included, for example, the launch of the sustainable Avon Fashion and Home portfolio, the rationalization of the sizes of the combined Avon/Natura

shipping cartons to accelerate CO2 reductions, decisions on the choice of products and diagnoses on Natura &Co Latin America GHG emissions and packaging. **GRI 2-13**

Further information on governance and the sustainability strategy in [Commitment to Life](#).

### **Transformation Office (TO)**

#### **GRI 2-13**

The office reports directly to the Natura &Co Latin America CEO and manages different priority aspects of the business with a view to capturing gains in synergies and optimizing Natura and Avon assets, as well as envisaging new opportunities for generating value based on the combination of the two brands. The TO also has global representation within Natura &Co, and the two structures operate in a connected and coordinated manner.

The Natura &Co Latin America TO oversees the execution of diverse projects, from the optimization of organizational structures, procurement management with a view to harmonization and gains in finance, services and logistics, increased productivity from combined assets, commercial practices, relations with representatives to digital experiences. Jointly with the areas responsible for these functions, the TO ensures the allocation of funds and human resources and monitors all the related indicators, in addition to guaranteeing that interdependent projects and processes are handled transversally, eliminating duplication and rework. In the first two years of the integration, more



than 600 projects were initiated on 17 work fronts, of which half have been concluded.

The gains in optimization and synergies projected by Natura &Co for the Avon integration are on track, boosting our confidence as to their maximization. Accordingly, we brought forward the delivery of synergies by 10 percentage points compared with the initial commitment.

In 2022, the scope of the TO is extended to strategic, transformational Natura &Co Latin America projects aimed at ensuring a disciplined pace in management to drive excellence in execution and rapid decision making. To ensure success, governance focused on orchestrating the new organizational model by missions was established (*further information about the new organization model in [Strategy](#)*).

**MORE INFORMATION ABOUT THE INTEGRATION IN LATIN AMERICA IN GAINS IN SYNERGY**

**Collective and global knowledge**

GRI 2-24

Many of our challenges are shared with the other Natura &Co business units, that have a structure that enables the maintenance of dialogue and interactions with the teams in all the geographies to leverage knowledge and collaboration throughout the group. Two key mechanisms in this governance of the group teams to drive advances in the agendas are the Networks of Excellence (NEx) for questions of high strategic

relevance for the group and the group hubs for functional services common to the four brands, capturing economies of scale.

In the first format there is the Sustainability-Nex (S-Nex), a sustainability network comprising 16 working groups and over 90 people worldwide that define and orchestrate metrics and KPIs and track priority projects. The group has 27 leaders who meet every two months and who, at least twice a year, share the implementation status of the projects with senior management.

The Chief Marketing Officers (CMO) and the heads of Sustainability, R&D and Operations and Logistics for each brand participate in the S-Nex. The heads of people, finance, operations and logistics and sustainability are engaged in the global and transversal management of the group. The S-Nex is led by the group's Head of Sustainable Growth, Silvia Lagnado. There are also Networks of Excellence in place for Innovation in Beauty Products and Services (including R&D), IT Transformation, Digital Transformation (focused on customers, Representatives, Consultants and store managers), Relationship Selling and Retail.

The hubs were designed to supply shared services to all the Natura &Co business units. A hub will exist whenever its is better to leverage one mindset rather than duplicate four teams in four different businesses. Examples of hubs are Legal and Compliance, the Transformation Office, Procurement and Packaging.

In addition to the Nex and Hubs, spontaneous interest groups are encouraged to share knowledge and experience on specific topics such as quality and control for the factories and safety measures for Covid-19.

### Sustainability and Finance

GRI 2-24

In 2021, Natura Cosméticos conducted a successful US\$ 1 billion bond issue linked with sustainability targets, the largest of its kind in Latin America at the time. These Sustainability-Linked Bonds (SLBs) are a debt instrument with a differentiated interest rate linked with key performance indicators – in Natura’s case with the reduction of greenhouse gas (GHG) emissions and increased use of post-consumer recycled plastic in packaging. These targets are also incorporated into the variable remuneration plans of all employees.

The demand for Natura securities constitutes market recognition of the company’s integration of sustainability into business management and confidence in its strategy, now as part of the Natura &Co group.

### Remuneration strategy

GRI 2-19, 2-20

Considering the structure and complexity of the group, it is fundamental to have a highly qualified management team to lead the organization on its path to growth,

In the bond issue, Natura assumed the following commitments up to 2026:

Reduce the relative intensity of GHG emissions by

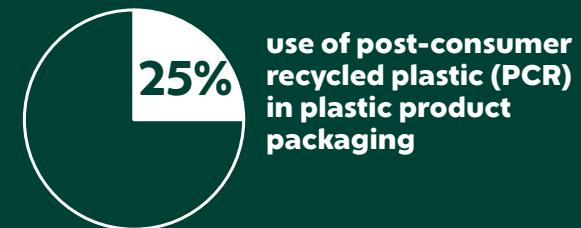
**13%** (tCO<sub>2</sub> per ton of product billed)

Covering scopes 1, 2 and 3 (the entire Natura value chain)

Intermediate science-based target on the path to net zero GHG emissions by 2030.

Base year: 2019.

Reach



Aligned with the Commitment to Life and Natura’s actions within the Ellen MacArthur Foundation’s New Plastics Economy Global Commitment.

Base year: 2019.

[Further information about the initiative.](#)

executing a purpose driven business strategy and creating value for all stakeholders. These premises are incorporated into remuneration strategy.

The plan takes into account remuneration standards and competition levels specific to the talent market for functions, regulatory requirements, business strategy, and alignment with the demands of stakeholders. As is standard in the market and aligned with our talent goals, our remuneration structure comprises fixed and variable remuneration, the latter consisting of short and long-term incentives. Senior management remuneration is projected to be prominently variable and long-term and is not payable if the established performance levels are not met.

In addition to long-term targets, the organization's variable remuneration program contains annual targets linked with sustainability initiatives such as the reduction in greenhouse gas emissions and the increase in the use of post-consumer recycled plastic (PCR) in product packaging. Already in use at Natura, these targets were incorporated into the review of the global remuneration strategy and will be part of the variable remuneration plan for the whole of Natura & Co for 2022. This measure was overseen by the Board of Directors with support from the Group Operating Committee (GOC).

We believe that these incentives create a virtuous circle by making people accountable, ensuring discipline in monitoring KPIs and driving the initiatives necessary to achieve our zero-carbon ambition.

Further information about the total compensation of the Natura & Co group Board of Directors and the Statutory directors for the fiscal years ended on December 31 2020 and 2021 may be found in Attachment III – *Reference Form*, item 13.1.

## **Greater transparency**

### **GRI 2-29**

In 2021, we launched a new Investor Relations website to improve communication with investors and analysts.

### **Natura &Co: rankings and market recognition**

**As a group we continue to improve our position in the sustainability indexes and to seek more ambitious challenges.**

**The Natura &Co group is listed on the São Paulo B3 Corporate Governance Index (ISE), occupying fifth place and including data on The Body Shop for the first time. We are also on the Dow Jones Sustainability Index on the New York Stock Exchange (NYSE). Furthermore, we received an AA+ classification on the MSCI ESG, making us the only listed company in Latin America with this rating.**

## *Ethics and compliance*

### **GRI 3-2, 3-3, 205-2, 205-3**

In line with the principle that our business should contribute towards improving people's lives and the world, our ethics and integrity practices go beyond anti-corruption to encompass aspects linked with relations with the value chain, respect for human rights, civil rights, as well as the rights of women and under-represented groups (black people, the LGBTQIA+ community and persons with disabilities), accurate and correct accounting records and preservation of the environment, among others.

Since 2018, the Natura &Co group has maintained a global Ethics & Compliance structure. With the entry of Avon in January 2020, the structure gained teams dedicated to each market in which the group operates. In addition to Latin America, there is a leader and respective specialized team for North America (NA); Europe, Africa and the Middle East (EMEA); and Asia and Oceania (APAC).

As part of an unprecedented initiative, thematic Centers of Excellence (COEs) that are global in scope were attributed to these leaders. These are related to the pillars of our Compliance Program and drive the interaction between the teams, ensuring greater agility in deliveries to our stakeholders. There are three active Centers of Excellence: COE in Communication & Training, COE in Data Protection and COE in Anti-Corruption, Monitoring and Investigation.

In 2021, we conducted the first e-learning training program on the Code of Conduct for all the employees of the four companies in the group. Specifically, in Natura &Co Latin America, 93% of administrative and operational area employees concluded the program within the stipulated time frame.

In continuation of the integration process, after widespread communication in July and August, in September our unified and updated Global Anti-Corruption policy came into force for all group companies. As part of the process, all employees who have or might have direct or indirect interactions with public authorities in the exercise of their functions received specific training in the new policy and its related processes.

Worthy of note is the fact that the Ethics & Compliance area is responsible for approving any interaction with official government representatives and any offer of gifts, travel, entertainment and donations. Moreover, the area oversees the Anti-Corruption policy by means of monitoring and risk assessment processes and reports made to the Natura &Co Ethics Line.

The Ethics Line is extensive to all the companies of the group and is available 24 hours a day, every day of the week, in the language of the country in which the

call is made. The channel is managed by a specialized external company, with full guarantee of anonymity and confidentiality. The more critical cases are examined by the Ethics Committee. On a quarterly basis, the channel indicators are reported to the group Audit Committee and to the committees organized by the business units. All the reports made to the Natura &Co Ethics Line are investigated impartially and confidentially by the Ethics & Compliance area.

**GRI 2-26**

As in the previous years, in 2021 there were no substantiated cases of corruption in Natura &Co Latin America.

Furthermore, as part of the audit program oriented to the Sarbanes-Oxley (SOX) act, we are submitted to periodic assessments to verify the effectiveness of our internal controls and systems (*further information in **Internal Controls***).

## Recognitions

### One of the world's most ethical companies

Over the years, Natura has been recognized as one of the most ethical companies in the world by the Ethisphere Institute. In 2021, Avon was added to this ranking for the first time.

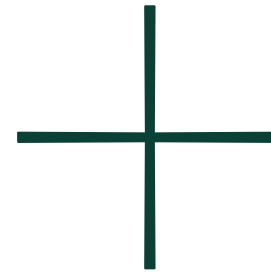
In 2022, this key recognition was granted to the Natura &Co group rather than to our individual brands. We were the only group of Brazilian origin featured in the list of 136 companies, from 22 countries and 45 sectors.

Considering Natura's history, this was the 12th time the company (and now the group) has received this distinction in the Health & Beauty category, attesting to our commitment to best practices in ethics, governance and compliance.

The complete list of the most ethical companies in the world may be accessed at: [Ethisphere Institute](#).

### Selo Pró-Ética (Pro-Ethics Seal)

Also worthy of note in 2021 was the award of the Pro-Ethics Seal to Natura. The seal is an initiative of the CGU (Controladoria Geral da União or Comptroller General of the Union), an internal control body of the Brazilian Federal Government, that publicly recognizes companies most committed to preventing, identifying and addressing corruption and fraud. Natura has been featured on the list since it was instituted in 2010.



### Ethics in the supply chain

#### GRI 205-2

Relations with our supply chain are based on the guidelines of the Supplier Global Code of Conduct. Adhesion is mandatory for any company interested in becoming a commercial partner and registered on our specific portals.

Prior to formalization and during supply contracts, the company conducts due diligence processes. Any points requiring attention are examined in the Supplier Forum, which comprises the vice presidents of the Procurement, Compliance and Finance areas. Currently, the Natura and Avon due diligence processes are separate, but they will be unified under our integration agenda in the coming years.

The Ethics & Compliance area annual training plan establishes training for commercial partners.

## **Responsible tax practices**

**GRI 3-3, 207-1, 207-2, 207-3**

Given the stature of the company in Latin America and the impact taxes have on the economic environment, infrastructure and living conditions in the countries in which we operate, ethical and integral tax practices are essential. This ensures that we contribute to the quality of life of our consultants, representatives and customers, while optimizing our long-term financial position and protecting our reputation.

We comply with all international and local tax legislation. The material tributary aspects of the business, including the identification of risks and opportunities is managed by a global Tax area, with the involvement of the finance and legal areas. At least twice a year, the senior management of these three areas updates the group Audit Committee about our tax planning and strategy and the impact of any changes in legislation on the business.

In Natura &Co Latin America, we have an active Tax Management Group that meets periodically to take the

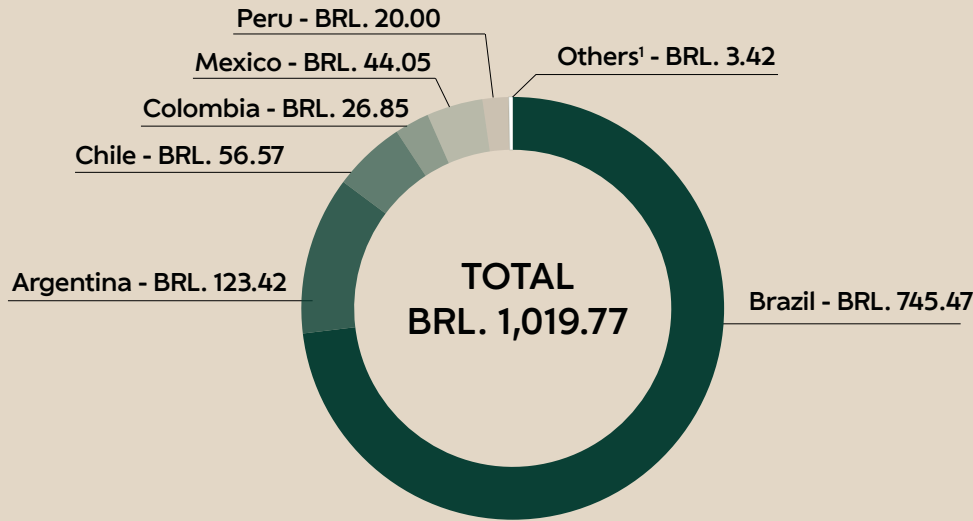
main associated decisions. Whenever necessary, we resort to external legal and tax specialists.

The innovative modelling of the IP&L (Integrated Profit & Loss) undertaken by Natura has deepened our understanding in this area and demonstrated the importance of taxes in promoting health and social well-being (*further information in IP&L*).

Natura is also part of a global commitment to drive transparency in relation to taxes, which seeks to disseminate responsible tributary strategies and practices, including information about the effective tax load per country.

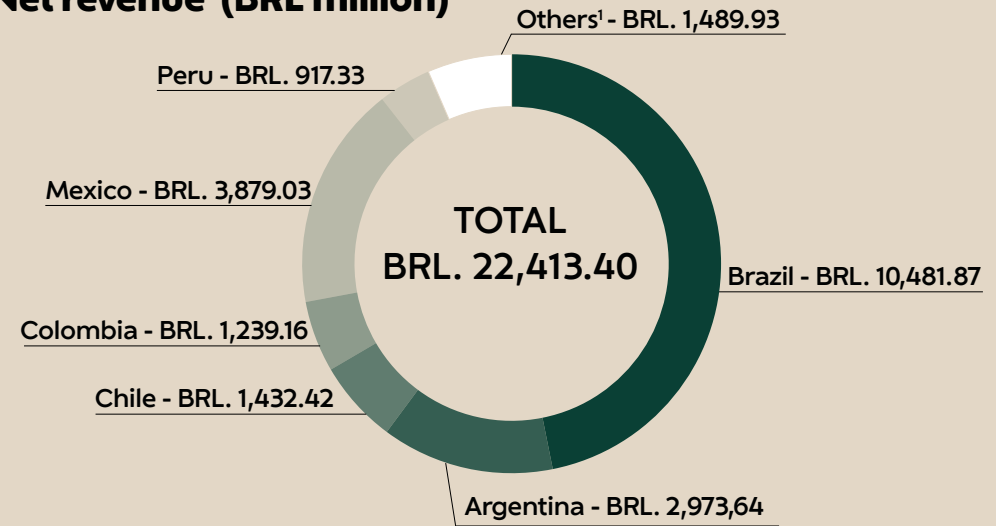
**Details of total income tax paid in 2021 are provided ahead:**

GRI 207-4 Income tax due (BRL million)<sup>12</sup>



1. Includes Ecuador, El Salvador, Guatemala, Honduras, Panama and Uruguay. There were no income tax payments in Bolivia, Nicaragua and the Dominican Republic.  
2. The disclosure of tax payments per country is part of Natura's commitment to the B Team Responsible Tax Principles.

**Net revenue<sup>1</sup> (BRL million)**



1. Includes Ecuador, El Salvador, Guatemala, Honduras, Dominican Republic and Uruguay. Net revenue in Bolivia, Panama and the Dominican Republic is not available.



## *Risk management*

### **GRI 2-12**

The Risk Management and Internal Controls area supported the main fronts involved in the integration process in 2020 and 2021, in particular in mapping the principal risks that could influence the successful delivery of the initiative, existing monitoring and control measures and the best actions to be addressed. This multidisciplinary group is also responsible for periodic monitoring of these risks. Recurring meetings are conducted to accompany the implantation of the plans.

Risk scenarios are assessed quantitatively in terms of impact and probability, taking into account changes in business context, the existence of controls and the implantation of responses to the levels of exposure. The results are accompanied by the Executive Committee and are discussed and presented at least annually by the Natura &Co Latin America CEO to the GOC (Group Operating Committee) and the Audit, Risk Management and Finance Committee, which advises the Natura &Co Board of Directors.

## **Integrated vision Natura & Co**

*Risk Management and Internal Controls area  
Latin America*

### **Activity fronts:**

- Risk management
- Internal controls
- Insurance
- Information security

Our risk map also addresses a number of topics associated with the Commitment to Life, such as climate change. In 2021, we incorporated goals from the sustainability strategy as variables that could influence the classification and prioritization of risk scenarios. Even on a qualitative basis, the managers responsible for the topics are encouraged to assess how the materialization of a determined scenario could hinder or impede the achievement of a commitment. We also contracted a consultancy to provide support in mapping physical and transition risks arising from climate change. The objective is to undertake a pilot mapping exercise at Natura and gradually extend it to the other brands and business units (further information ahead, in Emerging risks).

Through our Risk Management Policy, available on the website, we establish the guidelines, principles, roles and responsibilities for managing corporate risks as well as providing guidance for the businesses in identifying, analyzing, assessing, addressing, monitoring

and communicating risks and opportunities. One of the principles adopted is the co-responsibility of all employees in terms of awareness of the risks in their areas and the requirement that such risks be managed in accordance with the three lines of defence model: the first comprising the business areas, the second the control structures and the third, internal audit, responsible for independent oversight in order to verify the effectiveness of the model.

### **Emerging risks**

GRI 3-3, 201-2

In 2021, we initiated the development of an extensive project to evolve the manner in which the company manages climate risk, guaranteeing widespread engagement and understanding of senior management as to how climate-related issues could influence the business and the possible financial implications arising from these effects.

The project will permit the company to evolve in the pillars of Strategic Management and TCFD (Task Force on Climate Related Financial Disclosures) Risks and will lead to greater integration of climate-related risks and opportunities into the global risk matrix. This will also drive advances in the process of co-responsibility among the risk management, finance and sustainability areas in managing climate-related risk, in addition to including such risks in the processes of other areas such as strategic planning and product development. The specific objectives of the project include: i) Definition

of climate scenarios, mapping risks and opportunities;  
ii) Understanding the materiality of climate risks; iii)  
Roadmap for the implementation of a control plan aligned  
with the TCFD (Task Force on Climate-Related Financial  
Disclosures) guidelines and, iv) Measurement of the  
financial impact of climate change.

In a risk and opportunity mapping process conducted  
previously by Natura, we identified four climate risk  
factors (threats), principally related to transition: Market,  
Reputational, Regulatory and Technological. In terms  
of physical risks, the four main threats identified were  
floods, forest fires, droughts and heat waves. Examples  
of climate risks mapped are: technological restrictions  
and the increased cost of products per unit; increased  
expenditure on research and development; and damage  
to infrastructure and product stocks; among others.  
The analysis included the modelling of scenarios<sup>1</sup> taking  
into account different contexts to evolve understanding  
of the transition and the physical risks . As a reference we  
used the climate scenarios established by the IPCC<sup>2</sup> , with  
forecasts ranging from worst case, in which nothing is  
done to limit global warming to the less extreme scenario,  
in which there are significant cuts in greenhouse gas  
(GHG) emissions worldwide by 2030. We also considered  
future economic and population growth trajectories  
and climate feedback. The analysis of transition risks  
and opportunities takes into account these scenarios on  
a time horizon up to 2030 – for physical risks there are

three periods (2030, 2050, 2070). The possibilities of a  
determined risk occurring used the same probability ruler  
used at Natura and the different impacts that arose in each  
scenario will be used as inputs for decision making in the  
climate-related risk and opportunity process.

We will evolve our climate risk matrix in 2022 to ensure  
there is a permanently updated management plan and  
control measures to guarantee that the company and its  
investors have a systemic vision of how we address  
exposure to climate change.

The results of this work will enable Natura business  
strategy and financial planning to incorporate the risks  
and opportunities identified, minimizing the impacts and  
maximizing the benefits from opportunities, especially  
related to physical risks linked with the distribution centers  
and factories in Latin America and transition risks at a  
regional level. We will evolve our climate risk matrix in  
2022 to ensure there is an updated management plan  
and control measures to guarantee that the company  
and its investors have a systemic vision of how we address  
exposure to climate change related risks.

1. This work was undertaken with support from the following tools and frameworks: COSO® ERM for ESG Related Risks, TCFD Framework, Global Climate Models (CMIP6) and Transition Scenarios (IEA, NGFS, IRENA).

2. IPCC: Intergovernmental Panel on Climate Change, a body linked with the UNO. The scenarios are identified by the acronym SSP, for Shared Socioeconomic Pathways.

## How we manage

At Natura, climate change-related risks involve physical assets, the transition to a low carbon economy and regions in which our suppliers of social biodiversity ingredients (mainly the Amazon), palm and organic alcohol are located. The reflexes of climate change are already felt in all regions of Brazil, but especially in production regions, and this impact could be aggravated in the coming years. Another aspect that increases the risk of adverse effects is deforestation, which continues to grow in Brazil, where a major part of these suppliers is located.

The impacts of climate change on our businesses involve the substitution of products and services with options that have lower GHG emissions (technological risk), the increase in raw material costs (market risks) and the impact on the production of inputs (risk of stoppages). All these aspects can increase our direct costs and also affect our reputation.

Natura's over 20 years experience working in the region and its commitment to keeping the forest standing and promoting a forest bioeconomy are part of our strategy to mitigate these effects, including the commitments assumed by Natura &Co to become a company with net zero GHG emissions by 2030.

To mitigate the risk of shortages of inputs or increases in cost, a procurement area is dedicated to relations with our supplier communities, providing assistance in the development and running of these chains.

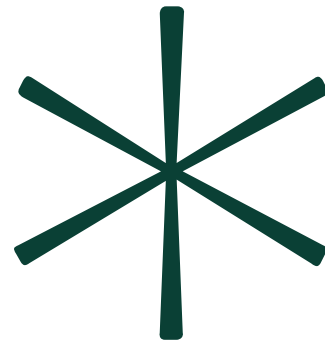
Metrics related to climate change are incorporated into all R&D projects, using an impact calculator to help in the choice of materials and ingredients. Our innovation cycle prioritises the concepts of ecodesign and circularity in the development of packaging and formulas. All Natura perfumery products use organic alcohol, as do our spray deodorants. A multidisciplinary committee representing the areas of design, environment, packaging development and sustainability seeks to identify solutions and define commitments and guidelines to reduce our environmental footprint.

Among the opportunities Natura is working on, new products and services with renewable formulas and lower impact packaging generate differentiation for the brand and, consequently, increased revenues. In 2021, Natura launched its Biôme line of bar products for the body and hair with a formulation that uses palm oil produced in an agroforestry system and an accessory for storing the product made with bioresin produced from methane gas.

We maintain our commitments to evolve in packaging, such as the reduction in the use of plastic and the increase in the use of post-consumer recycled materials (further information in **Circularity and Regeneration**).

Other opportunities can reduce operational costs. Natura maintains standards of eco-efficiency and certifications at its administrative headquarters in São Paulo (SP), at its main logistics centre in Itupeva (SP) and has implemented measures in the distribution centre in Mexico.

*Further information about Natura &Co Latin America GHG emissions measures in **Managing the climate agenda***



Main risks monitored by business management GRI 2-16	Monitoring and mitigation measures	Emerging risk
Complexity of the business model, including the commercial model, brands, channels, internationalization and attractiveness to consultants and representatives.	<p>Since the formation of the Natura &amp;Co group – and Natura &amp;Co Latam – we have expanded our multichannel presence and strengthened our leadership in the CFT market and direct selling in Latin America. This has also presented new opportunities stemming from the combination of structures and capabilities. In 2021, Avon launched its new commercial model for sales representatives, a proposal that boosts value generation for them and that was built supported by the know-how of Natura, whose current model was launched in 2017.</p> <p>We are also continuously expanding our digital participation. We constantly monitor our industry, including consumer preferences and spending patterns, value attributes, innovation indicators and brand power.</p> <p><i>Further information in <b>Our brands</b>.</i></p>	
Implantation of strategy	<p>Our strategic planning and short, medium and long-term targets are revised on an annual basis, including investment decisions related to acquisitions and stakes in other companies, as well as the entry into new markets. Aligned with a new organizational design which structured the businesses in five missions, Natura &amp;Co Latin America sought to prioritize the needs of each of the businesses and to boost synergies. The strategic plan and its reviews are presented and debated in the Natura &amp;Co Latin America Executive Committee and the Group Operating Committee (GOC), within Natura &amp;Co, and approved by the Board of Directors.</p> <p><i>Read more in <b>Strategy</b>.</i></p>	
Competitors	<p>We monitor behaviours and trends by means of the periodic measurement of our main competitors' market share and movements.</p>	

Main risks monitored by business management GRI 2-16	Monitoring and mitigation measures	Emerging risk
Climate change	See above.	x
Social biodiversity	See above.	x
Pandemics (Covid-19)	See above.	x
Legal, sector regulation and tax load	We actively monitor regulatory changes in all the judicial spheres in order to manage the impacts any alterations may provoke on our operational and financial results. We monitor taxation in all the spheres and geographies in which we operate, as well as ensuring representation in sector associations. <i>Read more in Tax management</i>	
Other external risks (interest rate, exchange variation, inflation etc.)	Constant monitoring of external risks related to the economic conjuncture by senior management, with the redefinition of strategic planning, if necessary.	
Institutional conjuncture	Constant monitoring of the political-economic conjuncture in the countries in which Natura operates, with the redefinition of strategy as necessary.	
Innovation capacity	We innovate in different business dimensions, ranging from commercial strategy, digital platforms, logistics network and management processes. In R&D, our vision transforms sustainability challenges into value drivers, allying scientific knowledge, the sustainable use of natural ingredients and the commitment to generate value for different stakeholder groups. We also maintain rigorous control over the registration of intellectual property, especially patents, industrial designs and brands. <i>Read more in Innovation.</i>	
Research, development, manufacturing and product quality	Natura is totally committed to the health and safety of consumers, with rigorous internal processes ranging from the conceptual development of a product to its launch, backed by a differentiated positioning and a commitment to the truth and to transparency, routines for monitoring ingredients and the adoption of the precautionary principle. <i>Read more in Innovation.</i>	

Main risks monitored by business management GRI 2-16	Monitoring and mitigation measures	Emerging risk
Interruptions to IT systems, including cyberattacks.	Natura's main IT systems are managed with a view to ensuring operational stability. We ensure data and server redundancy, information back up routines, control of access to our systems and continuous monitoring to detect safety vulnerabilities in data banks and infrastructure components, web systems and mobile applications, perimeter security tools, multi-factor authentication, protection against malware, viruses and malicious code and real-time monitoring of networks and clouds to contain attacks in progress.  In relation to information security, Natura has structured management with explicit guidelines set forth in the Code of Conduct, employee awareness measures, mapping and handling of information security risks and adherence to the ISO 27,002:2013 standards, including the assessment of information security criteria applied to third-party services, and periodic disaster recovery plan tests in the technology environment.	x
Compliance with Brazil's Personal Data Protection law (LGPD)	We conduct diagnoses with support from legal consultancies specialised in digital law, an agenda of workshops for the main agents impacted by the law, generation of documentation on the use and sharing of data, legal bases, mapping of potential improvements to processes, routines and items of consent. Design and execution of improvement projects/measures, including the review of policies, standards and procedures. <i>Further information in Ethics and compliance.</i>	x
Developing people and leaders	Networking, new work formats based on agile methodology, driving greater autonomy and reduced hierarchy advance hand in hand with our culture.  The succession map is reviewed periodically, identifying professionals with the potential to occupy executive positions in the short, medium and long-terms. The map also detects the need for acceleration and development for critical management positions. <i>Further information in More humans.</i>	

Main risks monitored by business management GRI 2-16	Monitoring and mitigation measures	Emerging risk
Ethics and Culture (Compliance)	The Compliance, Legal, Internal Audit, Internal Controls and Risk Management areas operate on a coordinated basis in direct connection with the global structure. With practices, policies and standards that are unified and aligned with international good practices, including the Code of Conduct and the Anti-Corruption policy. The company also has a Supplier Code of Conduct. All the documents are available in English, Spanish and Portuguese. <i>Further information in <b>Ethics and compliance</b>.</i>	
Supply chain, raw materials and distribution chain	<p>Periodic auditing of strategic suppliers and critical chains includes the monthly monitoring of the financial health of the main production suppliers and integrity due diligence processes. Results are monitored periodically.</p> <p>In the distribution chain, we have a decentralized logistics network and distribution centres with a high degree of investment in technology, enabling online control of distribution with real time detection of failures and implementation of corrective measures. With the integration of the Avon and Natura operations and logistics underway, this network is being amplified, in addition to capturing synergies.</p> <p><i>Further information in <b>The Amazon and the climate and Global supplier chain</b>.</i></p>	

### Internal controls

In 2021, we undertook intense training in all the areas involved in the assessment of the internal control environment related to the elaboration and disclosure of financial information. We increased interaction with the personnel responsible for the controls, addressing key topics and recurring questions in the testing cycles. As

a result, there was an increment in the effectiveness of internal controls.

The number of meetings with the business areas also increased during the course of the year to discuss and report results and define remediation plans. We created a new summarized reporting format with information from the control areas (Internal Audit, Internal Controls and Risk Management) to enable monthly monitoring by the Executive Committee. The alignment cycles with the team of independent auditors were maintained.

The Natura & Co Latam Internal Controls area also assumed leadership of the internal control environment related to the elaboration and disclosure of Avon financial information in the region.

Our control structure is based on COSO (Committee of Sponsoring Organizations of the Treadway Commission), with annual reviews, effectiveness tests for the internal controls on the elaboration and disclosure of financial reports, and, in the event of any non-conformances, the elaboration of remediation measures, monitoring of the implantation of such measures and new test procedures. Within Natura & Co, our practices are compliant with the requirements of the North American Sarbanes-Oxley (SOx) act, applicable to companies with shares listed on the New York Stock Exchange. The regulation is aimed at driving reliability in the preparation and disclosure of financial reports.

# Complementary *disclosures*





# Complementary disclosures Index

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## 2030 Vision Performance

Status of Commitment to Life targets

### Combating the Climate Crisis & Protecting the Amazon

Goals	Metrics and Targets	Target Dead-line	Status
Net zero greenhouse gas	Net zero emissions, delivering 1.5°C 20 years before the UN commitment	2030	1,304,877 tons CO <sub>2</sub> eq <sub>1</sub>
	(GHG)	2022	We are in the process of presenting our science-based targets to the SBTi and expect to receive approval in the coming months.
Protecting the Amazon	Expand the organization's influence in conservation from 1.8 million hectares to 3 million hectares	2030	2 million ha <sup>2</sup>
	Expand the organization's influence in forest conservation from 33 to 40 communities	2030	40 communities <sup>2</sup>
	Increase revenue flows with 55 bioingredients (starting from 38) 2030	2030	41 bioingredients <sup>2</sup>
	Share BRL 60 million (or more) in value with the communities (starting from BRL 33 million)	2030	BRL 39.9 million <sup>2</sup>
	Encourage collective efforts towards zero deforestation	2025	1.3 million ha <sup>2</sup> (Annual deforestation rate 2021)

### Combating the Climate Crisis & Protecting the Amazon

Goals	Metrics and Targets	Target Dead-line	Status
Biodiversity	Help to create targets with a network of partners (UEBT, SBTN, BfN/WEF)	2025	We are part of the Science Based Target Network (SBTN) corporate engagement program. To assist in the development of the SBTN methodology, we opted to employ it with our Natura Ekos line, completing steps 1 to 5.
	Extending Natura's payment for Access and Benefit Sharing (ABS), in place for 16 years, to the entire group – in accordance with the Nagoya Protocol and the UN Convention on Biological Diversity (CBD)	2025	BRL 10,762,838 paid.

1. Results of the 2020 GHG inventory excluding the use phase.  
2. Only Natura operations.  
3. Refers to products in the innovation and technology funnel, not exclusively to products already launched.

## 2030 Vision Performance

Status of Commitment to Life targets

### Defend Human Rights & Be More Human

Goals	Metrics and Targets	Target Dead-line	Status
Our people	Gender equality: 50% women in senior management and 35% on the Board of Directors	2023	51% women in senior management and 30.8% on the Board of Directors
	Equal pay: reducing gender differences	2023	The current gap is -1.3%
	Evolve to 30% under-represented groups at management level	2030	During 2021, we analysed a number of solutions for examining D&I data because we face legislative and data privacy issues in many of the markets in which we operate. With support from a consultancy, an online research tool will be used to collect data on our employees anonymously in order to establish the company's base line. This process is still underway.
	Living wage or higher for everyone	2023	82%* *This corresponds to family income.

### Defend Human Rights & Be More Human

Our broader network	Measurable gains for consultants, representatives and supplier communities (in income, education, healthcare and digital inclusion)	2030	In 2021, we concluded an initial pilot project to measure the socio-economic impact Natura and Avon generate in the lives of consultants and representatives.
	Increase investment in the company's main causes by 20% to US\$ 600 million	2030	Current investment is around US\$ 33.4 million <sup>2</sup>
	Promote our fair and reliable model for the future of direct selling	2030	As chair of the WFDSA (World Federation of Direct Selling Associations) Ethics Committee, Natura leads in activities to promote ethics beyond mere compliance, continually raising self-regulatory standards of the WFDSA and DSAS ("The Code") above the level of local legislation/regulations.
Human rights	Certification and/or full traceability for: Palm oil	2025	80.0%
	Mica <sup>3</sup>	2025	26.8%
	Paper	2025	87.0%
	Alcohol	2025	69.0%
	Soy	2025	0.0 %
	Cotton	2025	0.0%
	Adopt a robust human rights policy in accordance with the UNO Guiding Principles on Business and Human Rights	2023	The new Natura &Co Human Rights policy was approved unanimously by the Board of Directors in 2021 and was implemented in 2022. Available <a href="#">here</a> .

1. Only Natura operations
2. There is no global certification standard for mica.

## 2030 Vision Performance

Status of Commitment to Life targets

### Embrace **Circularity And Regeneration**

Goals	Metrics and Targets	Target Dead-line	Status Natura &Co Latin America
Full packaging circularity	20% (or higher) less material in packaging (in weight)	2030	7.9%
	50% of all plastic used must have recycled content (in weight)	2030	8.5%
	100% of all packaging material must be reusable, recyclable or compostable	2030	81.1%
	Compensation through collection and reuse programs, to reach the target of 100% responsible disposal where recycling infrastructure is not available	2030	30.7%
Circularity in formulas	95%+ natural or renewable ingredients	2030	93.5% <sup>2</sup>
	95%+ biodegradable formulas	2030	95.8% <sup>2</sup>
	100% of new formulas will have a lower environmental footprint, measured in accordance with life cycle analysis (LCA)	2025	In 2021, a team with components from all the group companies was set up, a consultancy (Quantis) was contracted and the scope for elaborating a tool aligned with the EcoBeautyScore Consortium was defined.
	Invest US\$ 100 million (or more) in the development of regenerative solutions, such as: biotechnology, for example, from waste to ingredients, plastic etc	2030	USD \$ 8,762,634.36*

1. Only Natura Cosméticos.

\* Data represent sum of investments undertaken in 2020 and 2021

## COMPLEMENTARY INFORMATION

### People management

#### *Total employees*

##### **GRI 2-7, 2-8**

In 2021, from the total Natura &Co Latin America headcount, 60% were women and 72% were in the 30-year to 50-year age group. The countries with the highest concentration of employees were Brazil, Mexico and Argentina. Among the group companies, 57.9% worked at Avon, 40.6% at Natura and 1.6% at The Body Shop. The six Aesop employees are not considered in the indicator.

Considering the employees in Brazil (Natura &Co), Argentina (Avon and Natura), Chile (only Avon), Mexico (only Avon) and Peru (only Avon), 64.2% were covered by collective bargaining agreements.

##### **GRI 2-30**

Employees by type of work contract and gender	2021		Total
	Temporary	Permanent	
Men	203	6,864	7,067
Women	300	10,304	10,604
Not declared <sup>1</sup>	0	1	1
<b>Total</b>	<b>503</b>	<b>17,169</b>	<b>17,672</b>

<sup>1</sup> Natura &Co adopts self-declaration for gender identification. One person in the group's headcount opted for non-declaration.

## People management

Employees by country and gender	2021		
	Men	Women	Not Declared
Brazil	3,813	5,427	0
Argentina	844	1,327	1
Chile	90	388	0
Colombia	340	797	0
El Salvador	17	59	0
Ecuador	106	126	0
Guatemala	252	154	0
Honduras	14	58	0
Mexico	1,279	1,533	0
Nicaragua	11	60	0
Panama	14	41	0
Peru	65	319	0
Dominican Republic	58	64	0
Uruguay	5	25	0
Venezuela	156	215	0
<b>Total by gender<sup>1</sup></b>	<b>7,064</b>	<b>10,593</b>	<b>1</b>

1. There are also three men and 11 women allocated in the United States and in France, totalling 17,672 employees.

### *New employee hires and employee turnover*

**GRI 2-7, 3-3, 401-1**

In 2021, Natura &Co Latin America hired 3,208 employees, while 3,094 left the company. In the gender and age group sections, the hiring and termination rates were higher among women and employees aged from 30 to 50 years, who are the majority in the company's total headcount. In the different geographies in which we operate in the region, the hires and terminations were more significant in Brazil, Mexico and Argentina – the three countries with the highest number of employees.

Expenses with hiring were BRL 2.5 million, with a Full-Time Equivalent (FTE) of BRL 4.4 million. The amount considers investment in executive and non-executive hiring, costs with consultancies for attraction programs and costs related to the internal recruitment team.

## People management

GRI 401-1 Turnover rate <sup>1</sup>	2021		
	Nº hired	Nº terminated	Rate (%)
<b>By gender</b>			
Men	1,256	1,247	18
Women	1,952	1,848	18
<b>By age group</b>			
Under 30 years	1,404	873	39
Between 30 and 50 years	1,766	1,958	15
Over 50 years	39	264	7
<b>By country</b>			
Brazil	1,486	1,504	16
Argentina	385	202	13
Chile	72	72	15
Colombia	240	309	24
El Salvador	15	21	24
Ecuador	13	39	11
Guatemala	19	37	7
Honduras	12	17	20
Mexico	884	474	24
Nicaragua	15	21	25
Panama	6	9	14

Peru	43	124	22
Dominican Republic	16	20	15
Uruguay	2	2	7
Venezuela	-	243	33

### General

<b>Turnover rate</b>	<b>18</b>
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1. The data were calculated based on the headcount presented in disclosure 2-7.
2. Calculation base for turnover rate:  $(\text{hired} + \text{terminated} / 2) / \text{total headcount}$  equivalent.

## People management

### *Remuneration and benefits*

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

In 2021, the total annual compensation of the highest paid employee at Natura was more than 30 times the average annual remuneration of the other employees (with the exception of the best paid employee). The indicator considers the full calculation of annualized amounts.

We also track salary average based on the living wage metric, which involves an income sufficient to meet an individual's basic needs. The metrics evolved in 2021 with the adoption of the Wage Indicator data and the inclusion of meal/food benefits in the assessment of the living wage. We also adopted the reference amount by state/region.

Further information about remuneration practices in [Our people](#). Details about the compensation of the Board of Directors and the Statutory Board are available in the [Reference Form](#).

Living wage	Minimum living wage per country (BRL/month) <sup>2,3</sup>	Employees with remuneration equivalent to or higher
Brazil <sup>4</sup>	2,514.00	81%
Argentina <sup>4</sup>	2,832.00	100%
Chile	3,940.00	85%
Colombia <sup>4</sup>	2,192.00	81%
El Salvador	2,401.00	100%
Ecuador	4,241.00	61%
United States	8,903.00	100%
France	7,735.00	92%
Guatemala	3,340.00	87%
Honduras	2,192.00	100%
Mexico <sup>2</sup>	2,934.00	67%
Nicaragua	1,421.00	83%
Panama	5,935.00	44%
Peru	2,424.00	97%
Dominican Republic	2,415.00	63%
Uruguay	4,741.00	100%

1. All employees in the headcount in July 2021, except for interns and apprentices.
2. Because it is not a company-owned operation, Natura does not monitor the rate in Malaysia.
3. Data calculated based on information provided by the Wage Indicator Foundation, which uses the lowest monthly amount for the family category (two economically active members plus the number of children given by the birth rate in the country) as a reference <https://wageindicator.org/salary/living-wage/regional-living-wages-1>.
4. In Brazil, Argentina, Colombia and Mexico, where we operate in more than one region, the amounts presented are an average, because the amount varies by state/region. For Venezuela we do not have access to a living wage reference, making analysis impossible.



## People management

### Maternity and paternity leave

#### GRI 3-3, 401-3

In 2021, Natura &Co Latin America had a post-parental leave return rate of 96.9% among men and 88.9% among women. The retention rate, corresponding to those remaining in employment twelve months after the end of the leave, was 92.1% for the men and 83.2% for the women. Natura, The Body Shop and Aesop offer parental leave for same sex couples and single-parent families.

Maternity and paternity leave <sup>1</sup>	2021	
	Employees who took parental leave	Men
Women		212
Employees who returned to work after the end of leave in the reporting period	Men	128
	Women	105
Employees who returned to work after the end of the leave and were still employed 12 months after returning	Men	421
	Women	236
Return rate	Men	96.9%
	Women	88.9%
Retention rate	Men	92.1%
	Women	83.2%

1. Data include Natura, Avon and The Body Shop employees in the Latin America operations.

### Health and safety

#### Work-related injuries and ill health

#### GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9, 403-10

Occupational safety management, including all the tools and procedures, is monitored by the Occupational Health and Safety System Audit Protocol, based on three main aspects: management commitment to the question, prevention and continuous improvement.

In 2021, the total reported cases (TRC) of accidents at Natura &Co Latin America was 0.18. The incidents occurred in the factories and distribution centers. In the year, 51 cases were considered to be work-related injuries: 37 involved time off work, eight generated work restrictions and six required medical treatment.

Seven incidents of work-related ill health were also recorded, the majority related to musculoskeletal complaints, resulting in an occupational injury frequency (OIF) rate of 0.03. The rate is calculated by the ratio of the number of incidents of occupational ill-health in the period to the number of hours worked, multiplied by 200,000. These employees are monitored by the occupational health program.

## Health and safety

For all employees in Brazil, we offer a medical assistance plan and a telemedicine service. The latter is also available for workers providing temporary services in the company. Specifically, in Natura Brazil, we have a Primary Care Program, which monitors employee health over time, with preventive measures and accompaniment of high-risk groups. As part of the program the units in Benevides (PA), Cajamar (SP) and NASP, in the city of São Paulo, have a Health Space, with a team that provides first aid and emergency care. Worthy of note is the fact that emergency care is guaranteed for everyone on Natura premises, both employees and service providers.

### GRI 403-9 Work-related injuries

2021	Employees	Workers who are not employees, but whose work and/or workplace is controlled by the organization
Number of hours worked	39,831,506	12,956,507
Base of number of hours worked <sup>1</sup>	200,000	200,000
Number of work-related injuries <sup>2</sup>	35	16
Total recordable cases <sup>2</sup> - TRC	0.18	0.25

1. The base of the number of hours worked adopted by Natura &Co Latin America was 200,000 in 2021. No historical data available.

2. The company measures the work-related injury rate by calculating the TRC (Total Recordable Cases) and classifies incidents in three categories: accidents with leave (37 cases); accidents with work restrictions (8 cases); and accidents with medical treatment (6 cases). There were no fatalities due to work-related injuries.

## Natura Consultants and Avon Representatives

### Training

In 2021, 34% of the Natura consultants in Brazil took at least one training program, 4% up on 2020. This increase is explained, among other factors, by the attractiveness of the contents, the constant digital activation around training and the social learning strategy (further information on social learning in *Network trains the network and produces content*). From the 153,000 consultants who entered the network in the country in 2021, 123,600 took the initial training programmed. In the countries in Hispanic America, the number of consultants trained was over 135,000 – 67% of the consultants in the region took at least one course during the year. The growth in penetration in training is associated with the launch of the Natura Aprende (Natura Learns) platform and the new training formats, which include workshops and the use of tools such as YouTube, WhatsApp and Spotify.

In Avon, more than 1.1 million representatives were trained in 2021, worthy of note being Mexico, with 529,500 representatives trained in the year (*Further information in Digital inclusion advances*).

## Natura Consultants and Avon Representatives

Number of consultants in training – Natura Brazil	2020 <sup>1</sup>	2021
New consultants	253,000	153,000
Initial training	43,000	123,617
Percentage of single consultants trained (penetration) <sup>1</sup>	30%	34%
Training undertaken	7,800,000	7,700,000

1. Number of single consultants trained divided by the average number of consultants registered in the year.

Number of consultants in training – Natura Hispanic America <sup>1,2</sup>	2020	2021
Argentina	12,128	39,609
Chile	3,879	21,791
Colombia	6,393	12,549
Mexico	-	19,856
Peru	4,562	31,375
<b>Total</b>	<b>26,963</b>	<b>125,180</b>

1. Average number of consultants trained per cycle, without repetition, including face to face and digital training.

2. The significant growth in 2021 is because we started to consider training in commercial rituals, not counted previously.

Number of representatives in training – Avon	2021
Brazil	106,709
Mexico	529,568
Argentina, Chile and Uruguay	128,272
Colombia, Peru and Ecuador	81,713
Guatemala, El Salvador, Honduras, Nicaragua, Panama and Dominican Republic	278,834
<b>Total</b>	<b>1,125,096</b>

## Ethics and human rights

### *Anti-corruption*

#### GRI 3-3

Our commitment to integrity also translates into measures for the communities in which we operate, an example being our active participation on the Council of the Alliance for Integrity in Brazil and the Corporate Responsibility and Anti-Corruption Commission of the International Chamber of Commerce (ICC Brasil).

In 2021, under the auspices of the Corporate Responsibility and Anti-Corruption Commission of the ICC Brasil, we issued an official communication confirming good market practices in combating corruption, as well as being actively engaged in communicating and propagating anti-corruption practices among small and medium sized companies.

We are also signatories to the Instituto Ethos pledge Pacto Empresarial pela Integridade e Contra a Corrupção and the Partnering Against Corruption Initiative (PACI), from the World Economic Forum.

Currently, the Natura &Co Latin America CEO is the chair of the World Federation of Direct Selling Association (WFDSA) Ethics Committee and is heavily engaged in promoting ethics and transparency in the direct selling sector.

## Ethics and human rights

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### Operations assessed for risks related to corruption GRI 205-1

Our level of interaction with public authorities is considered to be low, as is common with consumer goods companies. Accordingly, we do not envisage significant risks related to corruption, because the processes and procedures in place are in line with or go beyond best market practice.

Nevertheless, we understand that we are not totally immune to exposure to this type of risk in our operations – industrialization, logistics, import/export processes, for example. Consequently, we take a proactive stance selecting only suppliers and commercial partners aligned with our principles and values who have been submitted to a rigorous due diligence process, that is repeated periodically.

Given the maturity of related policies and internal procedures and the reach of our Ethics & Compliance measures, we consider that our monitoring is sufficient to impede and/or mitigate any corruption-related risks in all our operations.

### Confirmed incidents of corruption and actions taken GRI 205-3

In 2021, Natura and Natura & Co Latin did not have any substantiated cases of corruption (offering, promising, providing or authorizing any person to give money or other items of value to public authorities) or fraud (acts of bad faith with the intention of defrauding or deceiving the organization).

All reports of corruption and fraud are duly investigated by the Ethics & Compliance team with support from the Internal Audit area. The disciplinary measures in place range from a verbal warning to dismissal of the employee for just cause, according to the severity of the case.

## Ethics and human rights

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### Public policies

GRI 3-3, 415-1

Natura &Co Latin America does not make contributions to campaigns, parties and/or candidates during or outside electoral processes, in line with internal policy. The rule is valid for all the operations. The Natura &Co Code of Conduct is explicit about this rule, adding that the company does not contribute directly or indirectly to political parties, movements, committees, political organizations or unions, their representatives or candidates, except when required by applicable laws. The document also indicates that Natura &Co acts to drive positive social transformations and encourages political participation as a transformational force in society and encourages conscious voting.

### Incidents of discrimination and corrective actions taken

GRI 2-26, 3-3, 406-1

Non-discrimination is addressed in different company documents: Global Code of Conduct, Global Policy on Behaviour in the Workplace, Natura &Co Group Human Rights Statement, Natura &Co Latin America Policy on Gender Violence, Natura &Co Latin America Policy on Diversity, Equality and Inclusion, in addition to the

Anti-Violence Against Women Committee. Specifically, in Natura &Co Brazil there is also the Protocol on Prevention and Intervention on Gender Violence and Protection of Women Victims of Violence.

All employees and third-party workers may contact the Natura &Co group Ethics Line to report cases of discrimination, with full guarantee of anonymity and non-retaliation. Cases may also be reported directly to the Ethics and Compliance area, to the direct manager or to representatives of the People area.

All reports are investigated by the Ethics and Compliance area. For substantiated cases, different disciplinary measures apply, including the dismissal of those involved. If such violations constitute a crime, the authorities are also notified.

In addition to constant communications related to intolerance of discrimination, the company is increasingly promoting training and workshops on questions such as discrimination, harassment and racism. In 2021, one case of discrimination was reported, and one case was confirmed.

## Ethics and human rights

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### **Compliance with laws and regulations**

GRI 2-27, 3-3

We are committed to complying with all environmental legislation. We monitor adherence to pertinent legislation by means of tools such as the compliance dashboard. In 2021, there were no significant non-monetary sanctions or fines (in excess of BRL 100,000 or medium to high risk for the company's image).

In 2021, we did not identify any cases, lawsuits or significant fines related to anti-competitive behaviour or the supply and use of products and services, as in previous years

**GRI 206-1**

### **Customer privacy**

GRI 3-3, 418-1

The Natura &Co Data Privacy Program is based on best global practices and the regulatory specificities of each location. In 2021, we received on average 40 requests a month related to the protection of data in our privacy channels. Most of the complaints made by E-GOV and PROCON are related to notifications of data fraud or requests for the exclusion of data, which is a right guaranteed by Brazil's general data protection law (LGPD).

### **Incidents of violations involving rights of indigenous peoples**

GRI 3-3, 411-1

Relations with indigenous peoples are incorporated into the instruments, processes and guidelines for our relations with traditional populations, such as the System of Verification of Social Biodiversity Chains, the Union for Ethical Biotrade (UEBT) protocol, and our policy on relations with supplier communities.

Currently, Natura maintains relations with the Cinta Larga indigenous group in Aripuanã, Mato Grosso.

In 2021, there were no incidents or violations of the rights of indigenous peoples in the locations in which we operate.

### **Violations in labour practices**

GRI 3-3, 407-1, 408-1, 409-1

No cases of child labour were reported in the Natura &Co operations or in its supplier chain. Neither were any operations in which the right to union association and collective bargaining was at risk identified.

### **New suppliers that were screened using social criteria environment**

GRI 3-3, 308-1, 308-2, 414-1, 414-2

## Ethics and human rights

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In 2021, 1,026 new suppliers were considered for contracting; 22.8% of them were screened using socio-environmental criteria.

All company suppliers are submitted to risk assessments related to socioenvironmental criteria and anti-corruption practices. Those identified as presenting greater risk are subject to a mandatory audit that assesses questions such as occupational health and safety and legal compliance. Every new supplier must formally adhere to the Global Supplier Code of Conduct, currently valid for Natura, The Body Shop and Aesop. In the approval process, in addition to the audit, candidates are submitted to assessments of financial health, consultation of blacklists and quality audits. The company is committed to zero tolerance of human rights violations, such as child labour and forced labour.

Specifically, in the case of the Natura supplier communities, all new communities entering the company's supply chain are selected based on socioenvironmental criteria, in line with Union for Ethical Biotrade (UEBT) criteria and the Natura Policy on Social Biodiversity. With new communities joining our network, in 2021 we reached a total of 46 supplier communities. Further information in **[The Amazon and the climate.](#)**

## Ethics and human rights

<b>Suppliers identified as having significant actual or potential impacts</b> GRI 308-2, 414-2	<b>2020</b>	<b>2021</b>
<b>Environmental impacts</b>		
Suppliers assessed	241	234
Suppliers identified as having significant actual or potential impacts	126	148
Number of significant actual or potential impacts identified	30	310
Suppliers with whom improvements were agreed on	36	30
Percentage of suppliers with whom improvements were agreed on <sup>1</sup>	28.6%	20.3%
Suppliers with whom relations were terminated as a result of the assessment	0	34
Percentage of suppliers with whom relations were terminated as a result of the assessment <sup>3</sup>	0	23,0%
<b>Social impacts</b>		
Suppliers assessed	241	234
Suppliers identified as having significant actual or potential impacts	97	217
Number of significant actual or potential impacts identified	0	145
Suppliers with whom improvements were agreed on	30	71
Percentage of suppliers with whom relations were terminated as a result of the assessment <sup>1</sup>	30.9%	32.7%
Suppliers with whom relations were terminated as a result of the assessment	0	37
Percentage of suppliers with whom relations were terminated as a result of the assessment <sup>3</sup>	0%	17.05%

1. The percentage calculated takes into account the number of suppliers with whom improvements were agreed on among the total of suppliers identified as having actual or real negative impacts in the environmental and/or social dimensions.

2. Relations were terminated because of a lack of return related to the corrective action plans for the non-conformances identified within the time frame established.

3. The percentage calculated takes into account the number of suppliers with whom relations were terminated among the total of suppliers identified as having actual or real negative impacts in the environmental and/or social dimensions.

### GRI 204-1 Total amount spent on local suppliers by operational unit (BRL million) – Natura <sup>1 2 3</sup>

Cajamar	218.73
Benevides	31.99
Total amount spent on local suppliers	250.72
Total amount paid to suppliers	8,160.19
% of budget spent on local suppliers	3.07

1. The data only reflect information for Natura and do not include the operations of the other group brands.

2. The definition of a local supplier is one located in the same municipality as the manufacturing units (Cajamar and Benevides), supplying to any Natura unit. The operations in Hispanic America whose production is undertaken by third-party manufacturers are not included in the calculation.

3. Exchange rate conversion used 1 USD: 5.4 BRL.



## Consumer health and safety

*Requirements for product and service information and labelling*

GRI 3-3, 417-1

The product packs of all four of our brands contain information about how they should be used, as well as about socioenvironmental impacts, guidance on how to dispose of the product, indication of the number of times the pack may be reused and all current legal requirements. The Natura Ekos line packs specifically contain the UEBT (Union for Ethical Biotrade) seal and the organization's official website. Natura Ekos has been UEBT certified since 2018 (*further information in [The Amazon and the climate](#)*).



### List of ingredients banned by Natura\* GRI 416-1, SASB CG-HP-250a.3

**2-Bromo-2-Nitropropane-1,3-Diol (Bronopol)**  
**5-Bromo-5-Nitro-1,3-Dioxane**  
**Boric acid**  
**Diazolidinyl Urea**  
**Dimethyl Oxazolidine**  
**Dodecamethylcyclohexasiloxane (D6)**  
**Formaldehyde**  
**Ginkgo Biloba**  
**Glutaraldehyde**  
**Isoamyl p-Methoxycinnamate**  
**Methyldibromo Glutaronitrile**  
**Musk xylene**  
**Nonoxynols**  
**Octamethylcyclotetrasiloxane (D4)**  
**Parabens**  
**Phenylmercury**  
**Phthalates**  
**Polyaminopropyl Biguanide (PHMB)**  
**Polyethylene terephthalate**  
**Quaternium-15**  
**Thimerosal**  
**Triclosan**

*\*In addition to the materials banned mentioned above, there are controversial ingredients that are prohibited or have restricted use for new developments (they may only be used under determined conditions).*

## Leadership and social influence

### *Membership of associations*

#### **GRI 2-28**

We maintain our membership of the Brazilian direct selling association ABEVD (Associação Brasileira de Empresas de Vendas Diretas), focused on the digitalization of relationship selling, entrepreneurship and decent working conditions, among others. One of our vice presidents, Erasmo Toledo, is the chair of the body's Steering Council for the period 2020-2022. Our CEO, João Paulo Ferreira, is a member of the Board of the World Federation of Direct Selling Associations (WFDSA), in which he chairs the Ethics Committee.

We participate actively in the CFT industry association Abihpec (Associação Brasileira da Indústria de Higiene Pessoal, Perfumaria e Cosméticos), with emphasis on the following agendas: taxes and simplification and debureaucratization of regulatory standards for the sector.

We are also members of direct selling associations affiliated to the WFDSA and of the national CFT associations in all the countries in which we operate in Latin America.

In terms of the sustainability agenda, our vice president of Brand, Innovation, Internationalization and Sustainability, Andrea Alvares, maintained membership of the CEBDS (Conselho Empresarial Brasileiro de Desenvolvimento Sustentável) Leaders Committee and the steering council of the Instituto Ethos, as well as participating in the Business for Nature coalition and the Global Environment Fund. The Sustainability director, Denise Hills, is vice chair of the board of the Global Compact Brazil Committee,

a board member of the CEBDS (Conselho Empresarial Brasileiro de Desenvolvimento Sustentável) and a member of the Concertation for the Amazon network Discussion Forum, as well as occupying the position of vice chair of the B System Brazil.

We are also on the Board and the Steering Committee of the Instituto Ethos de Empresas e Responsabilidade Social, participating in the entity's working group on Decent Work. In the CEBDS, we head the Climate Change and Biodiversity Committees and participate in the Human Rights Forum, with executives specialized in each one of the areas. Also worthy of note is our membership of the Coalizão Brasil Clima Florestas Agricultura, where we participate in the Deforestation, Payment for Environmental Services, Carbon and Bioeconomy task forces. Regarding the environmental agenda, we are also members of ICC Brasil, participating in the environmental forum.

Worthy of note also is the institutional involvement of the Natura &Co group co-founders. Pedro Passos is a member of the board of the Instituto de Estudos para o Desenvolvimento Industrial (Iedi) and the Business Leaders Committee of Mobilização Empresarial pela Inovação (MEI). He is also a member of the industry association CNI (Confederação Nacional da Indústria). Guilherme Leal is a member of the board of the Global Compact, the main body responsible for setting the initiative's strategies and policies; he is a member of the B Team (B System) and is a curator of the Instituto Ethos.

## Main associations with which we maintain relations:

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**Global Compact**, of the United Nations Organization(UNO)  
| <https://www.unglobalcompact.org/> |

**World Business Council for Sustainable Development (WBCSD)** (WBCSD) | <https://www.wbcsd.org/> |

**CEBDS** (Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável). | <https://cebds.org/> |

**World Federation of Direct Selling Associations** (WFDSA)

**UEBT (Union for Ethical Biotrade)**

**B-team**, in addition to participating in the organization, Natura &Co is a signatory to Net-zero, a coalition to accelerate transition to a low carbon economy by 2050  
| <http://www.bteam.org/> |

### **Movement Builder**

- B Movement Builders (BMB), Natura & Co joined the B Movement Builders program to act jointly with Natura as mentor, due to the organization's maturity in the B Movement and its BCorp certification.

**TCFD (Task Force on Climate Finance Disclosures)**  
| <https://www.fsb-tcf.org/about/> |

**Science Based Target (SBTi)** | <https://sciencebasedtargets.org/companies-taking-action/> |

**Ellen MacArthur Foundation**, in addition to signatories to the **New Plastics Economy**, initiative, which establishes targets related to plastic for 2025 | <https://www.ellenmacarthurfoundation.org/> |

**Instituto Ethos** | <https://www.ethos.org.br/> |

**PPA (Parceiros pela Amazônia)** | <https://ppa.org.br/> |

**Abihpec** (Associação Brasileira da Indústria de Higiene Pessoal e Cosméticos) | <https://abihpec.org.br/> |

**Coalizão Brasil Clima Florestas Agricultura**  
| <https://www.coalizaobr.com.br/home/index.php> |

### **Concertation for the Amazon**

| <https://concertacaoamazonia.com.br/> |

### **Personal Care Products Council (PCPC)**

**Further information at** <https://ri.naturaeco.com/esg/representacoes-indices-e-certificacoes/>  
GRI 2-23

## Approach to stakeholder engagement

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### *Key topics and concerns raised*

GRI 2-25, 2-29

We conduct periodic surveys with our main stakeholder groups, assessing the results and devising actions plans to address the points raised.

With the Natura consultants and leaders we track satisfaction and loyalty indicators which also take into account the intention to continue the relationship with Natura and the probability that the consultant would recommend the company to other people. These indicators are measured in each sales cycle and, for the leaders, every two cycles. Avon measures representative satisfaction on a continuous basis.

Loyalty is also the indicator selected to assess relations with the supplier communities – in this case measured bi-annually.

The employee engagement survey underwent adjustments in 2021 following the integration and the engagement of Natura & Co Latin America employees, encompassing all the four brands. The survey was implemented twice a year to capture perceptions of recent experience and to ensure a more agile response to demands.

We also track Natura and Avon brand preference indicators.

The results and comparison with previous surveys are available on the pages:

Employees: page 80

Consultants and leaders: page 136

Representatives: page 148

Supplier communities: page 60

Natura consumers: page 136

Avon consumers: page 144

### **Complaint mechanisms\***

GRI 2-25

More than 2 million contacts were received in 2021, 66% by telephone and 34% via online chat. In Hispanic America, the channels in Argentina, Chile, Colombia, Mexico and Peru received 1,123,300 contacts. The average response time did not exceed four working days. The main reasons for contacting the channels are doubts or complaints related to charges/collection, post-sales, orders, support for the activity, registration and transportation.

*\*Data refer to the Natura brand operations.*

## Environmental management

### Emissions

GRI 305-1 Direct (Scope 1) GHG emissions (tCO <sub>2</sub> equivalent) <sup>1 2 3 4 5</sup>	2020	2021
Generation of electricity, heat or steam	583.18	651.81
Physical-chemical processing	164	157.5
Transportation of materials, products, waste, employees and passengers	1,087.03	921.42
Fugitive emissions	2,943.16	1,580.92
<b>Total gross CO<sub>2</sub> emissions</b>	<b>4,777.22</b>	<b>3,311.67</b>

1. The greenhouse gas emissions inventory takes into account all the emissions from all stages of our operation, from the extraction of raw materials, through our processes and those in our production chains, to the final disposal of post-consumer packaging. We comply with GHG Protocol standards and the principles of Brazil's ABNT NBR ISO 14064-1 standard, which establish rules for their conception and development. In 2020, the Natura GHG Inventory was audited by PwC.
2. The calculations cover the gases CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and HFCs.
3. The base year considered is 2020.
4. The inventory does not take into account the operations in the United States and Malaysia.
5. The premises presented here are extended to all the GRI 305 series disclosures.

Biogenic CO <sub>2</sub> emissions (tCO <sub>2</sub> equivalent)	2020	2021
Direct biogenic emissions (from the burning or biodegradation of biomass) GRI 305-1	9,624	11,904
Indirect biogenic CO <sub>2</sub> emissions GRI 305-3	10,015	9,727
GRI 305-2 Energy indirect GHG (scope2) emissions from the acquisition of energy (tCO <sub>2</sub> equivalent)	2020	2021
Generation of electricity, heat or steam	5,523.01	9,843.73

## Environmental management

### Waste

GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5,  
SASB CG-HP-410a.2

In line with the measures to pursue complete circularity in our packaging – one of the Commitment to Life pillars –, we work with annual targets to reduce the waste from our internal processes. The company has an internal multidisciplinary committee that meets every fortnight to track relevant information and identify reduction opportunities. The company waste management process is in compliance with the pertinent legislations.

In 2021, for every unit produced by Natura &Co Latin America, 23.99 g of waste was generated, a little over the target established for the period (22.20g). The initiative implemented included projects to reduce losses in the factories, the return of cardboard cartons to suppliers, the recuperation of wooden pallets and composting at the Ecoparque in Benevides (PA), with the consequent reduction in the volume of sludge generated at the unit.

For the group operations in Latin America, 94% of the waste generated was reused in the form of recycling.

GRI 306-3, 306-4 Waste diverted from disposal and directed to disposal	2021		
	Quantity (t)	Waste diverted from disposal (t)	Waste directed to disposal (t)
<b>Non-hazardous</b>			
Glass	784,33	783.06	1.27
Plastic	2,440.88	2,436.85	4.03
Wood	2,624.87	2,618.07	6.80
Metal	243.95	242.88	1.07
Paper/cardboard	15,596.43	15,596.38	0.05
Other non-hazardous	12,684.62	10,774.06	1,910.56
<b>Total non-hazardous</b>	<b>34,375.09</b>	<b>32,451.31</b>	<b>1,923.78</b>
<b>Hazardous</b>			
Hazardous	5,455.88	5,008.36	447.52
<b>Non-hazardous + Hazardous</b>			
<b>Overall total</b>	<b>39,830.97</b>	<b>37,459.67</b>	<b>2,371.30</b>

## Environmental management

GRI 306-5 Waste recovery by recycling <sup>1</sup> (t)	2021		
	Inside the organisation	Outside the organization <sup>2</sup>	Total
Hazardous	4,470.34	538.02	5,008.36
Non-hazardous	30,048.08	2,404.24	32,452.31
<b>Total</b>	<b>34,518.41</b>	<b>2,941.26</b>	<b>37,459.67</b>

1. Recycling: composting, co-processing and recycling.
2. Third-party manufacturers who manufactured 80% of the total units produced by third-parties in 2021 for Natura and Avon are considered.

GRI 306-5 Waste directed to disposal	2021		
	Inside the organisation	Outside the organization <sup>1</sup>	Total
<b>Hazardous</b>			
Incineration without energy recovery	169.18	13.06	182.24
Landfill	107.96	158.32	265.28
<b>Total hazardous</b>	<b>276.14</b>	<b>171.38</b>	<b>447.52</b>
<b>Non-hazardous</b>			
Incineration without energy recovery	366.38	62.52	427.91
Landfill	930.06	565.81	1495.87
<b>Total non-hazardous</b>	<b>1,295.44</b>	<b>628.33</b>	<b>1,923.78</b>

1. Third-party manufacturers who manufactured 80% of the total units produced by third-parties in 2021 for Natura and Avon are considered.

### GRI 301-1, SASB CG-HP-410a.1 Materials used in production and packaging (t)

Name of material	Natura Latam 2021	Avon Latam 2021	Total
Metal	1,215.55	892	2,107.55
Paper/cardboard	11,828.10	1,930	13,758.10
Plastic	12,947.46	12,340	25,287.46
Glass	16,097.44	13,645	29,742.44

## Energy

### GRI 3-3, 302-1

Natura &Co Latin America monitors data relative to the consumption of energy from fossil fuels and renewable sources. The effective management of energy consumption, which includes periodic reporting to unit leaders, and our reduction efforts contribute directly to our greenhouse gas emission targets.

Considering the data from the four companies of the group, 83% of all the energy consumed by Natura &Co Latin America in 2021 was from renewable sources.

Due to the integration process still underway, it is not possible to disclose the energy consumed outside the organization on a consolidated basis for the four companies. This information is available only for Natura and Avon.

### GRI 302-2

## Environmental management

GRI 302-1, 302-2 Energy consumed (MWh)	2021				Conso- lidated
	Natura		Avon		
	Natura Brazil <sup>1</sup>	Natura Hispanic America	Avon Brazil	Avon Hispanic America	
Fuels from non-renew- able sources	6,884	521	10,402	14,461	32,268
Fuels from renewable sources	97,168	4,817	26,648	31,477	160,110
<b>Total</b>	<b>104,052</b>	<b>5,338</b>	<b>37,050</b>	<b>45,938</b>	<b>192,378</b>

1. The energy consumed considers The Body Shop and Aesop. However it does not include data from any group stores or energy consumed in mobile combustion.

GRI 302-1, 302-2 Energy consumed (MWh)	2021
Electricity <sup>1</sup>	103,711
Heating <sup>2</sup>	14,792
Refrigeration <sup>3</sup>	25,928
Steam <sup>4</sup>	47,947
<b>Total</b>	<b>192,378</b>

1. Diesel oil is considered as electrical energy because it is used only when the grid supply is interrupted or is unstable (generators).
2. All the LPG and natural gas used in the Natura &Co Latam head office in São Paulo (SP) was considered.
3. We consider that 20% of the electricity is used in refrigeration because segregated measurement is not yet available.
4. For the generation of steam, in addition to the alcohol and briquettes used in the Cajamar (SP) and Ecoparque (PA) factories, the total natural gas used in the plants in Moreno (Argentina), Interlagos (Brazil) and Celaya (Mexico) was considered.
5. The energy consumed considers all the companies of the group. However it does not include data from any group stores or energy consumed in mobile combustion.

GRI 302-1, 302-2 Energy consumption by third-party manufacturers <sup>1</sup> (MWh)	2021
Natura third-party manufacturers	9,422
Avon third-party manufacturers	13,758
<b>Third-party manufacturers (consolidated)</b>	<b>23,179</b>

1. Third-party manufacturers who manufactured 80% of the total units produced by third-parties in 2021 for Natura and Avon were considered.

GRI 302-1, 302-2 Energy matrix (%)						
2021	Natura		Avon		Consolidated Natura &Co Latam (total in MWh) <sup>1</sup>	
	Natura Brazil (%)	Natura Hispanic America (%)	Avon Brazil (%)	Avon Hispanic America (%)		
<b>Renewable sources<sup>2</sup></b>						
Electricity (grid)	62.9	90.2	71.9	68.5	66.8	128,429
Briquettes	15.4	0.0	0.0	0.0	8.3	16,026
Alcohol	15.0	0.0	0.0	0.0	8.1	15,654
<b>Total energy from renewable sources</b>	<b>93.4</b>	<b>90.2</b>	<b>71.9</b>	<b>68.5</b>	<b>83.2%</b>	<b>160,110</b>
<b>Non-renewable sources</b>						
Heavy oil – low flow power	1.0	0.0	3.2	0.0	1.2	2,232
Diesel oil	0.8	1.0	0.2	0.5	0.6	1,210
LPG	1.2	0.0	0.5	0.9	1.0	1,874
Natural gas	3.6	8.7	24.2	30.0	14.2	26,953
<b>Total energy from non-renewable sources</b>	<b>6.6</b>	<b>9.8</b>	<b>28.1</b>	<b>31.5</b>	<b>16.8%</b>	<b>32,268</b>

1. Total renewable and non-renewable energy consumption was 192,378 MWh in 2021.

2. The energy consumed considers all the companies of the group. However it does not include data from any group stores or energy consumed in mobile combustion. Electrical energy consumption is considered to be from renewable sources.



## Environmental management

GRI 302-3 <b>Energy intensity</b> <sup>1</sup>	<b>Natura</b>	<b>Avon</b>
Energy consumption inside the organisation (MWh)	99,967	69,231
Energy intensity inside the organization (Wh/unit produced)	107.5	120.6
Types of energy included in the intensity rate (fuel, electricity, heating, refrigeration, steam or all)	All	All
Energy consumption outside the organisation (MWh)	9,422	13,758
Energy intensity (outside the organization) (Wh/unit produced)	60.1	73.6
Types of energy included in the energy intensity rate (fuel, electricity, heating, refrigeration, steam or all)	All	All
Total energy consumption by the organisation (MWh)	109,389	82,988
Energy intensity (total for organization) (Wh/unit produced)	100.6	109.1
Types of energy included in the energy intensity rate (fuel, electricity, heating, refrigeration, steam or all)	All	All
Proportion of energy intensity inside/outside the organization	1.07	1.11

1. The volume of energy consumed considers all the companies of the group. However it does not include any group stores or energy consumed in mobile combustion.

## Environmental management

### Water

GRI 3-3, 303-1, 303-2, 303-3, 303-4, 303-5,  
SASB CG-HP-140a.1, SASB CG-HP-140a.2

We have a commitment to protect water quality, to implant wastewater treatment plants and treated effluent reuse systems (discharge) and to continuously reduce consumption; however, there is no formal water policy.

Our water consumption figures are monitored on a monthly basis by leaders in the areas where consumption is more significant. All our areas have monthly consumption targets, established in accordance with the specificities of each area and operation. In the plants where the consumption is highest, in addition to continuous monitoring, we focus on the rapid identification of losses and opportunities to improve equipment and implement consumption reduction initiatives.

The company also monitors and treats effluents, with internal and external checks to ensure discharge is compliant with legal parameters.

The Safety, Health and Environment (SHE) department, in conjunction with the areas, tracks the data and compares them with the targets. Any deviations result in an analysis and an action plan.

In 2021, water consumption for Natura & Co Latin America, calculated based on the difference between the total withdrawn and the total discharged, was 340 ML.

GRI 303-3, 303-4, 303-5, SASB CG-HP-140 a.1 <b>Volume of water withdrawn, discharged and consumed (ML)</b> <sup>1</sup>	2021		
	Natura	Avon	Consolidated
Total water withdrawn	353.3	401.3	754.6
Total water discharged	192.7	222.1	414.8

1. The data include The Body Shop and Aesop operations. However, they do not take into account information about any of the group companies' stores.

## Environmental management

### Biodiversity

GRI 304-1 Operational sites in or adjacent to protected areas or areas of high biodiversity value – Natura'

Classification	Cajamar	Ecoparque	NASP/SPDC
Geographical location	Cajamar (SP)	Benevides (PA)	São Paulo (SP)
Surface and underground areas owned, leased or managed by the organization	Own area	Own area	Leased area
Position in relation to protected area	Permanent protection area inside the unit (areas close to Juqueri River and a spring)	Permanent protection area inside the unit (areas close to the Benfica River and a spring)	SIP (Predominantly industrial zone)
Type of operation	Administrative and production of cosmetics	Administrative and production of basic mass for bar soap and soap	Administrative and logistics with warehousing and distribution of cosmetics
Size of operational unit (m <sup>2</sup> )	646,000 m <sup>2</sup>	1,729,000 m <sup>2</sup>	111,700 m <sup>2</sup>
Biodiversity value in accordance with protection status listing <sup>2</sup>	Permanent protection area	Permanent protection area	Not Applicable

1. There are no preservation areas in our distribution centres because they are located in condominiums in industrial zones. In Brazil, the distribution centers are in rented spaces. They house administrative and logistics activities in the cities of Jaboatão dos Guararapes (PE), Simões Filho (BA); Castanhal (PA), Mathias Barbosa (MG) and Uberlândia (MG).

2. Information about the value of biodiversity and the type of ecosystem in the areas is not available.

### Species included in the IUCN red list and national conservation lists with habitats located in areas affected by the organization's operations – Natura

GRI 3-3, 304-4

In 2021, Natura used 16 vegetable species from Brazilian biodiversity identified in the International Union for Conservation of Nature (IUCN) red list and on national lists of species threatened with extinction. Eleven are species from the Amazon, four from the Atlantic Rainforest and one from the Cerrado region. The variation in the number of species in recent years is due to the inclusion of new species in these lists and the variation in use of these ingredients by the company each year.

Management of the use of natural ingredients and their derivatives is in accordance with the guidelines and principles of the Union for Ethical BiTrade (UEBT) and the Ethical BioTrade Standard. We also adopt best production practices, such as agroforestry systems and the sustainable stewardship of non-timber forest products. Our business model is committed to the conservation of biodiversity, valuing associated traditional knowledge and the equitable distribution of benefits throughout the production chain.

## Environmental management

### Species included in the IUCN Red List and on national conservation lists – Natura<sup>12</sup>

Level of risk of extinction	2020	2021
Endangered <sup>3</sup>	7	2
Vulnerable	5	4
Near threatened	2	1

1. Information only covers data on region in which the Ecoparque is located, in Benevides, Pará.

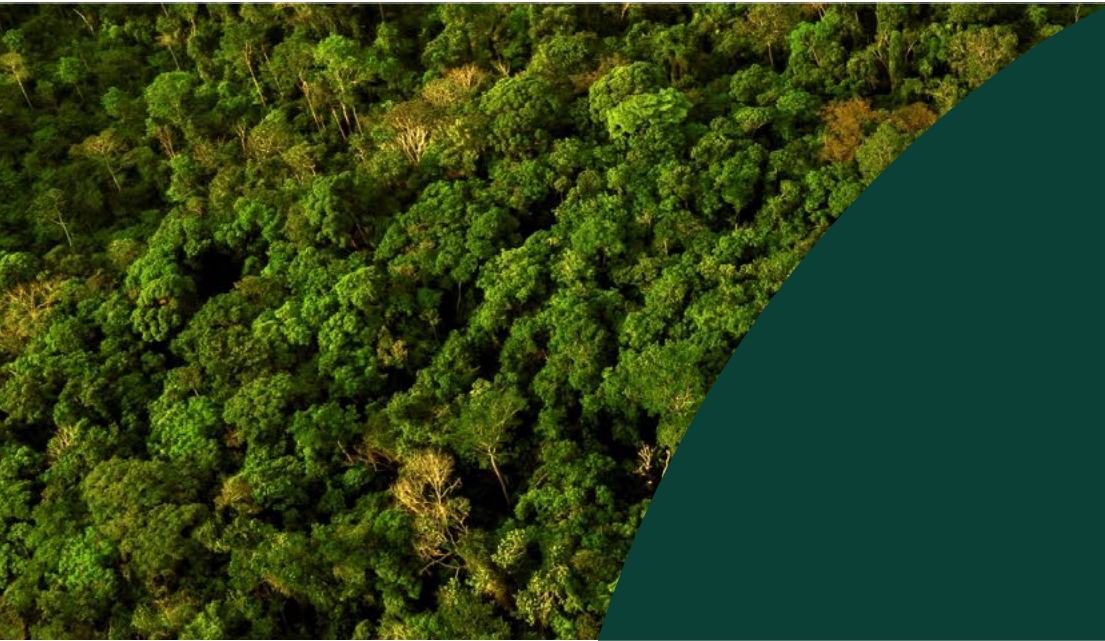
2. The species on the official lists of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) were not considered because they are not on the IUCN list or on national conservation lists.

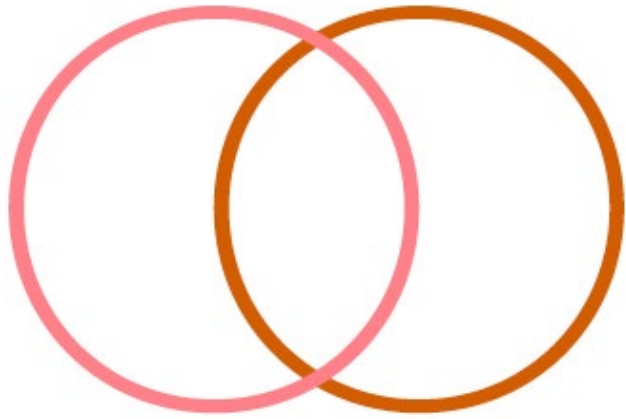
3. Endangered and threatened species were considered in this category.

Vegetable species used in production processes and included in the IUCN Red List <sup>1</sup>	Level of risk of extinction
Ucuuba – <i>Viola surinamensis</i>	Endangered
Brazil Nut – <i>Bertholletia excelsa</i>	Vulnerable
Andiroba – <i>Carapa guianensis</i>	Least concern
Priprioica – <i>Cyperus articulatus</i>	Least concern
Guaçatonga – <i>Casearia sylvestris</i>	Least concern
Jatobá – <i>Hymenaea courbaril</i>	Least concern
Sapucainha – <i>Carpotroche brasiliensis</i>	Least concern
Açaí solteiro - <i>Euterpe precatoria</i>	Least concern
Pitanga - <i>Eugenia uniflora</i>	Least concern
Cumaru - <i>Dipteryx odorata</i>	Insufficient data
Copaíba - <i>Copaifera reticulata</i>	Least concern
Copaíba - <i>Copaifera langsdorffii</i>	Least concern
Capitui - <i>Siparuna guianensis</i>	Least concern
Candeia - <i>Eremanthus erythropappus</i>	Least concern
Breu/Mirra - <i>Protium heptaphyllum</i>	Least concern
Babaçu - <i>Attalea speciosa</i>	Least concern

1. Considers the Natura operation

# About *the report*





# About *the report*

The Natura &Co Latin America Integrated Report presents this business unit of the Natura &Co group, and portrays the main highlights in performance and in our initiatives in the Natura Commitment to Life, which is our 2030 Vision.

International references such as the principles of the United Nations Global Compact, to which we are signatories, and the Sustainable Development Goals

(SDGs) are also observed in the publication **GRI 3-1**

This report is aligned with the guidelines of the Global Reporting Initiative (GRI Standards) and the Value Reporting Foundation (VFR), including the SASB and the IIRC.

## **Basis of preparation**

Technical details about the information reported may be seen in a complementary document called Basis of Preparation, available on the [report website](#).

## Reporting period

*The report is published annually. The current period was from January 1 to December 31, 2021*

GRI 2-3

### **GRI Scope 2-2**

The Natura & Co Latin America (Natura & Co Latam) business unit, comprising the Natura business in all its geographies, and the representations of Avon, The Body Shop and Aesop in Latin America. The disclosures are presented in consolidated form as a priority. In the event of the unavailability or non-applicability of consolidated information, the scope presented is indicated clearly in the texts and the notes.

### **Contact us**

Any doubts, comments or requests for additional information about the Annual Report may be addressed to the email **relatorioanual@natura.net**. We also respond to comments about our performance and our management practices in our social network profiles and in meetings with stakeholder groups.

GRI 2-3

The financial data are consolidated for Natura & Co Latin America, which encompasses the group's four brands in the region: Natura in all its geographies and the Avon, The Body Shop and Aesop operations in Latin America. The Management Report was published in the March 10, 2022 edition of the newspaper Valor Econômico, with a global scope and covering the year from January 1 to December 31, 2021. Also as part of the results disclosure process, Natura & Co publishes a consolidated annual report, available [here](#).

### **GRI 2-2**

The list of information is provided in the GRI and SASB content index. In a specific section at the end of the publication we include other GRI information and specific information related to the company (Complementary disclosures).

### **GRI 3-2**

The planning and elaboration of the 2021 Natura & Co Latam 2021 Integrated Report is overseen by the vice president of Marketing, Innovation, Internationalization and Sustainability and the vice president of Media, Content and Communication, through the Communication and Creation management area, which coordinate the involvement of the different company areas and brands in gathering the information and analyzing the results. The goals of our Commitment to Life, which orientates the construction of the report, as well as the inclusion of the main international references in disclosure, such as the GRI, SASB and the principles of integrated reporting are evidence of an holistic, transversal vision of the different dimensions that affect our business and our activities in society.

We live with the dilemma of offering increasingly extensive data in the midst of the process of integrating and formatting Natura &Co Latin America and, in parallel, communicating with greater objectivity to facilitate the reader's comprehension. We understand that enhancing concision remains a challenge.

The document was submitted to external assurance, conducted by PwC. **GRI 2-14, 2-5**

## Alignment on materiality

GRI 2-29, 3-1, 3-2

We are a company based on relations, closely integrated with our ecosystem including our employees, suppliers and supplier communities, consultants and representatives, consumers and many partnering organizations. Closeness, engagement and dialogue are continuous processes at Natura and, now, at Natura &Co Latin America.

This is an ongoing process that does not have a designated frequency. It occurs whenever necessary to formulate strategic projects involving our ecosystem. An example of this concern is the construction of the Commitment to Life, the manifestation of our 2030 Vision with bold targets that we have established for the advance of the company and our entire ecosystem.

The construction was the Natura &Co group's first collective work, begun in 2019 between Natura, The Body Shop and Aesop and, since 2021, with Avon. Inspired by the Natura 2050 Vision and the learnings accumulated in the first cycle of Ambitions, from 2014 to 2020, the Commitment to Life also involved analysis

of international references such as the Sustainable Development Goals (SDGs), the targets of the Paris Climate Agreement, commitments such as those of the Ellen MacArthur Foundation for waste, the Future Fit-Business, in addition to support from international consultancies.

A working group with representatives of the different areas impacted by these themes, from all the brands, met during a year and a half to build these targets, which have shaped business decisions and investment priorities for the coming years.

The Commitment to Life also oriented the definition of the materiality of the topics addressed in this report (see the following table).

The previous process, conducted in 2014, considered only the Natura brand. It was based on consultation of stakeholders, with more than 4,200 responses to an online survey by different groups, 40 interviews conducted in person and by telephone and a multistakeholder discussion panel with 18 participants. Later the matrix was reviewed based on an internal analysis, with the addition of two new topics to Natura's materiality, resulting in eight questions: 1. water, 2. diversity, 3. equality and the generation of work and income, 4. education for the development of employees and consultants, 5. climate change, 6. waste, 7. transparency and, 8. product origin and valuing social biodiversity.

The Natura &Co group is conducting its first materiality process, which was begun in 2021 and continues in 2022.



In addition to the global vision, the process includes a more detailed examination of each of the group's four business units (Natura & Co Latam, Avon International, The Body Shop International and Aesop International), to enable the more accurate capture of the perception of stakeholder groups in all the regions in which the group operates.

In Natura & Co Latin America, our main stakeholder groups are our employees, the network of Natura Beauty Consultants and Avon Beauty Representatives, our supply chain, including the communities supplying social biodiversity ingredients, end consumers, investors and partnering bodies (*see the list of supporters and partnerships in Leadership and social influence*).

**Commitment to Life, impacts and metrics** GRI 2-29, 3-1, 3-2. 3-3

Pillar	Sub-pillar	Related topics and aspects	Disclosures		SDGs
			GRI	SASB	
Address climate change and protect the Amazon	Net zero GHG emissions	Energy Emissions	302-1 to 302-3; 305-1 to 305-7	Not Applicable	1, 3, 8, 10, 12, 13, 15, 17
	Protecting the Amazon	Indirect Economic Impacts, Local Communities	203-1 and 203-2; 413-1 and 413-2	Not Applicable	
	Help to create science-based biodiversity targets	Water and effluents, Biodiversity, Public Policies	303-1 to 303-5; 304-1 to 304-4; 415-1	CG-HP-140a.1, CG-HP-140a.2	

**Commitment to Life, impacts and metrics** GRI 2-29, 3-1, 3-2. 3-3

Pillar	Sub-pillar	Related topics and aspects	Disclosures		SDGs
			GRI	SASB	
Defend Human Rights and be More Human	Our people	Employment, Occupational Health and Safety, Training and Education, Diversity and Equality of Opportunities	401-1 and 401-3; 403-1 to 403-7; 403-9 and 403-10; 404-1, 404-2 and 404-3; 405-1 and 405-2;	Not applicable	1, 3, 4, 5, 8, 10, 12
	Broader network	Indirect Economic Impacts Procurement practices Training and Education, Local Communities	203-1 and 203-2; 204-1, 404-1, 413-1, 413-2	Not applicable	
	Intolerance of human rights violations in our supply chain	Environmental assessment of suppliers, Non-discrimination, Freedom of association and collective bargaining, Child labour, Forced or slave labour, Rights of indigenous peoples, Social assessment of suppliers	308-1 and 308-2; 406-1; 407-1; 408-1; 409-1; 411-1; 414-1 and 414-2	Not Applicable	
Embrace circularity and regeneration	Full packaging circularity	Materials Waste	301-2 and 301-3; 306-1 to 306-5	CG-HP-410a.1, CG-HP-410a.2	1, 3, 9, 11, 12, 14, 15
	Circularity in formulas	Consumer health and safety	416-1 and 416-2	Not Applicable	
	Investment in regenerative solutions	Marketing and Labelling, Formulations	417-1	CG-HP-250a.3	
Transversal aspects, business and governance	Not Applicable	Economic performance, Taxes	201-1; 207-1 to 207-4	Not Applicable	16
		Anti-corruption and anti-competitive behaviour	205-1, 205-2 and 205-3; 206-1	Not Applicable	

# Technical *references*



The Natura &Co Latin America Integrated Report employs the following reporting references:

**Global Reporting Initiative (GRI) Universal Standards -**

See the full list of disclosures from page 220.

**Sustainability Accounting Standards Board (SASB) –**

We complemented the performance information with indicators from the Household & Personal Products segment in the Consumer Goods sector. See the full list of indicators addressed from page 234.

**Integrated Reporting –** We reinforced alignment with the Integrated Reporting Framework. Based on principles, the reference does not include metrics or the disclosure of individual subjects, indicating the need to consider eight content elements: Overall and Organizational Vision and External Environment; Governance; Business Model; Risks and Opportunities; Strategy and Resource Allocation; Performance; Outlook; and, Basis for Presentation.

To better illustrate this approach to the reader, at the beginning of each relevant topic we have indicated the reporting elements considered.

The report was assured by an independent auditor, as determined by Guidance CPC 09 from the Brazilian Accounting Pronouncements Committee (CPC), and Resolution 14 from the Comissão de Valores Mobiliários (CVM).

**Sustainable Development Goals (SDGs) and Global Compact Principles –** Our initiatives are aligned with global agendas, which incorporate key challenges for society, public authorities and the production segment. The main SDGs considered are integrated into the GRI Content Index. The list of the 10 Principles of the Global Compact is presented from page 235.

# GRI content *index*



**CONTENT INDEX  
ESSENTIALS SERVICE**

**2022**

In accordance with the GRI Content Index Essentials Service the GRI Content Index is presented clearly in line with the standards. The references for the disclosures 2-1 to 2-5, 3-1 and 3-2 correspond to the appropriate sections in the body of the report.

This service was undertaken originally in Portuguese.

Indicators marked with an asterisk (\*) were assured by PwC.

## GRI CONTENT INDEX - GENERAL DISCLOSURES

## Omission

The Natura &Co Latin America Integrated Report was prepared in accordance with the GRI reporting standards. The report covers the period from January 1, 2021 to December 31, 2021

GRI 1: Foundation 2021

GRI Standards	Content	Page/URL	Requirements omitted	Reason	Explanation
<b>General disclosures</b>					
<b>The organization and its reporting practices</b>					
GRI 2: <b>General disclosures 2021</b>	2-1 Organizational details	Natura &Co Holding, of which Natura &Co Latam is a business unit, is a publicly traded company on the São Paulo B3 stock exchange, under the ticker symbol NTCO3. It also has ADRs (American Depositary Receipts) traded on the New York Stock Exchange (USA). The group's headquarters are located in São Paulo, Brazil. Further information on pages 15, 18 e 160.			
	2-2 Entities included in the organization's sustainability reporting	The financial statements refer to Natura &Co Holding S.A. The information is global. The scope of this report is the Natura &Co Latam business unit. Read more on page 215.			
	2-3 Reporting period, frequency and contact point	Annual. Read more on page 215.			
	2-4 Restatements of information	Not Applicable. This is the first report of Natura &Co Latin America, a business unit of the Natura &Co group.			
	2-5 External assurance	216			

GRI CONTENT INDEX - GENERAL DISCLOSURES			Omission		
GRI Standards	Content	Page/URL	Requirements omitted	Reason	Explanation
<b>Activities and workers</b>					
	2-6 Activities, value chain and other business relationships*	This is the first Natura &Co Latin America report, the scope covering information on this unit. Until the previous report, the report only referred to Natura. Further information on pages 15, 18, 57, 105, 106 and 112.			
	2-7 Employees	18, 88, 189 and 190.			
	2-8 Workers who are not employees	189	Number of third-party workers.	Consolidated data not available.	There are third-party workers in the Natura &Co operations in Latin America. However, this type of hiring is an exception. In this cycle there are no consolidated data on the total number of third-party workers.
<b>Governance</b>					
	2-9 Governance structure and composition	160, 162, 163 and 166			
	2-10 Nomination and selection of the highest governance body	163			
	2-11 Chair of the highest governance body	161			
	2-12 Role of the highest governance body in overseeing the management of impacts	162, 163, 177			
	2-13 Delegation of responsibility for managing impacts	162, 163 and 168			
<b>GRI 2: General disclosures 2021</b>	2-14 Role of the highest governance body in sustainability reporting*	The Board of Directors provides the strategic direction, approves planning, including the Commitment to Life (2030 Sustainability Vision), and ensures that the associated goals and targets are on the executive agenda and in the company's main projects. The Strategy Committee, linked with the board, oversees performance in the 2030 Vision and keeps the board informed. Further information on pages 163 and 216.			

GRI CONTENT INDEX - GENERAL DISCLOSURES			Omission		
GRI Standards	Content	Page/URL	Requirements omitted	Reason	Explanation
<b>Governance (cont'd)</b>					
	2-15 Conflicts of interest*	Operational decisions are submitted to senior management in accordance with the competencies defined in the by-laws. In the event of a potential conflict of interest between the question under analysis and a member of our decision-making bodies, we follow corporate legislation whereby the respective member should abstain from voting. Further information may be found in the <a href="#">Information on the Brazilian Code of Corporate Governance</a> .			
	2-16 Communication of critical concerns*	Critical concerns are included in the company's risk map and its Commitment to Life, comprising 31 sustainability targets to be achieved by 2030. The Board advisory committees are also responsible for analyzing the main critical concerns in their meetings, including the People Committee. Further information on pages 161, 163 and 181.			
	2-17 Collective knowledge of the highest governance body	49, 162 and 163			
<b>GRI 2: General disclosures 2021</b>	2-18 Evaluation of the performance of the highest governance body	164			
	2-19 Remuneration policies	171 and 192			
	2-20 Process to determine remuneration	Remuneration policy is evaluated in the Ordinary General Meeting, for approval by the shareholders. Natura &Co has committed to paying a living wage to all its employees and has undertaken in-depth studies on remuneration and equal pay between genders and races with support from a specialized consultancy. Further information on pages 79, 89, 90, 171 and 192.			
	2-21 Annual total compensation ratio	192	Increase in total annual compensation	Confidential information	Salary increases are considered to be confidential information and, therefore, are not disclosed by the Natura &Co Latam business unit.

GRI CONTENT INDEX - GENERAL DISCLOSURES			Omission		
GRI Standards	Content	Page/URL	Requirements omitted	Reason	Explanation
<b>Strategies, policies and practices</b>					
<b>GRI 2: General disclosures 2021</b>	2-22 Statement on sustainable development strategy*	6 and 9			
	2-23 Policy commitments	32, 60, 69, 129 and 203			
	2-24 Embedding policy commitments	32, 36, 62, 167, 169, 170			
	2-25 Processes to remediate negative impacts	23, 32, 40, 42, 51, 54, 55, 56, 60, 61, 62, 69, 73, 75, 76, 77, 106, 108, 110, 112, 113, 115, 139 and 204			
	2-26 Mechanisms for seeking advice and raising concerns*	23, 61, 73, 77, 80, 83, 106, 139, 173 and 197			
	2-27 Compliance with laws and regulations*	198			
	2-28 Membership of associations	54, 55, 70, 109 and 202			

GRI CONTENT INDEX - MATERIAL TOPICS			Omission			
GRI Standards	Content	Page/URL	Requirements omitted	Reason	Explanation	SDGs
<b>Stakeholder engagement</b>						
GRI 2: <b>General disclosures 2o21</b>	2-29 Approach to stakeholder engagement*	23, 49, 51, 56, 59, 60, 61, 66, 71, 73, 75, 76, 77, 78, 80, 83, 104, 106, 125, 131, 136, 144, 148, 172, 204, 216 217				
	2-30 Collective bargaining agreements	189				
<b>MATERIAL TOPICS</b>						
<b>Economic performance</b>						
GRI 3: <b>Material Topics 2o21</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	20, 178				
GRI 201: <b>Economic performance 2o16</b>	201-1 Direct economic value generated and distributed*	22				8, 9
	201-2 Financial implications and other risks and opportunities due to climate change*	178				13
<b>Indirect economic impacts</b>						
GRI 3: <b>Material Topics 2o21</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	56, 61, 67, 103, 137 and 146				
GRI 203: <b>Indirect economic impacts 2o16</b>	203-1 Investments in infrastructure and services supported*	56-59, 61, 67, 96 and 103				5, 9, 11
	203-2 Significant indirect economic impacts*	57, 72, 73, 102, 137, 139 and 149				1, 3, 8



GRI CONTENT INDEX - MATERIAL TOPICS			Omission			
GRI Standards	Content	Page/URL	Requirements omitted	Reason	Explanation	SDGs
<b>Procurement practices</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	105				
GRI 204: <b>Procurement practices 2016</b>	204-1 Proportion of spending on local suppliers	200				8
<b>Anti-corruption</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	172 and 195				
GRI 205: <b>Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption*	196				16
	205-2 Communication and training about anti-corruption policies and procedures*	172 and 174				16
	205-3 Confirmed incidents of corruption and actions taken*	172 and 196				16
<b>Anti-competitive behaviour</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	198				
GRI 206: <b>Anti-competitive behaviour 2016</b>	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	198				16

GRI CONTENT INDEX - MATERIAL TOPICS			Omission			
GRI Standards	Content	Page/URL	Requirements omitted	Reason	Explanation	SDGs
<b>Tax</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	175				
GRI 207: <b>Tax 2019</b>	207-1 Approach to tax	175				1, 10, 17
	207-2 Tax governance, control, and risk management	175				1, 10, 17
	207-3 Stakeholder engagement and management of concerns related to tax	175				1, 10, 17
	207-4 Country-by-country reporting	176				1, 10, 17
<b>Materials</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	108, 112 and 113				
GRI 301: <b>Materials 2016</b>	301-1 Materials used in production and packaging*	207				
	301-2 Materials used by weight or volume*	113				8, 12
	301-3 Reclaimed products and their packaging materials*	113 and 117				8, 12
<b>Energy</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	51 and 207				
GRI 302: <b>Energy 2016</b>	302-1 Energy consumption within the organization*	207-208				7, 8, 12, 13
	302-2 Energy consumption outside of the organization*	207-208				7, 8, 12, 13
	302-3 Energy intensity*	209				7, 8, 12, 13

GRI CONTENT INDEX - MATERIAL TOPICS			Omission			
GRI Standards	Content	Page/URL	Requirements omitted	Reason	Explanation	SDGs
<b>Water and effluents</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	51 and 210				
GRI 303: <b>Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource*	210				6, 12
	303-2 Management of water discharge-related impacts*	210				6
	303-3 Water withdrawal*	210				6, 8, 12
	303-4 Water discharge*	210				6
	303-5 Water consumption	210				6
<b>Biodiversity</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	51, 56, 60 and 211				
GRI 304: <b>Biodiversity 2016</b>	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas*	211				6, 14, 15
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations*	211				6, 14, 15
<b>Emissions</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	47, 51, 62 and 64				

GRI CONTENT INDEX - MATERIAL TOPICS			Omission			
GRI Standards	Content	Page/URL	Requirements omitted	Reason	Explanation	SDGs
<b>Emissions</b>						
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions*	65 and 205				3, 12, 13, 14, 15
	305-2 Energy Indirect (Scope 2) GHG emissions*	65 and 205				3, 12, 13, 14, 15
	305-3 Other indirect (Scope 3) GHG emissions*	65, 66 and 205				3, 12, 13, 14, 15
	305-4 GHG emissions intensity*	65				13, 14, 15
	305-5 Reduction of GHG emissions*	66				13, 14, 15
	305-6 Emissions of ozone-depleting substances (ODS)	Emissions of ozone-depleting substances (ODS)	Consolidated data not available.	There is no evidence that this type of emission is significant for the Natura & Co operations in Latin America. However, no consolidated data were available for the finalization of this report.		3, 12
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Consolidated data not available	No consolidated data were available for the finalization of this report.		3, 12, 14, 15
<b>Waste</b>						
<b>GRI 3: Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	108, 113 and 206				
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	206				3, 6, 11, 12
	306-2 Management of significant waste-related impacts	206				3, 6, 11, 12
	306-3 Waste generated*	206				3, 6, 12, 14, 15
	306-4 Waste diverted from disposal*	206				3, 11, 12
	306-5 Waste directed to disposal*	206 and 207				3, 6, 11, 12, 14, 15

GRI CONTENT INDEX - MATERIAL TOPICS			Omission			
GRI Standards	Content	Page/URL	Requirements omitted	Reason	Explanation	SDGs
<b>Supplier environmental assessment</b>						
GRI 3: <b>Material Topics 2o21</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	60, 105 and 199				
GRI 308: <b>Supplier environmental assessment 2o16</b>	308-1 New suppliers that were screened using environmental criteria*	199				
	308-2 Negative environmental impacts in the supply chain and actions taken*	199 and 200				
<b>Employment</b>						
GRI 3: <b>Material Topics 2o21</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	78, 84, 190 and 193				
GRI 401: <b>Emprego 2016 Employment 2016</b>	401-1 New employee hires and employee turnover	190 and 191				5, 8, 10
	401-3 Parental leave	193				5, 8
<b>Training and education</b>						
GRI 3: <b>Material Topics 2o21</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	78, 79, 81, 82 and 84				

GRI CONTENT INDEX - MATERIAL TOPICS			Omission			
GRI Standards	Content	Page/URL	Requirements omitted	Reason	Explanation	SDGs
<b>Training and education</b>						
GRI 404: <b>Training and education 2016</b>	404-1 Average hours of training per year per employee	81 and 82				4, 5, 8, 10
	404-2 Programs for upgrading employee skills and transition assistance programs	84				8
	404-3 Percentage of employees receiving regular performance and career development reviews		Percentage of employees who received performance reviews during the cycle.	Consolidated data not available.	As part of the integration of the operations, we reviewed policies and procedures to monitor the performance and career development process. Therefore, no consolidated data are available. It is expected that integrated reporting will be possible in 2022 because the management systems are undergoing integration.	5, 8, 10
GRI CONTENT INDEX - MATERIAL TOPICS			Omission			
<b>Occupational health and safety</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	193				
GRI 403: <b>Occupational health and safety 2018</b>	403-1 Occupational health and safety management system	193				8
	403-2 Hazard identification, risk assessment and incident investigation	193				3,8
	403-3 Occupational health services	193				3,8
	403-4 Worker participation, consultation, and communication on occupational health and safety.	193				8,6
	403-5 Worker training on occupational health and safety	193				8
	403-6 Promotion of worker health	193				3
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	193				8
	403-9 Work-related injuries*	193 and 194				3, 8, 16
403-10 Work-related ill health*	193				3, 8, 16	

GRI Standards	Content	Page/URL	Requirements omitted	Reason	Explanation	SDGs
<b>Diversity and equal opportunity</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	84, 85, 89 and 90				
GRI 405: <b>Diversity and equal opportunity 2016</b>	405-1 Diversity of governance bodies and employees*	88, 89, 166				5, 8
	405-2 Ratio of basic salary and remuneration of women to men*	89 and 92				5, 8, 10
<b>Non-discrimination</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	197				
GRI 406: <b>Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken*	197				5, 8
<b>Freedom of association and collective bargaining</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	199				
GRI 407: <b>Freedom of association</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	199				8

GRI CONTENT INDEX - MATERIAL TOPICS			Omission			
GRI Standards	Content	Page/URL	Requirements omitted	Reason	Explanation	SDGs
<b>Child labour</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	60 and 199				
GRI 408: <b>Child labour 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labour*	199				8, 16
<b>Forced or compulsory labour</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	60 and 199				
GRI 409: <b>Forced or compulsory labour 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour*	199				8
<b>Rights of indigenous peoples</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	60 and 198				
GRI 411: <b>Rights of indigenous peoples 2016</b>	411-1 Incidents of violations involving rights of indigenous peoples*	198				2
<b>Local communities</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	56, 60, 61 and 71				



GRI CONTENT INDEX - MATERIAL TOPICS			Omission			
GRI Standards	Content	Page/URL	Requirements omitted	Reason	Explanation	SDGs
<b>Local communities</b>						
GRI 413: <b>Local communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs*	56, 60, 61, 71, 73 and 77				5, 8, 10
	413-2 Operations with significant actual and potential negative impacts on local communities	No negative impacts were identified in relations Natura maintains with the communities supplying social biodiversity ingredients. Read more on page 61.				1, 2
<b>Supplier social assessment</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	105, 198 and 199				
GRI 414: <b>Supplier social assessment 2016</b>	414-1 New suppliers that were screened using social criteria*	199				3, 6, 11, 12
	414 -2 Negative social impacts in the supply chain and actions taken*	199 and 200				3, 6, 11, 12
<b>Public policy</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	197				
GRI 414: <b>Public policy 2016</b>	415-1 Political contributions	197				16

GRI CONTENT INDEX - MATERIAL TOPICS			Omission			
GRI Standards	Content	Page/URL	Requirements omitted	Reason	Explanation	SDGs
<b>Consumer health and safety</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	129 and 201				
GRI 416: <b>Customer health and safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	129 and 201				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	130				16
<b>Marketing and labelling</b>						
GRI 3: <b>Material Topics 2021</b>	3-1 Process to determine material topics*	214, 215 and 216				
	3-2 List of material topics*	214, 215 and 216				
	3-3 Management of material topics	129 and 201				
GRI 417: <b>Marketing and labelling 2016</b>	417-1 Requirements for product and service information and labelling	129 and 201				12

Sustainable Development Goals
1. Eradication of poverty
2. Zero hunger and sustainable agriculture
3. Good health and well-being
4. Quality education
5. Gender equality
6. Clean water and sanitation
7. Affordable and clean energy
8. Decent work and economic growth

Sustainable Development Goals
9. Industry, innovation and infrastructure
10. Reduced inequalities
11. Sustainable cities and communities
12. Responsible consumption and production
13. Climate action
14. Life below water
15. Life on land
16. Peace, justice and strong institutions
17. Partnerships for the goals



# SASB Index

## Sustainability disclosure topics & accounting metrics | Consumer Goods Sector | Sub-sector: Household and personal products

SASB Topic	Code	Accounting metric	GRI Correlation	Response/Page
<b>Water management</b>	CG-HP-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	303-3, 303-4 and 303-5	210
	CG-HP-140a.2	Description of water management risks and	303-1, 303-2	210
<b>Product environmental, health, and safety performance</b>	CG-HP-250a.3	Discussion of process to identify and manage emerging materials and chemicals of concern	416-1	129 and 201
	CG-HP-250a.4	Discussion of process to identify and manage emerging materials and chemicals of concern		86% of revenue is aligned with these parameters (data relative to the Natura brand).
<b>Management of packaging life cycle</b>	CG-HP-410a.1	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, and (3) percentage that is	301-1, 301-2	109, 113 and 207
	CG-HP-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its life cycle	3-2, 3-3   301, 306	108, 112, 113 and 206
<b>Environmental &amp; social impacts of palm oil supply chain</b>	CG-HP-430a.1	Volume of palm oil sourced: percentage with Round Table on Sustainable Palm Oil (RSPO) certification for: (a) Identity Preserved, (b) Segregated, (c) Mass Balance, or (d) Book & Claim	417-1	One of the 2030 Vision targets is the certification and/or full traceability of ingredients in critical chains, such as palm oil. Today, 80% of the palm oil used by Natura &Co Latin America is aligned with this specification.
<b>CG-HP-000.B</b>		Number of manufacturing facilities		18

1. The nomenclature for SASB indicators were translated freely from English to Portuguese, since at the time this report was published there was no official translation for these requirements.

2. Contextualizing the indicator for the country and for the Natura operations, the green revenue metric was considered. This refers to the consolidated net revenue for all the products in which at least one of the following criteria is applicable: certified organic alcohol raw material, PCR packaging (post-consumer recycled material), packaging with green plastic, raw material from Brazilian biodiversity, RSPO Palm certified raw material, refills, SOU line products (with packaging that uses 70% less plastic – greenhouse gas efficiency) and Ekos line products.



# Ten principles *of the Global Compact*

GLOBAL COMPACT		
<b>Human rights</b>	01. Businesses should support and respect the protection of internationally proclaimed human rights. 02. Make sure that they are not complicit in human rights abuses.	Pages 69-70
<b>Labour</b>	03. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. 04. The elimination of all forms of forced and compulsory labour. 05. The effective abolition of child labour. 06. The elimination of discrimination in respect of employment and occupation.	Pages 78-80, 85-91, 105-106 and 198-199.
<b>Environment</b>	07. Businesses should support a precautionary approach to environmental challenges. 08. Undertake initiatives to promote greater environmental responsibility. 09. Encourage the development and diffusion of environmentally friendly technologies.	Pages 50-67, 107-118 and 205-212
<b>Anti-Corruption</b>	10. Businesses should work against corruption in all its forms, including extortion and bribery	Pages 195-198 and 172-174

**Natura &Co Holding S.A.**  
**Independent auditor's limited assurance report**  
**on the non-financial information**  
**included in the Natura &Co Latin America**  
**Integrated Report 2021**



(A free translation of the original in Portuguese)

**Independent auditor's limited assurance report**  
**on the non-financial information included in the**  
**Natura &Co Latin America Integrated Report 2021**

To the Board of Directors and Stockholders  
Natura &Co Holding S.A.  
São Paulo -SP

**Introduction**

We have been engaged by Natura & Co Holding S.A. ("Company" or "Natura & Co") to present our limited assurance report on the non-financial information included in the Natura &Co Latin America Integrated Report 2021 (the object) for the year ended December 31, 2021.

Our limited assurance does not cover prior-period information, or any other information disclosed together with the Natura &Co Latin America Integrated Report 2021, including any incorporated images, audio files or videos.

**Responsibilities of the management of Natura & Co**

The management of Natura & Co is responsible for:

- selecting or establishing adequate criteria for the preparation and presentation of the information included in the Integrated Report;
- preparing the information in accordance with the criteria and guidelines of the Global Reporting Initiative (GRI – Standards 2021), with the basis of preparation, developed by the Company (available at: <https://www.natura.com.br/relatorio-anual>), and with Guidance CPC 09 – Integrated Report issued by the Brazilian Federal Accounting Council (CFC), related to the Basic Conceptual Framework for Integrated Reporting, prepared by the International Integrated Reporting Council (IIRC);
- designing, implementing and maintaining internal controls over the significant information for the preparation of the information included in the Integrated Reporting, which is free from material misstatement, whether due to fraud or error.

**Independent auditor's responsibility**

Our responsibility is to express a conclusion on the non-financial information included in the Natura &Co Latin America Integrated Report 2021, based on our limited assurance engagement carried out in accordance with the Technical Communication CTO 01 – Issuance of Assurance Reports related to Sustainability and Social Responsibility, issued by the Federal Accounting Council (CFC), based on the Brazilian standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", also issued by the CFC, which is equivalent to the international standard ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that the auditor complies with ethical requirements, independence requirements, and other responsibilities of these standards, including those regarding the application of the Brazilian Quality Control Standard (NBC PA 01) and, therefore, the maintenance of a comprehensive quality control system, including documented policies and

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Natura &Co Holding S.A.

procedures on the compliance with ethical requirements, professional standards and relevant legal and regulatory requirements.

Moreover, the aforementioned standards require that the work be planned and performed to obtain limited assurance that the non-financial information included in the Natura &Co Latin America Integrated Report 2021, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and other professionals of Natura & Co involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information, taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the information disclosed in the Natura &Co Latin America Integrated Report 2021, taken as a whole might present significant misstatements.

The procedures selected are based on our understanding of the aspects related to the compilation, materiality, and presentation of the information included in the Natura &Co Latin America Integrated Report 2021, other circumstances of the engagement and our analysis of the activities and processes associated with the significant information disclosed in the Natura &Co Latin America Integrated Report 2021, in which significant misstatements might exist. The procedures comprised, among others:

- (a) planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the information included in the Natura &Co Latin America Integrated Report 2021.
- (b) understanding the calculation methodology and the procedures adopted for the compilation of indicators through inquiries of the managers responsible for the preparation of the information.
- (c) applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the Natura &Co Latin America Integrated Report 2021; and
- (d) when non-financial data relate to financial indicators, comparing these indicators with the financial statements and/or accounting records.

The limited assurance engagement also included the analysis of the compliance with the guidelines and criteria 1) of the Global Reporting Initiative (GRI-Standards 2021); 2) the provisions established in the basis of preparation developed by the Company; 3) the principles for the Integrated Report, pursuant to Guidance CPC 09 – Integrated Report, related to the Basic Conceptual Framework for Integrated Report, prepared by the International Integrated Report Council (IIRC) applicable in the preparation of the information included in the Natura &Co Latin America Integrated Report 2021.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

#### Scope and limitations

The procedures applied in a limited assurance engagement vary in nature and timing and are less detailed than those applied in a reasonable assurance. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level that would be obtained in a reasonable assurance engagement. If we had performed a reasonable assurance engagement, we might have identified other matters and possible misstatements in the information included in the 2021 Integrated Report. Therefore, we do not express an opinion on this information.



Natura &Co Holding S.A.

Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data. Qualitative interpretations of the relevance, materiality, and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not consider in our engagement the data reported for prior periods nor future projections and goals. Likewise, our work did not include detailed analysis or tests that would allow us to provide a conclusion, albeit limited, on the Impact Profit & Loss (IP&L) results presented throughout the Natura &Co Latin America Integrated Report 2021. On this topic, our work was limited to inquiries to the IP&L team to obtain an understanding of the basic aspects of the methodology and carry out reconciliations of the consolidated data presented in the aforementioned Report with the consolidated IP&L calculation tool.

The preparation and presentation of non-financial information and indicators followed the definitions of the basis of preparation developed by the Company and the guidelines of the Global Reporting Initiative (GRI-Standards 2021) and, therefore, the information included in the Natura &Co Latin America Integrated Report 2021 does not have the objective of providing assurance with regard to the compliance with social, economic, environmental or engineering laws and regulations. However, the aforementioned standards establish the presentation and disclosure of possible cases of non-compliance with such regulations when sanctions or significant fines are applied. Our assurance report should be read and understood in this context, inherent to the criteria selected and previously mentioned in this paragraph.

#### Conclusion

Based on these procedures performed, described herein, and on the evidence obtained, no matter has come to our attention that causes us to believe that the non-financial information included in the Natura &Co Latin America Integrated Report 2021 for the year ended December 31, 2021 has not been prepared, in all material respects, in accordance with the criteria and guidelines of the Global Reporting Initiative (GRI-Standards 2021), with the basis of preparation developed by the Company, and with the Guidance CPC 09 – Integrated Report.

São Paulo, June 27, 2022

PricewaterhouseCoopers  
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