

what
can we
do for
the
world?

Natura 2020
Annual Report

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ABOUT NATURA AND NATURA & CO

The information in this 2020 Annual Report refers to the operations of Natura Cosméticos S/A in the 10 countries in which the company operates (Argentina, Bolivia, Brazil, Chile, Colombia, France, Malaysia, Mexico, Peru and the United States). They do not cover the operations of its wholly owned subsidiaries The Body Shop and Aesop, which are addressed in the Natura & Co Annual Report, published on the group's website (<https://ri.naturaeco.com/>). The operations of Avon, acquired by Natura & Co in January, 2020, are also not part of the scope of this report.

The photos of the consultants used in this report were taken in 2019, before the pandemic. They celebrate the history and the strength of each one of the members of our network.

Our Essence

GRI 102-16

REASON FOR BEING

Our Reason for Being is to create and commercialize products and services that promote well-being/being well.

well-being

is the individual's harmonious, agreeable relationship with himself, with his body.

being well

is the individual's empathetic, successful and pleasurable relationship with others, with the nature he is part of, with the whole.

BELIEFS

**Life is a chain of relationships.
Nothing in the universe stands alone,
everything is interdependent.**

**Natura believes that valuing relationships is the
foundation for the great human revolution in the pursuit of
peace, solidarity and life in all its manifestations.**

**Continuously striving for improvement
develops individuals, organizations and society.**

**Commitment to the truth is the way
to enhance quality in relationships.**

**The greater the individual diversity,
the greater the wealth and vitality of the whole.**

**The pursuit of beauty, a genuine aspiration
of every human being, should be free of preconceived
ideas and manipulation.**

**The company, a living organism, is a dynamic set of
relationships. Its value and longevity are linked to its
ability to contribute towards the evolution
of society and its sustainable development.**

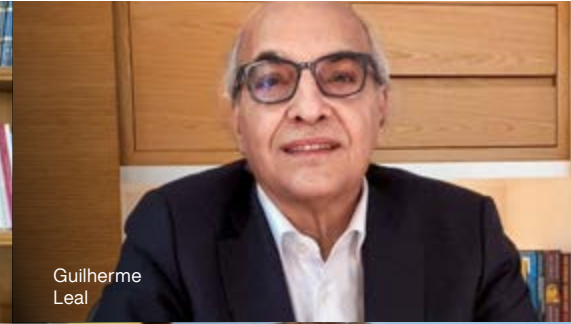
VISION

Due to our corporate behaviour, the quality of the relations we establish and our products and services, we will be a group of global brands, identified with the community of people committed to building a better world through better relationships with themselves, with others, with the nature of which they are part, with the whole.

Board of Directors Natura &Co



Luiz Seabra



Guilherme Leal



Jessica Herrin



Fábio Barbosa



Pedro Passos



Roberto Marques



Ian Bickley



Nancy Killefer



Carla Schmitzberger



Don Cornwell

The Board held 26 meetings during the year, most of which were virtual because of the pandemic. This is why we opted to photograph them in their homes for this Annual Report. At the beginning of 2021, a new member was elected to the Board: Georgia Garinois-Melenikiotou.



Andrew McMaster Jr.



Gilberto Mifano

Message from the Board of Directors

A call for union

GRI 102-14

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

Even before 2020 began we were sure that the year would go down in Natura &Co's history for ever: in the first days of January, we celebrated the entry of Avon to the group. But, as we now know, last year was not remarkable just for us. Nations, communities, corporations and families had to redefine their lives and find ways of adapting to the pandemic.

The Covid-19 tragedy impacted different populations unequally, laying bare the challenges faced by mankind – be they sanitary, social, ethnic or climatic. Precisely when these dilemmas were exacerbated, Natura &Co was taking a decisive step towards its internationalization. With the arrival of Avon, we expanded our presence and entered new geographies, with millions of consultants and representatives, thousands of stores and operations over multiple digital platforms. In the context of the pandemic, this greater global projection immediately made us feel that we could – and should – do even more for the world.

With courage, determination, resilience and agility, the members of our network (employees, store sales staff, consultants and representatives, suppliers, communities and customers) employed their creativity and their energy in tackling the challenges presented by the pandemic, further underscoring the symbols present in the “&” and the “Co” inscribed in our name and which have also come to constitute our essence. To everyone in our network, we offer our most sincere thanks for the dedication with which they managed to reconcile their lives and their activities.

Protecting the conditions that sustain life needs to become a mission for us all, just as the struggle against the coronavirus has been

Given the total unpredictability of the situation, we selected one priority, sending the message to our entire network that it was “time to care”. For ourselves and each other. One of the key symbols of this choice was a decision taken by the Group Operations Committee at the height of the uncertainty caused by the pandemic: the proposal that company leaders should forego part of their remuneration to help tackle the crisis and ensure the continuity of the group's activities. Natura &Co's impressive financial results enabled the company to return all these donations at the end of the year. Part of these results was due to the rapid adoption of digital technologies in all our businesses in 2020, demonstrating the success of our strategic investments over recent years.

Extraordinary times demand extraordinary measures, and the spirit of unity of our group has demonstrated that we are on the right track to address other global challenges, especially those related to caring for life and for the planet. The 2030 Sustainability Vision, which we baptised Commitment to Life, was a landmark in this respect. We looked to the future and created an action plan for immediate execution. Collectively Avon, Natura, The Body Shop and Aesop assumed ambitious targets for the next ten years, with important calls to action to address challenges such as global warming, the loss of biodiversity (particularly in the Amazon) and social inequality. In parallel, we will continue to advance in the development of alternatives in regeneration and circularity, in new formulas and packaging.

Aware that we need to enhance our corporate practices, we want to be agents of dialogue and cooperation, seeking partnerships that generate positive transformations for the world. We will ensure that the lessons, the losses and the challenges of 2020 will not have been in vain. The year brought irreparable damages, but ended with some signs that we may expect positive transformations. We have seen that denialism, which was so harmful for public health policies, has lost vitality in the world. The development, in record time, of effective and safe vaccines – some employing revolutionary technologies –, yet again demonstrates just how capable science is in helping to save millions of lives.

This year made it clear, in a painful, unequivocal manner, how the destiny of nations is interlinked. And signs are beginning to emerge that isolationism is on the retreat, with political changes that are creating space to reinforce multilateralism among the major world actors.

When the current moment is over, the challenges will remain. Climate change threatens even greater and more devastating impacts for all forms of life on Earth. Protecting the conditions that sustain life needs to become a mission for us all, just as the struggle against the coronavirus has been: an international effort uniting the State, private initiative, academia and civil society. It is time to unite science and traditional knowledge. We will struggle even harder to protect more vulnerable populations. If there is one way of overcoming the scars left by 2020, it involves the perception that our destiny is collective and that building a better future depends on our capacity to learn to go forward together in the same direction. After all, there are no limits to human cooperation.



Message from the CEO

‘A beauty ecosystem. A network of partners that complement each other’

GRI 102-14

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

What is your assessment of 2020?

João Paulo Ferreira: I will remember 2020 as a year in which we acted coherently, underscoring our purpose of generating positive impact in an extremely challenging conjuncture, which tested the notions of what priorities should be for governments and societies. In our case, our focus remained clear: care for our people.

We worked to bar contagion, protect people and keep the economy running. Initially, we arranged for our plants to boost the availability of soaps and other personal hygiene products, and we started to produce hand sanitizer. We got together with public and private organizations, communities and suppliers to make donations and to ensure our consultants could continue to develop their businesses. Many of them are free lancers, whose other activities were affected by the crisis. The relevance of Relationship Selling became even more evident, because in many cases it was the main source of family income.

From a business standpoint, it was a year in which we learned to create opportunities and achieved a surprising performance, combined with robust socioenvironmental results.

Our ecosystem performed energetically, in a connected and engaged manner, to get everything that was necessary done. As a result, we saw unprecedented agility in different dimensions of our business model, such as digitalization and integration, in this new era we are experiencing within the Natura &Co group after the arrival of Avon in January.

I will remember 2020 as a year in which we acted coherently, underscoring our purpose of generating positive impact

How has social selling helped drive Natura's businesses?

JPF: We have been a social network since our beginning. It used to be an offline network, but for many years Natura has been working on enabling consultants' relations with their customers to occur on multiple occasions and in multiple formats – such as the online stores that they create on our platform, for example. Digital activity is already a reality, but the sophistication in the use of these resources could be developed further. Our strategy had already been supporting the consultants in leveraging their businesses by means of interactions on the social networks using different tools. And what we saw during the pandemic was precisely an explosion in the use of these resources. The impression is that we advanced years in just a few months, in aspects such as the digital training of the consultants and the adherence of consumers to this channel.

Relationship Selling becomes more effective when there is proximity with the customer, because knowing the individual enables the consultant to make more relevant recommendations. The use of the social selling digital tools leverages this relationship. The decision we made some years ago to develop Natura's omnichannel presence has enabled us to continue to generate value for our relationship network even in a crisis.

And which are the new opportunities created by this way of operating?

JPF: We see ourselves as a beauty and well-being ecosystem, a network of partners that complement each other to increase everyone's prosperity. And the potential of this is very great. We are working with diverse start-ups and promoting intrapreneurship to explore opportunities to create new connections. This is already occurring, for example, through the offer of services. And there are many possibilities: Natura offers its consultants credit. They are then able to offer better payment terms to their customers, enabling us to develop financial services. This is, in fact, what &Co Pay is, a platform that will become an important enabler of digital and financial inclusion for our network.

How has the Natura &Co structure and the beginning of the integration with Avon contributed to the Natura brand results?

JPF: With the arrival of Avon, some functions have started to serve Natura &Co as a whole. This is the case with the Information Technology, Communication, and Operations and Logistics areas, for example. These synergies drive efficiency in the way we operate, and have represented an important step both in the integration and in the way we have dealt with the pandemic. During the year, we were very agile in transferring competencies and solutions between the Avon and Natura businesses. An example was the integration of delivery services in a number of countries. Our ecosystem vision presupposes that Avon, Natura, The Body Shop and Aesop should work in a complementary, collaborative and symbiotic manner in Latin America.

How did the launch of the 2050 Sustainability Vision, which ended the first cycle of 2020 Ambitions, drive innovation and influence Natura's businesses?

JPF: In 2014, we used the best knowledge available up to that point to define our ambitions and create the 2050 Vision. There were many new elements, notably the creation of the Consultant Human Development Index (HDI) and the pursuit of B Corp certification, which opened up an avenue of development for socioenvironmental indicators.

We progressed a great deal in our social agenda. I would underscore the impact on our consultant network. We learned about the importance not just of income, but also other material aspects that contribute to the prosperity of each consultant and to the advance of our commercial model. In response, over recent years the Instituto Natura started promoting educational measures for the consultants, while we created digital inclusion initiatives and sought partnerships to offer them healthcare solutions.

In the environmental dimension, the company's Carbon Neutral program was already pretty well known, because it involves our entire value chain. And, during the last few years, we have managed to correlate this work with the extractivist communities in the Amazon, recognizing and remunerating them for keeping the forest standing. We have also advanced significantly in post-consumer waste management, helping to develop recycling chains.

Systemic solutions presuppose collaboration, and we are proud to participate in many coalitions and associations in the diverse geographies in which we operate. Our 2050 Vision serves as a beacon that guides our activities in these cooperation spaces.

It is fundamental for us to have an open mind and curiosity in order to learn from each one of the group's businesses

From a sustainability standpoint, how has Natura worked alongside the other companies in the Natura &Co group?

JPF: In Natura &Co, we have the common aspiration of pursuing the generation of positive economic, environmental and social impact. This is why we have devised a joint plan that applies to all the businesses, the Commitment to Life. It sets forth clear and bold targets to be achieved by 2030, in three pillars that are very urgent for the planet: facing up to the climate crisis and protecting the Amazon; promoting equality and inclusion; driving a circular economy and regeneration. We can say that this work was certainly inspired by the 2050 Vision, in which Natura has now joined forces with Avon, The Body Shop and Aesop. In the climate change area, for example, Natura is already sharing its knowledge about conservation of the Amazon and the reduction and offsetting of carbon emissions with the group. It is fundamental for us to have an open mind and curiosity in order to learn from each one of the group's businesses.

What can we expect for the future?

JPF: The creation of the B Corps was a key advance for the world from a systemic standpoint, establishing a reference that enables corporations to be evaluated based on their real interest in contributing to all the audiences that they impact. But we still have a long way to go to create a global system that values positive impact in the environmental and social spheres. For example, the monetization of socioenvironmental impacts needs to evolve, as does its communication to the market. Since 2016, Natura has been disclosing its EP&L (Environmental Profit and Loss).


It is my expectation that at some time a set of international accounting standards, such as the IFRS, will include guidelines for monetizing externalities.

Recently we went a step further and concluded our first IP&L (Integrated Profit and Loss) calculation, an even broader evaluation that takes into account the positive and negative effects of our business model on human, social and natural capital. We want to draw the attention of other companies and institutions to this, so that they can get to know the method and appropriate it, helping to enhance it, generating debate and driving it forward. It is my expectation that at some time a set of international accounting standards, such as the IFRS, will include guidelines for monetizing externalities.

Who we are

Natura

Since 1969, we have created products and services that promote the individual's harmonious relationship with himself, with others and with nature



Sulemi, 50 years
She used her personal experience with her daughter to promote visibility for people with disabilities. The consultant has received the Acolher Award and the Claudia Award.

We are the largest Brazilian multinational in the cosmetics sector, with a presence in Hispanic America, Malaysia, the United States and Europe (through our operation in France). Alongside Avon, The Body Shop and Aesop, we form Natura &Co, the fourth largest pure-play beauty group in the world.

Amidst the challenges of the Covid-19 pandemic, we proved the resilience of our Relationship Selling model and the effectiveness of the choices we have made in recent years, such as investments in transforming the activity of our consultants using technology as a lever, and in strengthening our omnichannel operation.

For Natura, 2020 was also marked by the end of the first cycle of ambitions in the 2050 Vision and the definition of goals for the coming decade so that we can continue to evolve towards our purpose of making Natura a company that generates positive impact. Based on our business model and integrated management, we want to contribute to advances in three causes: The Living Amazon Forest; More Beauty, Less Waste; and Every Person Matters.

We also have as a guideline the Commitment to Life (2030 Vision), launched by Natura &Co in June. The group embraced our commitment to positive impact and defined the main global challenges the four group brands will face: the climate crisis, protecting the Amazon, defending human rights and driving a circular economy and regeneration.

Natura &Co Latin America

We are undergoing a wide-reaching integration movement, that seeks to capture the diverse opportunities for synergy among the companies, while at the same time preserving the strategic priorities for each brand in Latin America. The regional model that unifies management of the four brands was defined with Avon's entry to the group. Natura &Co Latin America

incorporates areas and functions that cut across the group and others that are specific to a brand (further information in Corporate Governance).

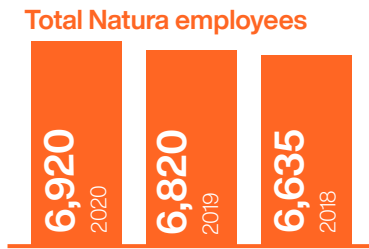
Alongside Avon, The Body Shop and Aesop, we form Natura &Co, the fourth largest pure-play beauty group in the world

A practical example of this may be seen in the Operations and Logistics (O&L) area. We are already manufacturing Natura products in Avon plants and working with multibrand distribution centres – our distribution centre in São Paulo serves Natura, Aesop and The Body Shop; the DC in Mexico, Natura and The Body Shop; in Colombia, Avon and Natura; and the new DC in Chile works with the Natura, Avon and The Body Shop brands. This structure helped in production planning to fulfil the increase in sales in 2020. Natura products were manufactured in the Avon plants in São Paulo (SP), in Moreno, in Argentina and in Celaya, in Mexico –which also manufactured The Body Shop products. The company took great care to harmonize health, safety and environmental practices and processes in the plants and DCs to ensure uniformity and quality in all these environments.

In addition to reducing costs, integration in O&L will have a positive effect on the level of service provided for consultants and consumers, as well as on our environmental impacts, such as the greenhouse gas (GHG) emissions from our logistics activities.

Natura employees in each country

GRI 102-1, 102-2, 102-3, 102-4, 102-6, 102-7, 102-8



- Employees per country
- The businesses in Bolivia and Malaysia are run by local partners

- Administrative headquarters in São Paulo (SP) Factories in Cajamar (SP) and Benevides (PA)
- Third-party production in Brazil, Argentina, Colombia and Mexico



Transparent and responsible conduct

- 1st publicly traded company to receive B Corp certification, in 2014.
- Third certification concluded in 2020, with increased ratings in all the criteria assessed (further information in Management by causes)

Omnichannel presence:

589

physical stores

company-owned and
Aqui Tem Natura franchises

Relationship Selling

2 million

Natura Beauty
Consultants

1.3 million

virtual spaces and e-commerce

www.natura.com.br
www.naturacosmeticos.com.ar
www.natura.cl
www.natura.com.pe
www.natura.com.co
www.naturabrasil.fr
www.naturamy.com



Around 760 daily care
products (face, body, bath,
hands and feet), perfumery,
makeup, hair and beard,
as well as children's items.

5,574

suppliers

8,300 families

in
40 communities

in the social biodiversity
production chains.



- 84% vegan formulations
- 93% natural origin formulations

when
you care,
you
create
beauty

Recognition and market indexes

- We have been listed on the Dow Jones Sustainability Index (DJSI) for emerging markets for seven years running. We were the only company in the personal products sector in Latin America.
- We have been listed on the B3 (São Paulo stock exchange) Corporate Sustainability Index (ISE) for 16 years.
- Since 2010 we have been listed on the B3 (São Paulo stock exchange) Carbon Efficient Index (ICO2).
- We have been present in the CDP (Carbon Disclosure Project) for eleven years, with an overall B rating. We have been rated A in the CDP SER-Supplier Engagement Rating- for the second consecutive year.
- For 12 years Natura has been ranked among the most sustainable companies in the world in the Global 100 ranking elaborated by the Canadian media and research company Corporate Knights. In 2020, in an unprecedented move, the recognition was extended to the Natura &Co group.
- We were elected one of the most ethical companies in the world by the Ethisphere Institute, a global organisation committed to enhancing business practices.
- For the seventh year running, we came first in the Merco Corporate Reputation Monitor in Brazil.
- Natura &Co was placed second in the Refinitiv Diversity and Inclusion (D&I) Index – Top 100, from Refinitiv, a company belonging to the Reuters news agency and the Blackstone fund. In 2019, Natura was placed second in the ranking.
- Natura is one of the 25 best companies to work for worldwide, according to the World's Best Workplaces 2020 ranking.
- In 2021 we were recognized as the strongest brand in the beauty sector worldwide by Brand Finance. We were rated AAA with a score of 86.7 in the Brand Strength Index (BSI).

Awards

- We have been certified as a B Corp for the third time.
- We came first in the TOP 100 Open Corps ranking, promoted by 100 Open Startups.
- We came 1st in the 6th edition of the Valor Inovação Brasil 2020 Award, from the newspaper Valor Econômico.
- We won the Muda award – B Corp large company category, from Vogue magazine.
- We were recognized as a top performing Humanized company according to Humanizadas, partner of Capitalismo Consciente Brasil.

Hand sanitizer produced in our factories in 2020: we rapidly adapted production lines to manufacture 16 million units of hand sanitizer and 1 million litres of alcohol with partners.



2020

Union to protect our network, manage the contagion and keep the economy going.

In the most challenging year in mankind's recent history, we formulated a plan to address the effects of the pandemic based on the care for relationships which has always guided the company. Our task force engaged with the other Natura &Co Latin America brands, with dedicated teams in all the businesses to identify the main needs and to structure our response, which was based on three pillars: protect our network, manage the contagion and keep the economy going.

In first place, we sought to protect our people – we introduced remote working for administrative staff and reinforced hygiene and safety measures in the plants and distribution centres, as well as ensuring paid leave for employees from these teams in high risk groups. We learned to remain together while physically distant, providing mutual support, changing our work routines, implementing digital tools and relying on everyone's dedication.

Our store staff adopted flexible working hours or were redirected to other functions and projects, such as providing support in our online channels, which grew due to the large increase in digital sales.

In the second pillar, we mapped the main vulnerabilities among our

consultants, communities and suppliers. We offered the consultant network flexible credit, with special payment terms and emergency funds for consultants in more vulnerable regions or who had tested positive for Covid-19. We also created emergency funds to support recycling partners and social biodiversity ingredient supplier communities.

Among the actions prioritized to care for our more direct network, we introduced an income transfer mechanism to help consultants in an extremely vulnerable situation.

Employees and consultants also received support in the form of telemedicine, mental health resources and bereavement support. They were encouraged to stay in contact by telephone or virtually with their colleagues, friends and family members.

We interrupted travel to the supplier communities, most of which are located in the Amazon region, maintaining contact on a periodic basis via digital channels. We guaranteed input supply contracts and advanced 30% of the contract amounts to agro-extractivist cooperatives.

After defining the measures to care for our people and our immediate network, we sought to help keep the economy going. It was our understanding that it was essential to ensure the consultants' income at a time of great economic uncertainty, particularly in view of the fact that female heads of families are a key reality in the more vulnerable regions of Brazil and Hispanic America. Accordingly, we boosted production of items

in high demand such as soaps, hand sanitizer, moisturising creams for the hands and perfumery, priority items in the consultant's sales basket.

Working together

We are still experiencing moments of uncertainty, that require caution and great care, for which reason we believe more strongly than ever that, more and more, the world needs people to act jointly and collaboratively.

Among the actions prioritized to care for our more direct network, we introduced an income transfer mechanism to help consultants in an extremely vulnerable situation. These funds were distributed in accordance with criteria ranging from food security, level of dependence on income from consulting, Covid-19 symptoms to belonging to high risk groups.

Among the actions to combat the effects of Covid-19 was an emergency fund that benefited 3,757 Brazilian consultants and a total of 5,260 consultants throughout Hispanic America. A total of R\$ 655,188.00 was dedicated to the fund to provide food baskets, telemedicine care and, in some cases, income supplements of between R\$ 80 and R\$ 220. The support for consultants totalled around R\$ 1 million, which also involved measures to combat domestic violence and to provide hygiene products.

We provided the supplier communities with R\$ 234,000 for the acquisition of personal protective equipment and for monitoring suspected and confirmed cases of Covid-19. In 19 communities, Natura provided financial support for travel and the purchase of medication by patients. We donated food, protective masks, hand sanitizer and personal hygiene products to more than 13,000 families in the Amazon, at a cost of R\$ 2.6 million.

To help the recycling cooperatives to overcome the challenges imposed by the pandemic, the company provided financial assistance to participants

We are still experiencing moments of uncertainty, that require caution and great care, for which reason we believe more strongly than ever that, more and more, the world needs people to act jointly and collaboratively.

in the programmes Natura Elos and Dê a Mão para o Futuro, an action organized by the CFT sector association Abihpec (Associação Brasileira da Indústria de Higiene Pessoal, Perfumaria e Cosméticos). In the Dê a Mão para o Futuro programme, the R\$ 600 support was paid out over two months. For the Natura Elos cooperative members who did not benefit from the Abihpec programme, Natura provided an allowance of R\$ 280, divided into two payments.

On the two fronts, cooperative members also received donations of soaps, liquid alcohol and hand sanitizer. Moreover, we disseminated materials on awareness of preventive measures against Covid-19 and a video tutorial on how to apply for emergency payouts from the federal government.

Recycling cooperatives in Argentina, Chile, Colombia, Peru and Mexico also received donations from the business recycling initiative CEMPRE (Compromisso Empresarial para Reciclagem), business associations and agreements with local governments.

Donations and Assistance during the pandemic (R\$ thousands)	
Products	
Natura personal hygiene products and alcohol	22,690.3
Emergency fund	
Consultants	655.1
Supplier communities	234.0
Recycling cooperatives	96.0
Other types of assistance and financial help	
Measures to combat domestic violence for the consultants	138.9
Assistance and funeral allowance for consultants	34.9
Assistance and funeral allowance for the supplier communities	8.8
Financial assistance for recycling cooperatives	77.8
Other assistance for consultants ¹	232.1
Other assistance for the supplier communities ²	8.6
Total	24,176.6
1. Investment in telemedicine to treat suspected cases of Covid, emotional support measures and actions to combat domestic violence.	
2. Investment in logistics to deliver donated products and communication to provide guidance in applying for emergency payouts from the federal government.	

Contribution from our employees

In another initiative that connects with our Essence and our commitment to each person, our senior leaders committed to donating 20% of their salaries during the critical first months of the crisis, in which they were immediately followed by other levels of the organisation. These funds helped to maintain our actions in support of the network and the financial health of the company. At the end of the year, the company was able to pay back this contribution to all of them.

Task force with suppliers

In June and July we transferred some employees from the manufacturing area to provide support for one of our fragrance suppliers, whose activities had been affected by the pandemic. These three weeks of joint work resulted in the production of almost 100 tons of fragrances by our task force, guaranteeing the supply of this input, our partner's revenue and the maintenance of Natura's production.

Covid Radar

Among the measures supported we participated in a group of over 40 companies led by the United Nations Global Compact Network Brazil to join forces, contribute to the healthcare system and help drive the resumption of the economy by leveraging philanthropic measures.

Essential production

In parallel, as a manufacturer of personal hygiene products, in the first months of the pandemic Natura &Co reorganized the operations of all the brands to accelerate the production of essential items, boosting capacity by over 30%.

The mobilisation to produce and increase the availability of these products that help to bar contagion involved all company employees. The innovation team sought the best formulations for these items and the adaptations necessary in the production lines. Natura used idle capacity in the Avon factories to produce 16 million units of hand sanitizer and 1 million litres of alcohol in conjunction with partners, the most part of which for donation. Packs of other products, such as deodorants and moisturisers, were adapted for packaging hand sanitizer for communities, hospitals and other organisations and people. They were also commercialized by consultants.

Our main actions

R\$ 60.3 million donated together with partners in different actions, including product donations in Brazil, Hispanic America and the United States. Considering only Natura funds, the amount was R\$ 24.1 million.

- More than 1.3 million people impacted¹
- More than 240 organizations assisted¹
- 4 million units of soap, 260 tons of hand sanitizer, 315,000 litres of liquid alcohol and 720,000 units of other products.

1. Donation of 70% alcohol to: employees, consultants and the more vulnerable public in areas around the operations, families in the social biodiversity production chain, suppliers, partnering recycling cooperatives, truck drivers, hospitals, NGOs and government bodies.

1. Protect our network

- Guarantee of job stability for 60 days for all employees.
- Paid leave or vacations for all operational area staff in high risk groups.
- Transfer of retail staff to work in other Natura areas during shop closures in the municipalities.
- Employee care solutions and experiences based on a transversal perspective (physical and emotional health).
-
- #IsolatedNotAlone movement to combat gender violence (Avon, Natura, The Body Shop and Aesop).
- Tina Channel, in support of consultants and leaders victims of gender violence in Brazil.

- For consultants and leaders: telemedicine and psychological support. Leaders also received a hospitalisation and pharmacy allowance and consultants, a funeral allowance.
- Dissemination of well-being contents to diverse audiences

2. Manage contagion

- Adoption of remote working for administrative staff, distribution of ergonomic kits and the implementation of rigorous health and safety protocols in the operational units:
 - Temperature control, installation of hand sanitizer dispensers, reinforcement of cleaning in spaces, adaptation of restaurants, increase of the employee transportation fleet with a 50% occupancy limit in each vehicle, and monitoring of suspected and confirmed cases.
- New product delivery protocol, ensuring protection for consultants, service providers and consumers.
- Suspension of all face to face events for consultants and leaders. Dissemination of prevention information contents to diverse audiences.



3. Keeping the economy going

- Emergency allowance for consultants.
- Flexibilization of Relationship Selling criteria, such as payment terms, reduction in amount of minimum order and exemption from beginner's kit for new consultants.
- Acceleration of digital tools to drive consulting activity.
- Guaranteed production of portfolio items in demand by consumers, ensuring consultants' sales volumes.
- Guaranteed minimum remuneration for leaders during four sales cycles.
- Online training for consultants, with contents aimed at boosting business.
- Financial support for Aqui Tem Natura and The Body Shop franchisees.
- Maintenance of input supply contracts and advance of 30% of the amount of contracts for agro-extractivist cooperatives.
- Financial support for start-up ecosystem.

Integrated performance

Growth in sales, production records and increased consultant productivity

GRI 103-2, 103-3

On a consolidated basis, the net revenue of Natura Cosméticos, which includes the global Natura, The Body Shop and Aesop operations, was R\$18.3 billion, growing 27% over 2019. Natura's revenue in Brazil was R\$ 7.332 billion. For Natura in Hispanic America, revenue reached R\$ 3.669 billion.

Sales increased, with production records in our factories. Consultant productivity also maintained the growth rates seen in recent years. In 2020, the launch of the interactive magazines and the adoption of the other social selling solutions by more consultants drove a 4.13% increase in the indicator in Brazil compared to the previous year.

Retail net revenue was impacted by the measures that restricted the circulation of people during the pandemic, including the closure and partial operation in malls, where most of Natura's own stores are located. On the other hand, sales in our online channels, including the consultants' digital spaces, grew 65% compared with 2019.

For the second year running we beat the record of revenue from commercialization of the Crer Para Ver line, 100% of which is invested in projects to enhance the quality of public education and drive the education

of the consultant network. Revenue increased from R\$ 53.8 million in 2019 to R\$ 79.3 million in 2020. Another landmark during the year was our third consecutive certification as a B Corp, with an overall score 24% higher than in the previous process in 2017.

We reached the end of the first cycle of our 2050 Sustainability Vision, launched in 2014, achieving 83% of our Ambitions. We also concluded our first IP&L (Integrated Profit and Loss) study, which measured the business's environmental, social and human impacts in monetary terms. The results of the IP&L and the learnings from the 2020 cycle of Ambitions will support our future business decisions and help us to increase the positive impact we seek to leave for people and for the world.

Consolidated results

The global operations of the Natura &Co group, which include Avon, Natura, The Body Shop and Aesop, had a consolidated net revenue of R\$ 37 billion.

Further information in:

<https://ri.naturaeco.com/pt-br/>

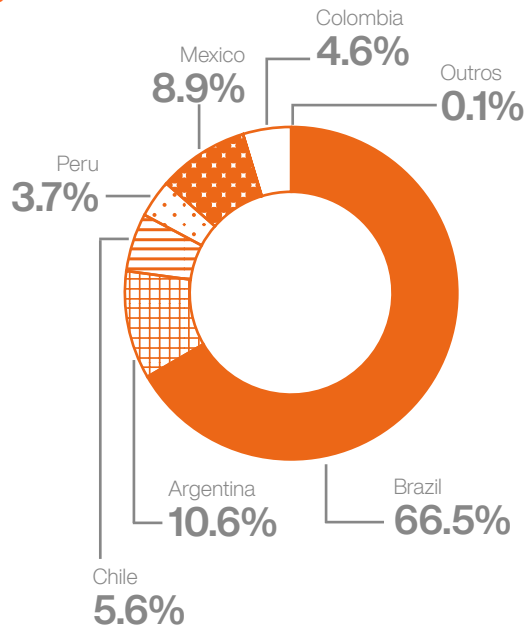
Responsible tax practices

Natura is 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.

Based on this, in this report we disclose income tax payments in Brazil and in the countries in Hispanic America. We are committed to evolving in this practice and extending it to the other companies in the group. We complement this information with the volumes of net revenue and operating income in the same countries.

Natura net revenue ¹

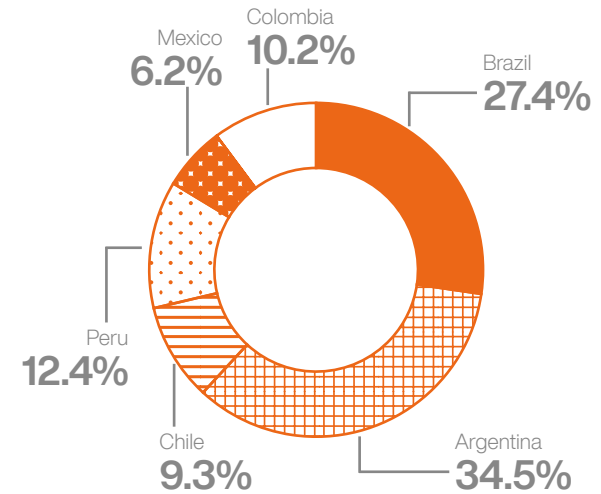
Net revenue:
R\$ 11 billion



1. The figures do not include the The Body Shop and Aesop operations. The difference compared with the amount informed in GRI 201-1 is related to the scope of that indicator, which refers to Natura Cosméticos (encompassing the global The Body Shop and Aesop operations) and which totals R\$ 18.35 billion.

Income tax due in 2020^{2,3,4,5}

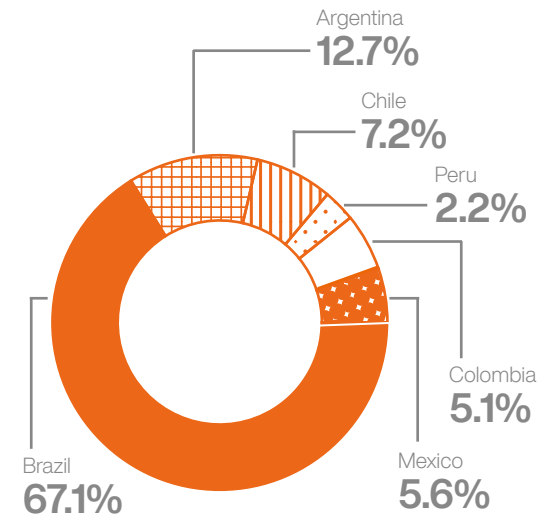
Income tax:
R\$ 312 million



2. Business in Bolivia is conducted through a local distributor.
3. The businesses in the United States, France and Malaysia do not yet have a basis for levying income tax.
4. The disclosure of tax payments per country is part of Natura's commitment to the B Team Responsible Tax Principles.
5. The chart does not include income tax paid of around R\$ 121.8 million corresponding to The Body Shop (54.7%) and Aesop (45.3%) operations.

Operating income

Operating income
R\$ 1.6 billion



Main indicators

GRI 201-1 Direct economic value generated (R\$ million)¹

Generated	2018	2019	2020
Revenues (R\$)	19,131	20,312	26,138

GRI 201-1 Economic value distributed (R\$ million)

Distributed	2018	2019	2020
Operating costs	5,619	6,421	8,770
Employee salaries and benefits	2,813	3,011	3,500
Payments to suppliers	4,712	5,354	6,561
Payments to government	2,414	2,349	2,188
Payments to creditors ²	2,693	2,775	3,612
Community investments ³	307	312	394
Total	18,558	20,223	25,036

GRI 201-1 Economic value retained (R\$ million)

Retained	2018	2019	2020
"Direct economic value generated" less "Economic value distributed"	572	88	1,102

1. The indicators for the three years are the consolidated figures for the Natura, The Body Shop and Aesop brands, which are controlled by Natura Cosméticos (further information on page 127).

2. Takes into account net profit attributable to controlling shareholders and the participation of non-controlling shareholders.

3. Amounts recalculated under GRI guidelines, taking into account Crer Para Ver revenues; business volume in the Amazon and investments in supplier communities (except for supplies); investments in surrounding communities; Movimento Natura, support and sponsorship

Social indicators¹

	2018	2019	2020
Crer Para Ver revenue (R\$ million) ²	44.2	53.8	79.3
Families benefiting in Pan-Amazon supplier communities	4,636	5,136	7,039

1. Takes into account Natura Brazil and Hispanic America.

2. Includes the proceeds in Brazil and in the other Latin American operations.

GRI 201-1 Other economic indicators (R\$ million)

Distributed	2018	2019	2020
Consolidated net revenue	13,397	14,445	18,345
Consolidated Ebitda	1,846	1,905	3,464
Consolidated net income	548	392	1,102
Average daily trading volume of shares ¹	59	129	343

1. From 2020, the datum considers the Natura &Co holding company (NTCO3). Therefore, there is no comparability with the historical series. Source: Bloomberg.

Environmental indicators¹

	2018	2019	2020
Relative GHG emissions (kg CO2e/kg product billed) ^{2,3}	3.14	3.18	2.85
GHG emissions in the value chain (tCO2e) ³	333,183	325,840	347,570
Water withdrawn Brazil (l/unit produced)	0.52	0.59	0.49
% post-consumer recycled material in finished product packaging — Brazil	5.4	8.6	10.0
% eco-efficient packaging in Brazil ⁴	22	185	18
Raw materials originating in Pan-Amazon region (% in relation to sales value)	17.8	17.7	16.5

1. Takes into account Natura Brazil and Hispanic America.

2. CO2e (CO2 equivalent): measure used to express greenhouse gas emissions, based on each one's global warming potential.

3. Includes GHG Protocol scopes 1, 2 and 3, 2020 Inventory audited by PwC.

4. Packaging at least 50% lighter than regular/similar packaging or comprising 50% recycled post-consumer and/or renewable non-cellulosic materials that do not increase mass.

5. In the previous report, the data disclosed consolidated Brazil and Hispanic America (19%).

STRATEGY

The path to growth involves seven strategic pillars

Future vision

The results we achieved in such a challenging year reinforce the strategic pillars Natura has been pursuing in recent years and the transformations we have driven in our businesses. While we continue to live in a period beset by uncertainties, that require caution and discipline, we have maintained our focus on the seven strategic pillars, refined our choices and managed to adapt priorities in accordance with the context, always having our Essence as a key guide.

The programme of the strategic planning cycle adopted two years ago ensured the dynamism to make the necessary movements. This clarity and consistency accelerated our response capacity to adapt strategy during the year. In the second quarter, results were heavily impacted by the pandemic and the measures to protect people from the propagation of the virus.

We were swift in capturing the opportunities offered by the so-called new normal, obtaining significant gains from our network digitalization model, which was already at an advanced stage. Performance in the digital channels, both in our consultants' sales and in traditional e-commerce, confirmed digitalization as a major avenue for business growth.

This resulted in recovery in the second quarter and the expansion of sales during the year in Brazil and in Hispanic America (further information on the results on page 24).

We also captured gains in brand (1), we continued to evolve in brand architecture and relevant innovations (2), we reinforced the power of relationship selling based on adherence to the online model (3) and we accelerated the digital transformation (5).

These achievements were complemented by the growth of the Natura &Co Group and the synergies that we began to capture, which will drive new advances on the other fronts of retail expansion and consequently omnichannelness (4) and the internationalization of the Natura brand (6), the points most impacted by the pandemic.

This enables the expansion of Natura's presence in Hispanic America, taking advantage of spaces in countries in which we are not yet present through the opportunities generated by synergies between Natura and Avon. These movements strengthen our organizational model (7) and structure, particularly our operational capacity, including manufacturing, distribution and supplier relations. Supported by the group, we are also going to accelerate the Natura brand's entry into markets outside the Americas, including Asia, after our arrival in Malaysia.



Natura strategic pillars:

- 1** Strengthen preference, desire and the power of the brand.
- 2** Pursue greater differentiation and innovation in our categories and revitalise the architecture of the daughter brands.
- 3** Boost the power of new direct selling, integrating the online and offline consulting models and improving the consumer's shopping experience.
- 4** Expand omnichannel presence.
- 5** Accelerate the digital transformation of the business.
- 6** Accelerate entry into international markets that permit scalable growth.
- 7** Adopt innovative people management and organisational models that enable future businesses.

Natura &Co Market share¹

Latin America



Brazil



Hispanic America²



¹ CFT (Cosmetics, Fragrances and Toiletries). Consolidated data for the group (including Natura, Avon, The Body Shop and Aesop). Source: Euromonitor 2020.
² Takes into account the countries in the region in which Natura has operations: Argentina, Chile, Colombia, Mexico and Peru.

The second Natura store in Malaysia, located in Kuala Lumpur, was inaugurated in June 2020. The first store is a pop-up unit in the city of Petaling Jaya. The Natura operation in the Asian country also includes e-commerce and Relationship Selling.

Sustainability connected with the business

In 2014, Natura launched its 2050 Sustainability Vision, establishing commitments to make the company a driver of positive impact, delivering value for our entire relationship network in all the businesses, brands and geographies in which we are present by means of our products, services and distribution channels.

2020 marked the end of this first cycle of targets, with key evolutions in areas such as diversity, value generation for consultants, promoting a bioeconomy in the Amazon through relations with the supplier communities and increased use of social biodiversity active ingredients. In parallel, the company achieved important advances in circularity with the development of recycling chains and the use of recycled and recyclable materials. We also pioneered the first integrated model for the valuation of socioenvironmental externalities with the development of our IP&L (Integrated Profit and Loss). At the same time, we need to address the challenges related to carbon emissions. We persist with our climate agenda, with a bolder ambition in conjunction with Natura &Co of achieving net zero emissions by 2030.

Promoting positive impact will continue to drive our efforts. For the coming decade, we have not only reaffirmed our commitments in these areas, but also reinforced the goals by joining forces with Natura &Co and our sister-brands.

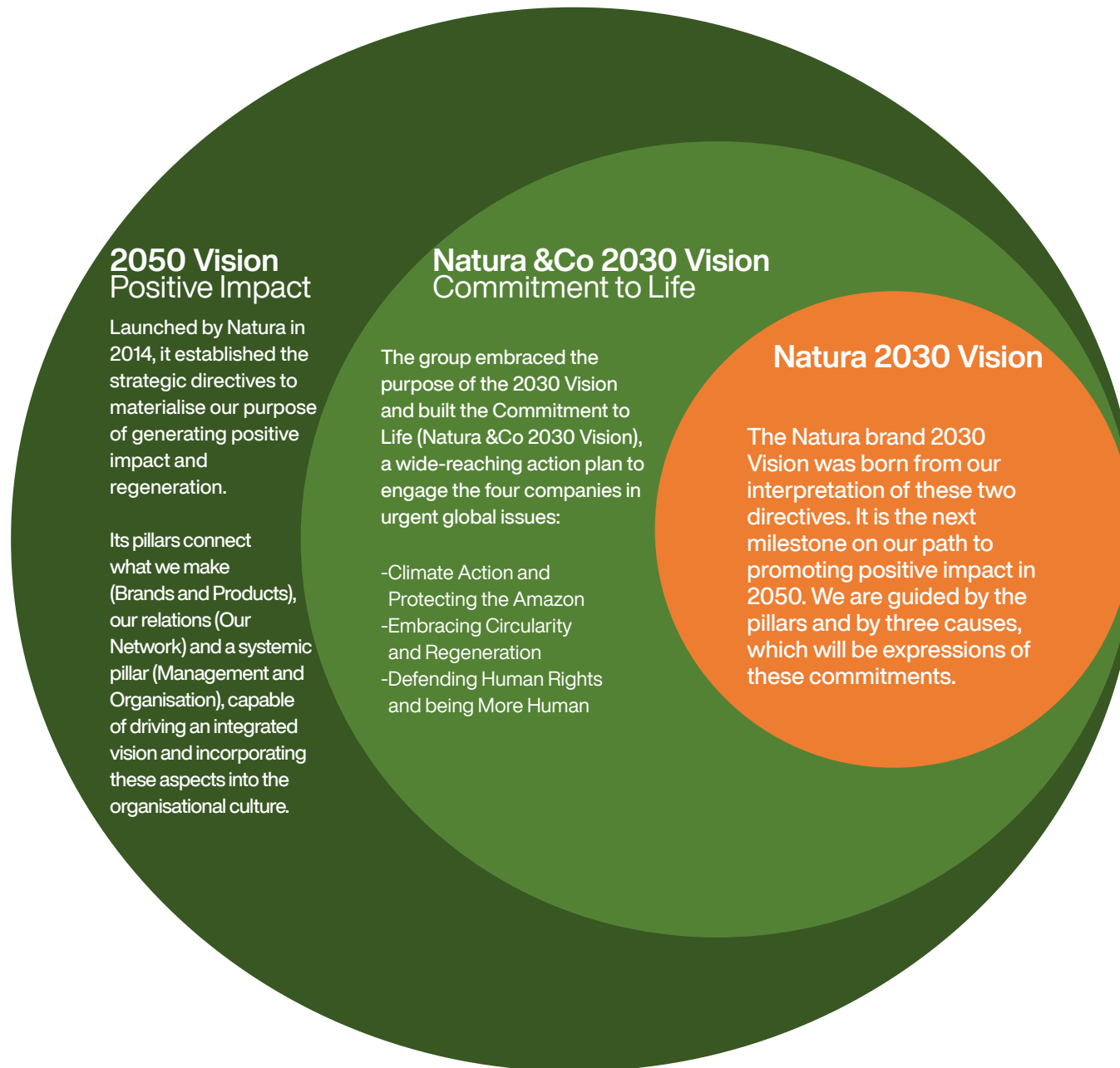
Our learnings in this period have helped to define the goals set forth in the Commitment to Life (2030 Vision), launched by the group in June. This is a wide-ranging action plan to engage the four companies in urgent global issues. Respecting each company's identity and stage of development, we are joining forces and working together to boost

the value we may generate in order to promote positive impact. The Commitment to Life sets forth the course whereby we intend to become the best beauty group FOR the world.

**Promoting positive impact
will continue to drive our
strategy. For the coming decade,
we have reinforced the goals
by joining forces with Natura &Co**

In Natura, the 2030 Vision will be complemented by specific targets and indicators already incorporated into the company's routines and should evolve towards the promotion of positive impact and regeneration – this new cycle of commitments is under construction and will be launched by the next reporting cycle. Our causes are expressions of these goals: The Living Amazon Forest; More Beauty, Less Waste; and Every Person Matters. These are associated with our business model and our brands and products to contribute to broader movements in society and to the public agenda. Accordingly, we have embraced challenges such as protecting the Amazon, the climate agenda, circularity of materials, regenerative models, the generation of a living income for consultants, for communities in the Amazonian social biodiversity supply chain and in the recycling chain, as well as increasing diversity and inclusion in Natura. For each cause, we have defined a governance and management model (further information from page 55). We will also enhance our IP&L, making it an important model for the integrated management of environmental, social and economic challenges.

Shared purpose



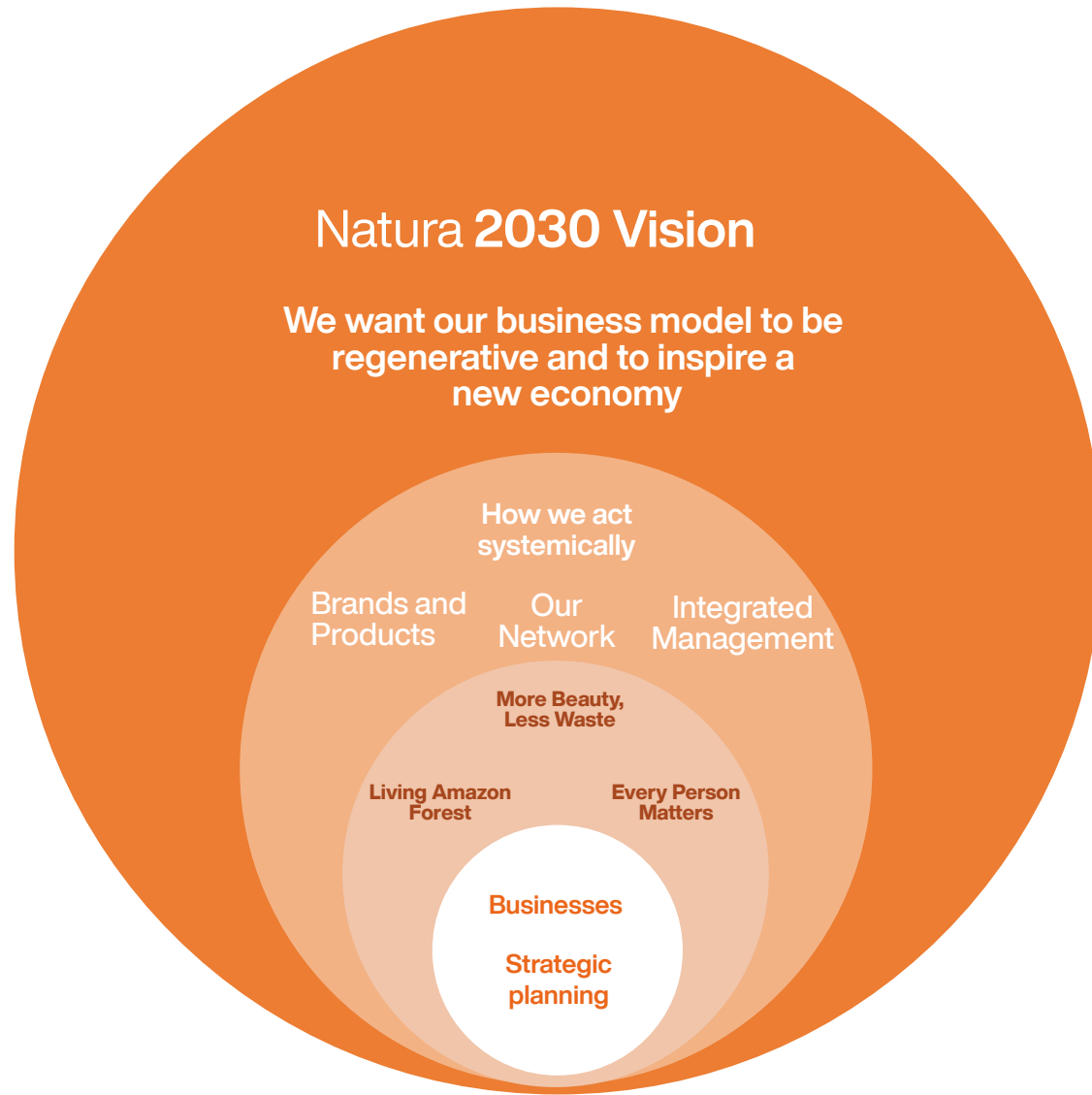
The concept of generating positive impact, which posits that Natura should make society and the planet better based on its businesses, is intimately linked with the principle of regeneration, of the renewal of ecosystems, societies and the economy itself.

Shared purpose

Systemic vision
Brands and Products
expressed through
the Causes

Causes that involve
our Network

And that are incorporated
into our decisions
and strategic planning by
means of the Integrated
Management model



Omnichannel Natura

The power of relationships, associated with new technologies, helps us to create a Well Being Well ecosystem

Our omnichannel model, which permits the consumer to choose how to acquire our products, was strengthened in 2020 with a series of changes that reinforced the complementary links between Relationship Selling, the online sales channel and retail. Our way of doing business, which harnesses the power of relationships associated with the new technologies, is also evolving towards transformation into a Well Being Well ecosystem, which goes beyond our cosmetics portfolio, offering other products, services and experiences for consultants and consumers (current and potential). Further details about the new solutions we have presented to the market may be seen in *New avenues to growth*, on page 42.

To bring this integrated ecosystem to life, we combined technology and business teams under the leadership of the Business Platform area, which serves the four group companies in Latin America. This major area, which employs agile working methods, is divided into centres of excellence (e-commerce; user experience and service design; data, analytics and CRM; and commercial model management) and enabler nuclei, with teams dedicated to enhancing the journey of the consumers, Natura consultants and Avon representatives. It also has teams that address Digital and Open Innovation (Innovation Labs), Information Technology, the Transformation Office and the incubation of new businesses, such as our financial services platform &Co Pay (more information on page 39) and the creation of partnerships with start-ups, such as the one established with Singu in Brazil (read more on page 43).



This work format, based on collaboration with the other areas of Natura &Co Latin America and other partners, resulted in significant deliveries during the year, enriching the consultants' experience with Natura and their customers, and the consumers' experience with Natura.

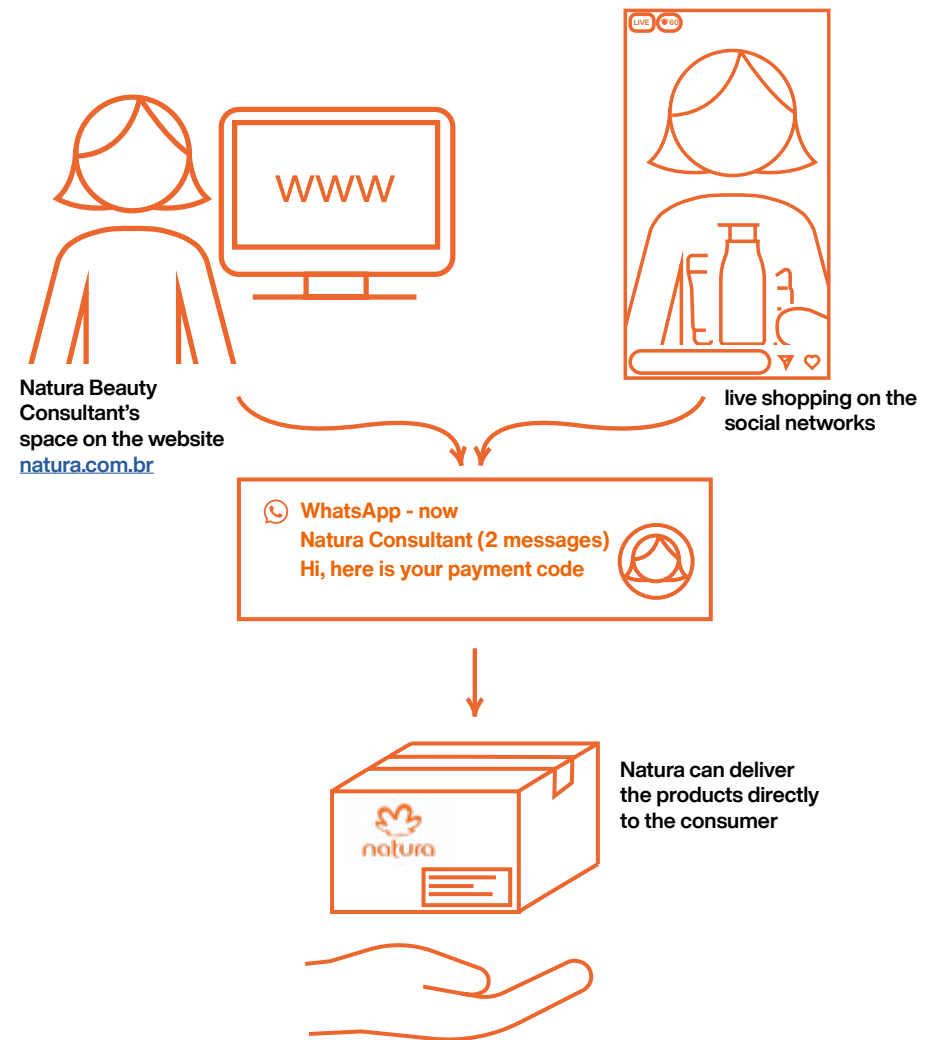
A good example is the Communication Hub, another area created recently to serve Natura &Co Latin America. We use the hub's expertise to develop creative and innovative contents that are part of our social selling strategy, which have leveraged the tools offered to consultants, optimizing their sales via the digital channels.

One consultant, diverse ways of doing business

Today, the Natura Beauty Consultant is also multichannel. She can work through her virtual sales space, serving her customers using different digital tools and her social networks, visit her customers to give demonstrations and make sales or even have her own physical franchise store by means of our Aqúi Tem Natura network. This new configuration is the result of our digitalization strategy, which began at Natura a few years ago and is connected with the recent transformations in society. The core of this strategy is to offer the consultant a set of digital solutions for each sales context and customer profile, in addition to tools that streamline the execution of routine tasks, ensuring more time for the consultant to perform her consulting activity with excellence. This movement was accelerated with the outbreak of the Covid-19 pandemic, which limited personal interactions between consultants and their customers.

The digitalization process also facilitates the entry of new consultants into the Natura network and boosts the attractiveness of the model for the younger generations who are already engaged in social interaction in the digital environment. In 2020, our digital self-registration model, which permits new consultants to register and start consulting work immediately

in safety and with accessibility, was launched in Peru, Chile and Colombia. In Brazil it has been available since 2019 and it will be implemented in Argentina and Mexico in 2021. All the stages of joining the network are virtual, in an intuitive process assisted by tutorials.



Digital journey and social selling strategy



More than **1.3 million** virtual stores – in 2019 there were 680,000¹



78% of the consultants use the digital platform (app + website)²



50% of the consultants engaged in our social selling strategy (use of the interactive magazine and the My Publicity functionality)³



24% of the consultants used the social selling tools more than six times in a period of 120 days.

1. The data apply to consultants in Brazil, Argentina, Chile, Colombia and Peru. The online sales channel in Mexico was launched in the May 2021.
2. The data take into account consultants in Brazil, Chile, Colombia and Peru.
3. The data take into account consultants in Brazil, Argentina, Chile, Colombia, Mexico and Peru. Does not include active virtual spaces.

Growth in number of consultants^{1 2 3}

GRI 102-7

In Brazil, the consultant network grew **14%** compared with 2019. In Hispanic America, it expanded **17%**.



1. The calculation method was updated, for which reason historical data were restated and differ from previous reports.
2. This considers consultants who are available, that is, those who have placed one or more orders in the last four sales cycles.
3. The indicator does not take into account consultants in Malaysia and Bolivia, operations managed by local partners.

Social selling

Advancing in our social selling strategy, we transformed one of our main physical communication media, the Natura Magazine, into an interactive digital asset. The magazine was launched in Brazil and in Hispanic America when the first measures to contain the circulation of the new coronavirus were adopted. It was also extended to consultants in Malaysia.

The consultant shares the interactive magazine with her customers, who can choose the products and may also finalize the purchase directly or send their shopping cart via WhatsApp to the consultants, who conclude the order. The consultants may also channel the delivery to the customer's address, generate and send the payment link to the customer and choose whether the sale will come from her own stock or will be delivered directly to the customer by Natura. To permit the consultant to capitalise on the social networks she already uses for interactions with her contacts, in the consultant application we are expanding the functionality of the tool My Publicity, a library of images and videos which may be customized and shared by the consultants on their Facebook, WhatsApp and Instagram channels and other social networks. In 2020, 37.2 million contents were shared by the consultants. In parallel, we organized training to enable consultants to enhance the engagement of their contacts with their business in these digital environments.

After a successful experience with The Body Shop and a round of tests with a group of consultants and leaders, in 2021 we intend to make our live shopping technology available. This will enable our consultants to make live transmissions through their social networks to present and commercialize Natura products.

These tools drive flexibility in physical and digital transactions, generate new business opportunities for the consultant and deliver a personalized experience tailored to the customers' needs. They include content, the sales process, means of payment, financial management and logistics.

More options for delivering orders

To enable consultants to serve their customers even more rapidly, in 2020 Natura launched the Consultant Partner. This permits her to buy products off the shelf without the need for fulfilling a minimum order and pick them up from a participating Aqui Tem Natura store. Other projects to drive more flexible deliveries are also in progress in alliances with different partners, such as the possibility of the consultant choosing whether the product will be dispatched to the end customer directly by Natura.

Service level

In 2020, Brazilian consultants' level of satisfaction¹ with our delivery services was 82 points – compared with 78 points in 2019.

26.6% of the consultants' orders in Brazil and 48.5% in Hispanic America were delivered within 48 hours in 2020.

Even with the logistics challenges generated by the periods of lockdown in diverse regions and cities in Brazil, we decreased delivery times for consumers and maintained a similar level to 2019 for the consultants.

Consultant assessment

Since the end of 2020, Brazilian consumers have been able to assess the consultants when they finalise their purchases via the Natura application and website.

1. The survey is sent by email after each delivery has been concluded. The methodology employed is NPS (Net Promoter Score).

Average delivery time			
Brazil (days)	2018	2019	2020
Consultant	5.4	4.81	4.9
Consumers (online purchases)	5.2	4.2	3.7
1. Datum corrected in relation to previous report (4.7).			

Operations in Hispanic America (days) ¹			
	2018	2019	2020
Consultant	3.2	3.4	4.2
Consumers (online purchases)	-	-	4.5
1. The online operations in the Hispanic American countries were implemented between 2018 and 2019, therefore, consolidation of the indicator began in this cycle.			

Resilience of the Natura model

2020 proved the resilience of our Relationship Selling model. With the pandemic, many consultants increased their dedication to the activity, investing in the digital tools and leveraging their businesses and their income. The entry of new consultants also shows how Relationship Selling is a significant income generation alternative at times of economic crisis.

We ended the year with around 2 million Natura Beauty Consultants – our network consisted of 1.8 million consultants in 2019. From this total, more than 1.2 million were Brazilian, and approximately 830,000 worked in Argentina, Chile, Colombia, Mexico and Peru. At the end of 2020, we had 300 consultants in our omnichannel operation in Malaysia.

In Brazil, consultants initiate their relationship with Natura in the Seed category and progress in level in accordance with growth in sales performance. At each level, the percentage they earn from sales and the benefits they have access to increase. There are some adaptations in the countries in Hispanic America and in Malaysia. In Mexico, for example, a multilevel model is adopted, whereby the consultants form their own sales networks.

Consultants and leaders – Brazil	2018	2019	2020
Consultants ^{1,2}	1,058,642	1,076,032	1,229,186
Leaders ¹	5,323	4,837	4,608

1. The calculation method was updated, for which reason historical data were restated and differ from previous reports.
 2. This considers consultants who are available, that is, those who have placed one or more orders in the last four sales cycles.

Consultants – Operations in Hispanic America ^{1,2}	2018	2019	2020
Argentina	189,042	209,492	233,922
Chile	72,561	72,454	84,377
Colombia	108,363	114,531	130,636
Mexico	175,768	210,071	285,661
Peru	89,815	88,802	95,777
Total	635,549	695,350	830,373

1. The calculation method was updated, for which reason historical data were restated and differ from previous reports.
 2. This considers consultants who are available, that is, those who have placed one or more orders in the last four sales cycles. This does not take into account consultants in Bolivia, where the operation is managed by a local partner.

Leaders – Operations in Hispanic America (unit) ¹	2018	2019	2020
Chile	420	427	388
Colombia	700	661	656
Peru	650	516	475
Total	1,770	1,604	1,519

1. There are no leaders in Argentina and Bolivia. Mexico adopts a different consultant classification model.

After rearranging our plant operations for the production of essential personal hygiene items, we updated our production plan to guarantee the manufacture of other products, such as Body and Perfumery items. The goal was to guarantee our stocks so that the consultants would not miss business opportunities.

With the Movimento Natura, from April we started offering emergency assistance for extremely vulnerable consultants, among other support initiatives (read more on page 18).

Record training sessions

From March, face to face training for the consultant network was replaced by virtual training sessions via webinars and the Consulting application, which had already been gaining ground in the previous years. The premise was to use friendly tools to ensure the participation of the highest possible number of consultants. We also launched the Network Trains Network model (further information in Consultants gain new roles).

In Brazil, the number of training sessions leapt from 3.6 million in 2019 to 7.8 million in 2020. In Hispanic America, there was a total of 462,900 sessions.

The content programming was adapted to address subjects which gained importance during the pandemic, such as:

- Digitalization of the business, virtual sales spaces and influence in the social networks;
- Business management (finance, stocks, post-sale, planning etc.);
- Natura Portfolio; and
- Behavioural topics.

Training for consultants:



Each Brazilian consultant concluded, on average, **19.8** training sessions.



88.7% of the consultants in Hispanic America received training.

Care drives loyalty

The consultants' and leaders' perception of the company is assessed periodically employing mechanisms in each sales cycle or on an annual basis. Among the consultants, the consolidated satisfaction rate in 2020 went from 79.3% to 77.7% in Brazil and from 94% to 95.5% in the countries in Hispanic America.

Satisfaction is one of the data that makes 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. Loyalty among the Brazilian consultants increased from 22.6% in 2019 to 25.9% in 2020. Among the consultants in Argentina, Chile, Colombia, Peru and Mexico, the loyalty rate increased from 42.3% to 47.1%. Among the leaders, the indicators remained stable.

In Brazil, the survey is conducted in each sales cycle with the consultants and every two cycles for leaders. In Hispanic America, the survey is annual.

The year proved the resilience of Relationship Selling. The entry of new consultants also demonstrates how the model is a significant income generation alternative at moments of economic crisis

GRI 102-44 Consultant relationship quality Brazil ¹ (%)	2018	2019	2020
Satisfaction ²	78.8	79.3	77.7
Loyalty ³	22.5	22.6	25.9

GRI 102-44 Leader relationship quality Brazil ¹ (%)	2018	2019	2020
Satisfaction ²	64.8	64.2	73.1
Loyalty ³	12.1	14.6	19.9

GRI 102-44 Consultant relationship quality operations in Hispanic America ¹ (%)	2018	2019	2020
Satisfaction ²	95.2	94.0	95.5
Loyalty ³	42.0	42.3	47.1

GRI 102-44 Leader relationship quality operations in Hispanic America ¹ (%)	2018	2019	2020
Satisfaction ²	97.0	98.0	99.0
Loyalty ³	62.6	66.0	65.9

1. Source: Kantar for consultants in Brazil, and Ipsos Institute for Hispanic American Operations.
2. Satisfaction: 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.

Income generation

GRI 103-2, 103-3, 203-2

One of the ambitions we committed to for 2020 was to increase the average actual income of consultants considerably. One of the indicators that shows the relevance of the Relationship Selling model is productivity – the higher the productivity, the higher the consultant's income from the activity will be.

Since 2017, when we revitalized the model in Brazil and adopted Prosperity, Belonging and Purpose as guiding principles, consultant productivity has increased steadily. In 2020, productivity grew by 4.13% compared with 2019.

In 2020, the average income of the Brazilian consultants increased by 21.5%, as a result of the support measures adopted by Natura during the pandemic, the higher number of consultants classified in the more advanced stages of consulting (from the Silver category), with a higher profit margin, and the increase in Natura sales in the year.

The average income of leaders increased 47.7%, also reflecting the support from the company in the pandemic, the growth in the consultant base in Brazil and the increase in monitoring activities undertaken with their groups of consultants, for which the leaders are remunerated.

Since 2019, we have also employed the concept of a living income to measure the remuneration of our leaders and consultants. As entrepreneurs, each one dedicates a specific amount of time to beauty consulting. We take into account the fact that their income may include other activities and we assess this proportionally using as a reference/parameter the amount necessary to lead a dignified life (read more on page 68).

In Brazil, the metric adopted by Natura establishes that a decent income for a consultant would be equivalent to R\$ 13.00 per hour dedicated to consulting. In 2020, 42.7% of the consultants at the three most advanced

career progression levels (Silver, Gold and Diamond) and 93.6% of the leaders reached this level.

For the coming years, we intend to evolve the way in which we measure the remuneration of our network, both in Brazil and in Hispanic America, a topic which is one of the goals of our Every Person Matters cause. We will also continue to look for new solutions to boost the income of the consultants in our ecosystem (read more ahead – Consultants gain new roles).

GRI 203-2 Average annual income for consultants and leaders – Brazil (R\$) ¹	2018	2019	2020
Consultants	3,885	3,821	4,632
Business Leaders	37,195	41,536	59,355

1. In 2019, we adjusted the calculation of consultants' income to ensure broader consideration of the different strategies they use in purchasing Natura products and pricing them for their customers. With the alteration in the calculation rationale, the amount for 2018 was restated. The previous amount informed corresponded to R\$ 5,318 in 2018.

The acceleration of our social selling strategy also contributes to the productivity and the income of our network. According to a 2019 survey, during that year a consultant with an active digital space was, on average, 35% more productive than one who did not access any of our digital tools.

Consultants gain new roles

In 2020, we progressed in our strategy of fostering enterprise in our network, identifying the talents of our consultants and helping to leverage these. By means of Natura Startups, we selected a start-up to develop and accelerate our Consultant Trainer and Consultant Influencer projects

which harness the skills and experience of our consultants to leverage the development of the network and the business. In the format developed, the consultants are paid for the complementary activities they perform.

On the first front, the consultants themselves give training sessions to their colleagues in subjects in which they have expertise. In the pilot stage, we prepared 45 consultants who in a nine-month period trained around 120,000 consultants in Brazil in subjects such as digitalization. One of the advantages of this model is the motivation of the consultants receiving the training, who feel inspired by participating in a training session conducted by a more experienced colleague.

On the consultant influencer front, our tests involved around 85 consultants who are micro-influencers in Brazil and Hispanic America and who, together, have over one million followers on Instagram, Facebook and Twitter. This team produced and shared contents with beauty and care tips and suggestions, as well as participating in events organized by Natura.

&Co Pay unveils new horizons for the network

Our financial services platform, &Co Pay, comes into being with the potential to be a powerful enabler of digital and financial inclusion.

In the second half of 2020, we made this service available to consultants in Brazil by means of the Natura Pay solution.

Consultants and leaders can open their digital account providing access to free services including balance, statements, transfers etc. They may pay bills, top up cell phones and make purchases, with a set of services previously only available in a fragmented manner from different platforms and companies. Another service is the generation of payment links, enabling

their customers to pay with a credit card, which may be done remotely. The revenue from digital sales is credited directly to the consultant's account in two working days. The platform was developed with support from the consultants, incorporating their suggestions and providing solutions for their pain points. We see &Co Pay as a functionality that can broaden our network's access to financial services, generating inclusion and helping to boost financial literacy. Learnings derived from the consultant HDI also contributed towards the development of solutions better suited to the network's needs. The HDI has already shown the benefits of financial education for the development of the consultants and their families, as well as driving their productivity (read more on page 18).

In the next stage, credit cards, payment terminals, transfers via PIX, as well as loans and other products and services will be incorporated. From September 2020 to February 2021, 150,000 accounts were opened and more than 1.7 million transactions took place on the platform.

Developed for all the group's businesses, &Co Pay already processes The Body Shop e-commerce payments. In 2021, the solution will serve all the Natura and Avon channels.

Online sales channel

The Covid-19 pandemic accelerated changes in consumers' shopping habits. With the need to stay at home, many people who had not yet shopped online migrated to e-commerce. The robustness of our online sales channel, which includes purchases made directly by the consumer or intermediated by consultants, enabled Natura to absorb the increased demand in 2020, without jeopardising the end customer.

Potential to generate digital and financial inclusion

The consumer can begin the website experience by voice, via **Google Assistant: 'Ok Google, speak to Natura'**

We ended 2020 with 242 million accesses to Natura's online sales channel in Brazil, compared with 164 million in 2019. There were 37.9 million accesses in Argentina, Chile, Colombia and Peru, an increase of 166% over the previous year. In Brazil, the number of new consumers increased 58% compared with 2019, reaching almost 890,000. In Hispanic America, growth reached 269%, with 290,000 consumers.

In Mexico, we decided to postpone the implementation of our e-commerce until 2021. As a result of joint work done with Natura &Co, we will also launch the Avon and The Body Shop online sales channels in the country, both of which will be hosted on the Natura &Co group global platform. Another example of synergy was the migration of The Body Shop's e-commerce in Brazil to our global platform.

We maintain digital sales channels in Malaysia, the United States and in Europe (via the operation in France). On the European continent, the Natura website is available in English, French, German, Italian, Portuguese and Spanish. In the United States, in addition to e-commerce we have established partnerships with beauty curators, a segment in expansion in the North American market, and we have joined Amazon (the largest electronic commerce company in the world).

A different Natura Friday

On the 2020 Natura Friday, the discounts were activated throughout the month of November and were linked with the campaign I care about who I buy from, which drew consumer attention to the importance of valuing the consultant network and driving the economy generated by Relationship Selling. For each purchase, R\$ 1 was donated to social projects run by the consultants. The initiative was also extended overseas. In the United States, for example, with each purchase US\$ 3 dollars was donated to social initiatives. This was also the first year that the action was renamed Natura Friday, substituting the traditional Black Friday.

Retail

Our retail strategy was complemented in 2020 with the launch of a new, more versatile store layout, which combines the strengths of our two other formats: concept stores (company-owned) and the Aqui Tem Natura stores. The goal is to make the most of new spaces for the brand, serve different consumer profiles and offer an ideal mix of products, with a more flexible and adaptable store model while preserving the brand differentials. The first Brazilian city to receive this model of store was Taboão da Serra (SP).

As a result of the pandemic, we postponed the opening of some concept stores in Brazil. During the year, five spaces were inaugurated. In Malaysia, we inaugurated our first permanent store in Kuala Lumpur and deactivated the pop-up store in Petaling Jaya (further information in the following box). In the United States, we closed our permanent store in New York and inaugurated a temporary pop-up store in the Showfields space, dedicated to digital brands. We also concentrated our activities in France in our store in Marais, in Paris, closing the store operations in Vélizy 2 and La Défense.

We introduced the new concept store layout, conceived in 2019, in the two Natura stores in Santiago (Chile). The new design highlights interactive experimentation solutions and draws attention to the brand's causes and positioning, such as our relationship with the Amazon.

In all, we have 589 stores, 70 of which are company owned and 519 franchises located mainly in Brazil, with one in Peru and one in Malaysia.

Operation in Malaysia strengthens omnichannel approach

Malaysia was the country we chose to initiate Natura's new international expansion cycle. Our arrival in this Asian country also marked the début of a new model, with the simultaneous launch of the e-commerce, retail and Relationship Selling models, all managed by a local franchise partner.

**Natura
owned
stores**



**63 stores
in 7
overseas**

The operation has been demonstrating the potential for synergies between the channels, with actions such as Live Selling that combine the brand experience in retail, the individualized service of social selling and the facility of e-commerce. Our local consultants' activities are also fully anchored in digitalization (all the routine activities take place via application) and the tools of social selling.

Store in Kuala Lumpur

Natura's first permanent store in Malaysia was opened in June 2020. The solutions for evaluating the skin and the hair are available, underscoring the differentiation of the Natura brand in a highly demanding market. Some 300 items are on sale, all of which are vegan, including the Casa de Perfumaria do Brasil fragrances and the Ekos, Chronos, Lumina, Mamãe e Bebê and Natura Homem brands.

Where it all began

One of the stores inaugurated in 2020 was in Rua Oscar Freire, in the city of São Paulo, the same street on which the businessman Luiz Seabra opened a small store to commercialize products of the recently created Natura brand in 1970.

A combination of art gallery and store, there are works created exclusively by the artists the Campana Brothers in the store, which is also oriented to technology. With a digital appliance, visitors can try the perfumes in our portfolio, with virtual reality glasses they can travel to a community in the Amazon, and with the virtual mirror, they can test our makeup. The store also offers digital solutions to measure the hydration of the skin and the vitality of hair strands. The Gift Studio permits customers to personalize presents.



One of the stores inaugurated in 2020 was in Rua Oscar Freire, in the city of São Paulo

Aqui Tem Natura

We ended 2020 with 518 Aqui Tem Natura stores in Brazil (compared with 422 in 2019 and 192 in 2018), demonstrating the effectiveness of the model, which has a lower cost and higher rate of return on investment than the average for the Brazilian franchise market. The Aqui Tem Natura stores are managed exclusively by consultants who have reached the Silver stage and chosen to follow the Beauty Entrepreneur career, opening their own business. The spaces are mostly located on streets and in commercial galleries, serving consumers who want convenience without sacrificing trial.

Present in diverse states in Brazil, since 2019 there has been an Aqui Tem Natura store in the city of Huancayo in Peru. The perspective is to expand the model to other countries in Hispanic America in the coming years.

To minimise the effects of the economic crisis unleashed by the pandemic, we offered our Beauty Entrepreneurs facilities such as the postponement of payments/payment in instalments, as well as the opening of virtual sales spaces with a view to maintaining the sustainability of their businesses.

Consolidated presence

Natura &Co Latin America ended 2020 with 736 stores in Latin America, including its own stores, the Aqui Tem Natura franchises, The Body Shop stores and the Aesop store. In Brazil, the more than 650 stores make the group one of the main players in the retail segment.

New avenues of growth

Creating new avenues of growth is one of the priorities for the Natura Business Platform. In 2020, we progressed in this agenda with the expansion of our meditation experience. The application, previously available only in Portuguese, gained versions translated to Spanish and English. The experience in other languages was extended to the Amazon and Google voice assistants (Alexa and Google Assistant) – prior to this, the content was only available in Portuguese with Alexa.

A highly promising trend, voice technology is still maturing in the market and is one of the focuses of the garageN nucleus, part of Natura's Innovation Labs, which is responsible for testing emerging technologies with disruptive potential. We recorded more than 80,000 single users and more than 160,000 meditation sessions using voice technology. We reached countries in which the Natura brand is not yet present, such as Japan and Australia, demonstrating that this kind of experience boosts brand expansion and awareness in the short-term. To try meditation by voice, you just have to say "Alexa, open Natura Meditation" or "OK Google, speak to Natura Meditation".

Another launch based on voice technology took place at the end of 2020. Now, in addition to acquiring Natura products directly from the consultants or via the application, websites and stores, the consumer can buy from the Natura Beauty Consultant by voice from the Google Assistant platform. This pioneering initiative in the Latin American market has been generating sales.

We have also invested in voice technology to break down barriers to the inclusion of people with disabilities providing a makeup experience on the Amazon Alexa platform focused on the visually impaired.

Natura's new business ventures, which increase benefits for our network, also involve encouraging intrapreneurship. This has led to the creation of the Naomm platform, which connects people to online practitioners of integrative and complementary therapies. Even during its initial phase, more than 600 therapy sessions were commercialized in 2020, with a very promising outlook for growth.

The start-up ecosystem is another important tool for driving new business, leveraging our strategy and expanding the ways in which we connect with our network

Considering the start-up ecosystem as another important tool for driving new business, leveraging our growth strategy and expanding the ways in which we connect with our network, we signed an investment agreement with Singu, the leading Brazilian digital platform for beauty services in the home. For example, the platform can offer the services of our consultants, providing them with an opportunity to generate more income.

Natura Startups

Since 2016, Natura Startups (www.natura.com.br/startups) has acted as a gateway for open innovation, connecting entrepreneurs with our business challenges and delivering methods and facilities to ensure these connections are successful.

In 2020, we were recognized as the Brazilian company that engages most in relations with start-ups in the Open Corps Top 100 ranking. In 2019, we had been placed second and, in 2018, third, attesting to our consistency and growth in the market.

Natura Startups' activities are based on three pillars:

- Accelerating innovation by means of prospecting start-ups and co-conducting tests with internal company areas;
- Fostering an internal test & learn culture, collaboration and intrapreneurship; and
- contributing to the development of the start-up ecosystem.

In the innovation acceleration pillar, we resorted to our start-up ecosystem to implement care solutions for our employees, consultants and leaders during the pandemic.

For the first time, our solutions were extended from Brazil to Hispanic America and from Natura to the other companies in the group. It was also based on an active pursuit that we selected a start-up to provide support in our Consultant Trainer and Consultant Influencer projects.

Via calls for proposals in innovation, we proceeded with the Natura Innovation Challenge – Zero Waste Packaging (read more ahead).

Combining the two latter pillars, we rapidly activated our Covid support plan for the ecosystem: the employee ambassador community that we generated, baptised Supermakers, undertook a listening process with over 50 start-ups to understand

Video of the Cajamar Innovation Centre

<https://vimeo.com/492064167/8ae137cbb6>



the difficulties involved. Based on this, we defined our action focuses, including support to ensure the financial sustainability of these start-ups and to help them care for their employees, with free access to the well-being platform and therapy sessions.

With B2Mamy, an accelerator dedicated to entrepreneur mothers, we launched the Nós Juntos (Us Together) programme, in which Natura employees were trained to act as mentors to 30 start-ups – selected because they classified as social businesses or had women leaders.

We also maintained our partnership with WiSE, an accelerator in Silicon Valley (United States) focused on female entrepreneurship, and with the Sebrae programme Mentoring Women Tech, which encourages women to enter the universe of enterprise. During the course of the year, we organized diverse live transmissions to share contents and experiences, prioritizing the ecosystem active outside the Rio-São Paulo axis.

Natura Startups Funnel			
	2019	2020	From the beginning of the programme ¹
Start-ups evaluated	1,451	828	5,093
Interactions	327	429	1,100
Solutions tested with start-ups	40	14	106
Start-ups contracted	9	10	41

1. Our relationship with the start-up ecosystem began in 2014, but the Natura Startups Programme was launched in 2016.

Zero Waste global challenge

Aligned with our More Beauty, Less Waste cause, in 2019 the Natura Startups and Natura Campus programmes developed the Natura Innovation Challenge – Zero Waste Packaging, the biggest open innovation challenge in the company’s history. Aimed at entrepreneurs, start-ups, research institutions, universities and companies in Brazil and abroad, we sought to capture solutions to decrease waste generation and the use of plastics based on three fronts: new renewable or biodegradable materials, innovations in logistics models and commercial and service innovations.

More than 570 solutions from 37 countries were presented. Four start-ups were selected, two of which were Brazilian – one founded by a woman – and two were foreign. We conducted the first test stage in 2020. In 2021, we will continue with the validation process and then scale up the solutions. Other start-ups that participated in the challenge and presented potentially interesting proposals for Natura continue to talk to our teams.

Since the pollution caused by plastics is a problem for society as a whole, we opened up some of the proposals that were not selected in the challenge to the market, enabling other companies to access these solutions.

Another edition

At the end of 2020, we launched a new innovation challenge, this time in partnership with the Brazilian confederation of industry CNI (Confederação Nacional da Indústria) and the international SOSA agency. These will prioritise the medium-term goals of our Business Platform. The next stages, attracting and selecting start-ups, will occur in 2021.

Our way of making products

Driven by our commitments to sustainability, 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. This results in beauty products that provoke positive impact on the environment and on our relationship network.

**In 2020,
we filed
38 patents
and industrial
designs**

The product development cycle is conducted by a multidisciplinary team using agile methods in a work system that has evolved over recent years to deliver more differentiated products, connected with beauty market trends and the best time to market for our innovations. Our 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). In 2020, we filed 38 patents and industrial designs.

In terms of proving results, our team uses a robust technology platform based on data science. 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.

Our packaging is also developed with a view to reinforcing and challenging our positions on the generation of positive impact and ensuring the integrity of products throughout their life cycle. This unique way of developing packaging is supported by the More Beauty, Less Waste cause (read more on page 84).

Cajamar Innovation Centre

In November, we commemorated the new Natura Innovation Centre in Cajamar (SP), which was revitalised between 2019 and 2020, with a digital event that included a virtual tour with the head scientists from each area. The technology park embodies the know-how the company already masters and will enable it to expand scientific capacity over the coming years.

The innovation centre houses the Advanced Technology Laboratory – essential for leveraging our biotechnology performance –, the Formulas and Prototypes Laboratory, where new products are developed, and the Sensory Evaluation Laboratory. There is also a space for collaboration which may be used by the different teams involved in innovation at Natura, including co-creation projects with universities, start-ups and partnering suppliers.

We also have the NINA (Natura Amazônia Innovation Nucleus), installed in the Ecoparque, in Benevides (PA). At NINA we have a bio-refinery to evaluate the potential results of extracts and essential oils from Amazonian biodiversity on the skin and hair for potential incorporation into our portfolio in the future. Inaugurated in 2012, the study centre in the region is part of the Amazônia Programme and is associated with our strategy of adding value to local products and services, promoting a bioeconomy and joining forces with other organisations to promote science and technologies that value the standing forest and generate income (read more on page 72).

Cutting edge technology

The equipment deployed in our Innovation Centre puts us on a par with the biggest research centres in the world, contributing to the reduction in prototyping times, better knowledge management and optimisation of work flows.

**Evolution 2014-2020 and 2030 challenges****GRI 103-2, 103-3, 417-1**

From the launch of our 2020 ambitions in 2014, until this moment, we have significantly accelerated the use of natural inputs and biodiversity active ingredients in our portfolio going beyond Natura Ekos, expanding their use to other daughter-brands. Currently, we employ 39 bioingredients (oils, butters, essential oils, extracts and derivatives) from Amazonian biodiversity, which are employed in formulations for the face, hair treatment and perfumery. This performance is directly linked with the more than sevenfold increase in the purchase of these inputs since 2011. Our target for 2030 is to reach 55 bioingredients (further information from page 71).

We ended 2020, with 93% of our formulas of natural origin, and 84% of our portfolio vegan (with no ingredients or derivatives of animal origin). Beeswax, considered a derivative, is no longer used in our new formulations. Moreover, 93% of our rinsable formulas are biodegradable, attesting to our commitment not to use ingredients that are toxic or harmful to the environment and mitigating the impact on water resources.

These indicators are already aligned with the Natura &Co 2030 Vision, related to the circularity of formulas, and which established as a target 95% natural or renewable ingredients and 95% rinsable and biodegradable formulas for all the group companies. Another ambition is to reduce the environmental footprint of all new formulations based on product life cycle analysis. At Natura, for a number of years we have used a tool that estimates the environmental impact of future product launches during the initial R&D phase. The environmental calculator supplies data on carbon emissions and waste generation, among other factors, and helps us to make more conscious choices in terms of ingredients and packaging materials for new products.

In terms of packaging circularity, one of our ambitions is to ensure all packaging materials are reusable, recyclable or compostable by 2030 (read more from page 83).



No animal testing

Since 2006, Natura has not conducted animal tests on its products and exclusive raw materials. We also only acquire ingredients for suppliers who adopt this conduct. Since 2018, we have had Leaping Bunny certification, granted by Cruelty Free International.

GRI 417-1 Origin of formulations – Brazil and Hispanic America (%) ¹	2019	2020
Material with certification of origin	15.0	15.6
Material of natural origin ²	90.0	93.0
Biodegradability of rinsable products ³	Not available	93.0
Vegan products	80.0	84.0

1. From 2020, monitoring has been undertaken with the indicators: % of materials of natural origin and % of rinsable products that are biodegradable. The change ensures alignment with Natura &Co commitments and global benchmarks, such as ISO 16128 for the natural origin of formulations. The comparison between the indicators reported previously (material of renewable vegetable origin and material of natural vegetable origin) is not equivalent.
 2. Natural origin (vegetable, mineral or biotechnological) of the product portfolio (based on ISO 16128) weighted by the mass of organic components of the formula billed in the year (Brazil and Hispanic America).
 3. Biodegradability of the rinsable product portfolio weighted by the mass of organic components of the formula billed in the year (Brazil and Hispanic America). The organic mass refers to the ingredients that have carbon in their chemical structure.

Product safety

GRI 102-11, 103-2, 103-3, 416-1

Our concern about consumer health and safety permeates the entire R&D process, from the research into new ingredients and the conceptual design of the product to its launch in the market, when we continue to monitor its use by consumers to capture opportunities for improvement. Cutting edge technological tools, based on predictive models and data science support product safety management.

2.1% of net revenue invested in R&D
R\$ 233 million

We monitor international lists of controversial products 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 2020, all the products containing the ingredient lyral were reformulated and all new products developed do not contain this ingredient in their formulations. In line with a recommendation from the European Union, we are gradually eliminating the ingredient MIT (methylisothiazolinone) from our rinsable product portfolio. From 2018, MIT was banned from all non-rinsable products – neither is it used in new developments.

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.



Our expertise in R&D enables us to deliver products that are safe for human health to consumers with a minimal impact on the environment, with ever increasing rates of ingredients of natural origin, high performance and sensory excellence.

Clear labels

GRI 417-1

Lines such as Lumina, Tododia and Ekos now have icons that communicate our practices:



Main launches

We invested R\$ 233 million in our R&D projects in 2020, an increase of 9% over 2019. At the beginning of the pandemic, with a focus on essential products to combat the propagation of the coronavirus, we reinserted Natura Erva Doce 70% hand sanitizer in our portfolio in record time, enabling its production in our third-party manufacturers in Hispanic America and in the Avon factories.

	2018	2019	2020
Investment in innovation (R\$ million)	188	214	233
% of net revenue invested in innovation	2.2	2.4	2.1
Number of products launched ¹ – Brazil	233	330	211
Innovation rate (%) ² – Brazil	59.9	58.4	67.1

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.



Ekos Castanha celebrates its 20th anniversary

A symbol of our connection with Amazonian biodiversity and more recently of our Living Amazon Forest cause, Ekos completed 20 years of existence with a commemorative relaunch. In March 2021, the entire line was relaunched with formulas up to three times more powerful that reinforce the connection of the individual with nature and the brand's role as a forerunner of the concept of biobeauty (union of beauty, innovation and nature). To mark this moment, the international model and activist Gisele Bündchen became the Ekos brand ambassador. And the artist from Pará, Michelle Cunha, created exclusive commemorative illustrations for Ekos Castanha, the brand's most iconic asset, portraying the importance of this chestnut tree for its ecosystem and the work of the pickers in harvesting the nuts.

Kaiak Oceano draws attention to the pollution of the oceans

With the launch, Kaiak engages in our More Beauty, Less Waste cause, throwing light on one of the major environmental challenges of these times: the pollution of the oceans. In the launch campaign, we drew attention to alarming data, such as the quantity of plastic that ends up in the oceans every year (8 million tons) and the thousands of years necessary for this material to decompose.

The largest plastic piece in the Kaiak Oceano pack contains 50% recycled plastic – part of which was collected by cooperatives on the Brazilian coast with whom Natura established partnerships. We estimate that during one year we will use around 6 tons of recycled plastic, meaning we will no longer employ the equivalent amount of virgin plastic and will, in parallel, foster the development of the recycling chain for the material. The single use plastic film in which the product pack was wrapped was eliminated. The Kaiak Oceano perfume bottle contains up to 30% recycled glass. The fragrance is commercialized in men's and women's versions.



New products complement the Natura Lumina line

The line was reinforced with the pro-reconstructor treatment kit for chemically damaged hair, which employs full-strength pro-teia biotechnology, reducing hair porosity by over 80%. The kit comprises a concentrated primer and a treatment mask. Natura pioneered the inclusion of a primer in its high performance hair line – this product is better known in the makeup category, where it prepares the skin to receive other products, reducing its porosity.

We also launched Natura Lumina for oily hair. It should be noted that the Lumina formula is 100% vegan and contains social biodiversity actives. The packaging from the line is made from green plastic.





Satin lipstick infused with oil is a Natura Una highlight

This is the first lipstick with oil and a high-coverage satin finish in Latin America. Its formula contains murumuru butter, from Brazilian social biodiversity, and sunflower and pecan nut oils, that provide immediate hydration for up to 24 hours.

More new products from Casa de Perfumaria do Brasil

Essencial Mirra combines the traditional myrrh from the Orient, one of the noblest ingredients in world of perfumery, with unique Brazilian myrrh (a vegetable sap found in the Amazon, that solidifies and is transformed into a perfumed stone – myrrh resin). Essencial Mirra is available in feminine and masculine versions.

We also launched the Luna Absoluta fragrances, repositioning the brand in the prestige category, and Luna Fascinante, a co-creation by Verônica Kato, our exclusive perfumer, and the French perfumer Domitile Bertier.





Ivone, 48 years.
A consultant for 18 years, she is also engaged in initiatives that promote autonomy for women in Soure, Pará, reviving and keeping the island's culture alive. In addition to consulting, she writes children's books.

Management by causes

Management by causes

We group our goals and material topics in three causes. In 2020, we progressed in our strategic plans for each, as well as in governance and in employee engagement, to establish the management process of these topics in Natura. Our causes are defined by the priority topics in which we want to generate change in society based on our business model, mobilising our network, governments and individuals to solve social and environmental problems.

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 performance indicators. In a collaborative process, this construction involved workshops for interested groups, internal alignment with senior management and the different Natura areas impacted by these topics. We also consulted specialists in specific topics (read about what we are doing in each cause from page 71).

Each cause will have a specific governance and management process designed for strategic monitoring and decision making. In 2020, we concluded the construction of the three fronts for the Living Amazon Forest. The model includes advisory committees comprising specialists in areas in which the causes need to advance and mature. For the Amazon, for example, a multistakeholder group met three times in 2020 to generate more in-depth knowledge about deforestation and to develop action plans for this issue. For More Beauty, Less Waste, we defined a theory of change for the cause by means of dialogues with a network of partners. In Every Person Matters, the models for measuring the income of our consultants and supplier communities are being enhanced to enable us to apply the concept of a living income to our relationship network.



In line with society's challenges, the definition took into account the Sustainable Development Goals (SDGs)

The management process will be accompanied by a new cycle of ambitions, comprising the goals also set forth in the Natura &Co 2030 Vision and the Natura 2030 Vision, which is still under construction. Both have the same goal of making Natura a company that promotes the common good, going beyond mitigating all the impacts of its operations to promote regeneration and positive impact for the company, for its relationship network, for society and for the environment.

The definition of the causes also took into account the agenda of global challenges, in particular the Sustainable Development Goals (SDGs), to ensure that the company is aligned and in harmony with the challenges faced by society.

To generate these changes, we will act on the following fronts:

- **Structured actions – projects and programmes linked with our business model that can generate innovation and differentiation in products and services. Examples of this are the Natura Amazônia Programme, to promote a standing forest economy and the Natura Elos Programme, with its recycling chains.**
 - **Mobilization – the engagement and training of our stakeholders to influence broader social movements**
 - **Advocacy – the promotion of agendas associated with structured actions that support the commitments beyond the business together with civil society organisations and public authorities.**
-

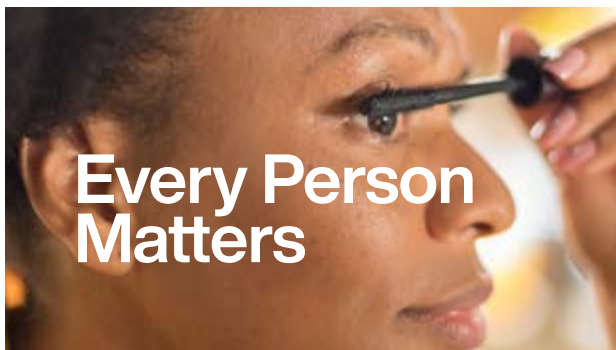
Causes movement: where we are headed



There will be no standing forest if we just sit around. Movement to transform the Pan-Amazon region into a global example of a new society that integrates people, the forest and cities in a sustainable manner.



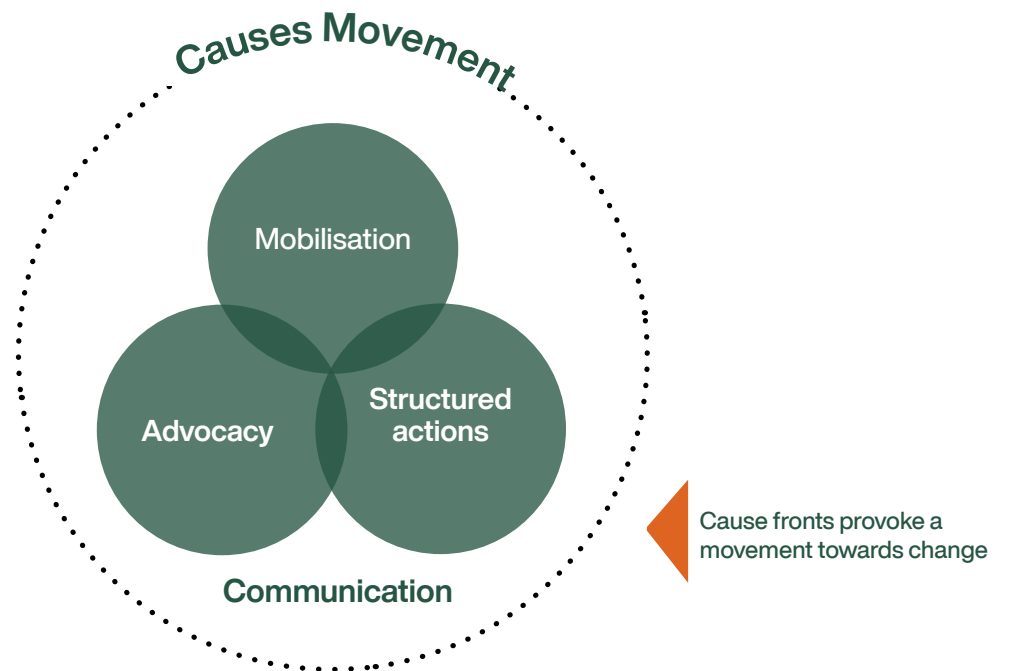
Offer the most, using the least and reducing excesses. We have used recycled materials and materials of renewable origin, as well as refills, for over 30 years. But we want to do more.



Each person in our relationship network matters a great deal to us. With each one we make a social pact that decreases inequality and intolerance and promotes social inclusion with effectively transformational actions. Each person is a world. And the whole world matters

Each cause will have a specific governance and management process designed for strategic monitoring and decision making

How we will act



Regenerative economy and systemic vision

Our essence establishes recognition of the interdependence of life and the role of the company as a living, dynamic organism formed by all its relationships and committed to the evolution of society and its sustainable development.

These beliefs which have guided Natura for 50 years remain valid, especially in the current context of the emergence of a new logic in harmony with the resources and limits of the planet and the promotion of well being for society and for all living beings. We believe in the evolution of the relationship between business, society and nature to a systemic vision in which business should be at the service of the demands of society and within planetary limits.

John Elkington, author of the triple bottom line (TBL) concept which has guided the implementation and management of sustainability in companies worldwide over the last 25 years, asked for a recall of the term in 2018. In its place he has coined the concept of the Green Swan, in opposition to the use of the term Black Swan by the financial market. Like its opposite number, the Green Swan is related to events capable of causing exponential changes previously considered improbable or impossible but, different from its counterpart, the Green Swan can drive regeneration. Frequently a Green Swan is a response to the impacts and problems caused by Black Swans, promoting profound changes in paradigms, values, mindsets, technologies, business models, among others*. Examples of this force capable of transforming systems are electric vehicles, the generation of solar and wind energy, among other technologies derived from the challenges of sustainability.

The Green Swan has provoked more in-depth thought about capitalism and its future. The environmental and social crisis we are experiencing demonstrates that this meaning needs to be revived at a time in which natural resources, forests, water resources and biodiversity are increasingly under threat. This gives rise to the notion of regenerative capitalism, in which the integrative capacity of nations, companies and the organisms of traditional capitalism can generate innovation and accelerate the transition of the economic flow. In the regenerative economy, money will increasingly be invested in technologies capable of renewing ecosystems, societies and the economy itself.

These ideas inspired the creation of the 2050 Vision, based on the fundamental principle of an ambition for positive impact. In other words, the existence of a company should regenerate systems, society and the environment. This also permeated the concept of adopting management by causes at Natura. We have melded our business challenges and our purpose of promoting positive impact with societal agendas such as preserving the Amazon, encouraging circularity, promoting regeneration, generating income and social inclusion and promoting Well Being Well for everyone in our relationship network.

*Source: concept drawn from the book Green Swans: The Coming Boom in Regenerative Capitalism, by John Elkington, published in 2020.

Our first cycle of ambitions

The total achievement rate for our 2020 ambitions was 83%. Although we would have liked to have achieved 100% of the ambitions, during this six-year cycle we did a great deal, overcoming important business challenges while advancing in strategic areas of our vision to transform Natura into a company that generates positive impact.

We honoured our commitment to transparency and balance, establishing clear criteria to define the extent to which we achieved targets that were not quantifiable. Accordingly, we established that any qualitative initiative in which delivery was under 75% of the established target would be considered as not having been achieved.

The year on year evolution may be tracked via our Annual Report, and the more strategic indicators were also included in our quarterly performance disclosures to the market.

Based on the definition of clear medium to long-term targets, we tracked Natura's impacts in these aspects and in decision making in detail. These ranged from innovation, which drove research and development of new technologies based on social biodiversity ingredients and more circular packaging to advances in the construction of new indicators to evaluate the development of consultants and communities in the Pan-Amazon region.

Among the ambitions that were not achieved some were established based on a context and portfolio planning affected by commercial revisions, others were associated with technological advances that did not depend only on Natura, as is the case with questions related to reverse logistics and carbon impacts. Even so, we commemorate not only the results but also the contribution these commitments have made to integrating the challenges of sustainability into managing the business.

Based on the definition of clear medium to long-term targets, we tracked Natura's impacts in these aspects and in decision making in detail

It should be noted that from 2014 to 2020 Natura advanced in its positive impact agenda while at the same time addressing important business challenges, including the creation of a new value proposition for consultants, which helped revitalize Relationship Selling. We also progressed in the development of the omnichannel business model, with the start up of retail operations, an intense digitalization process and the creation of the Natura &Co group.

The joint advance on all these fronts is a demonstration of our leaders' commitment and the consistency of company planning. We will ensure continuity on our path to 2050, with a new cycle of commitments for the next decade reinforced by what we have learned and in conjunction with the other Natura &Co brands.

New learning cycles

New or expanded tools are helping Natura to understand its impacts and providing more accurate information for strategic planning and for decision making.

The EP&L (Environmental Profit and Loss) calculation, adopted in 2016 and incorporated into management, is updated annually.

Two following pilot exercises resulted in unprecedented measures: the development of the SP&L (Social Profit and Loss) for consultants, employees and suppliers and lastly, the integrated exercise in monetisation methodologies, the IP&L (Integrated Profit and Loss), in 2020 (read more on page 65).

With support from partners we developed other innovative metrics, such as the Consultant HDI, and we expanded the application of tools such as the SPI (Social Progress Index) in the Amazon region (read more on pages 112 and 83).

In common, these initiatives reinforce the Integrated Management pillar of the 2050 Vision, in pursuit of a systemic and holistic view of the effects of our business model on our entire relationship network.

Equality

We celebrated a more diverse and inclusive Natura. During the period we reached a balance in the participation of men and women in senior management, considering from director-level and above. The rate was 51% both in Natura and in Natura &Co Latin America. (read more on page 102).

In addition to working on our selection, attraction and people development processes, we sought to offer our employees the best possible conditions to realize their potential. We promoted female empowerment and co-responsibility, as well as combating violence against women (read more on page 106).

To achieve circularity

To reduce excesses and offer the maximum with the minimum resources are the guiding principles for research and development (R&D). During the period of the 2020 Ambitions, a series of ambitions involved increased use of recycled materials and lower impact packaging. Even though we did not achieve all of them, we recorded an increase in the use of these inputs in products, including body, face and perfumery.

We progressed with the Ecodesign Committee, with technology employed in using recycled glass in perfumery, in the Ekos and Tododia packs produced entirely from recycled PET, as well as a significant increase in the use of refills and other advances.

Overview of 2050 Vision

Topic	2020 Ambition	Achieved	Material topics	SDG	SDG targets	Index	Status
Brands	Disclosure of product socioenvironmental footprint	The environmental impact is communicated via metrics, formula attributes, packaging and EP&L in the Annual Report and in communications with investors. For consumers, part of the impact is reported on the website and on the Natura APP at the moment of purchase. The full disclosure of the environmental and social impact is still being enhanced to ensure more effective communication.	Transparency and product origin	12	12.2, 12.8	50%	Not achieved
	Formulations	30% of inputs from Pan-Amazon, in purchase value (Natura Brazil)	16.5% Impacts of changes in the original ingredient innovation investment plan and exchange effects. In absolute values, we have increased the use of inputs by a factor of 7x since the beginning of the Amazônia Programme (2011)	Valuation of social biodiversity	3 12 15	3.9, 12.7, 15.1, 15.2	55%
Packaging	10% post-consumer recycled material in packaging (Natura Brazil)	10% Significant advances in recycled glass and plastic. Result maintained in spite of effects of pandemic on recycling chain.	Waste		3.9, 11.6, 12.2, 12.4, 12.5	100%	Fully achieved
	74% recyclable material in packaging mass (Natura Brazil)	44% Technological challenges still exist, such as recycling of coloured materials (glass and plastic) and pouch packs in recyclable material (refills).	Climate Change	3 11 12		60%	Not achieved
	40% of units billed in eco-efficient packs ¹ (Natura Brazil)	18% There was a 19% increase in global sales of refills; evolution of portfolio aligned with principles of ecodesign and circularity; prioritisation of recycled and renewable materials, green plastic and other refill options.	Waste			43%	Not achieved
Social biodiversity	10,000 families in the Pan-Amazon production chains	7,039 families Significant growth in 2020. Advance linked with expansion in use of new ingredients.	Climate change	1 10 15	11, 10.1, 10.2, 10.3, 15.1, 15.2	70%	Not achieved
	R\$ 1 billion in business volume in Pan-Amazon.	R\$ 2.14 b Target exceeded in 2017. Noteworthy are growth in use of inputs and local development efforts oriented to our territorial strategy.	Waste	1 6 10 12 15	11, 6.6, 6.b, 10.1, 10.2, 10.3, 12.2, 15.1, 15.2	100%	Fully achieved
Climate change	Reduce relative GHG emissions by 33% (Scopes 1, 2 and 3)	-11% Influenced by product mix and performance of some lines, lower increase in maritime freight and innovations that have not yet become technically feasible (recycled materials, fleet electrification, renewable energy in loco).	Climate Change	13 17	13.1, 13.3, 17.3, 17.14	33%	Not achieved
	Maintain 100% offsetting of GHG emissions	100% In addition to offsetting, Natura launched its Climate Commitment platform to mobilize other companies to do likewise!	Valuation of social biodiversity	6 13 15 17	6.6, 13.1, 13.3, 13.b, 15.1, 17.3, 17.14	100%	Fully achieved

1. Due to the pandemic we are still finalising some carbon credit purchase contracts. Up to the publication of the report, Natura had acquired 97.2% of the credits and is committed to acquiring the rest to offset 100% of its emissions by December 2021.

● fully achieved ● partially achieved (delivered over 75% of ambition) ● not achieved (delivered under 75%)



Topic	2020 Ambition	Achieved	Material topics	SDG	SDG targets	Index	Status
Energy	Strategy to diversify sources of renewable energy (Natura Brazil)	Integrated policy that includes energy efficiency and renewable energies. Negotiation for acquisition of I-REC certificates to ensure traceability of renewable energies used by Natura.	Climate change	13	13.1	100%	●
Waste	Collect and recycle 50% of the waste generated by products (Natura Brazil)	50% Results maintained in spite of effects of pandemic on operations of recycling cooperatives. Complementary purchase of reverse logistics credits to reach target when necessary.	Waste	11 12 14 15	11.6, 12.2, 12.4, 12.5, 14.1, 15.5	100%	●
Water	Strategy to reduce and neutralise impact based on water footprint throughout chain (Natura Brazil)	We conducted measures related to consumption in the operations, and development of a water footprint methodology, which is the basis for quantifying water in the EP&L.	Water	6	6.3, 6.4, 6.6	33%	●
Supply chain	Traceability of 100% of the direct inputs (last link) and traceability programme for other links in value chain	UEBT certification ensures traceability of vegetable and critical raw material chain (first link). It is still necessary to evolve a complete programme for other links.	Transparency and product origin	8 12	8.3, 12.8	75%	●
Consumers	Define priority topics and mobilise Natura brand consumer	The priority topic strategy, organised in three causes "Living Amazon Forest", "Every Person Matters" and "More Beauty, Less Waste", is a new way of mobilising and engaging society initiated in 2020.	-	12	12.8	100%	●
Natura consultants	Significantly increase the average income of the consultants (Natura Brazil)	Evolution of methodology to calculate consultant income; evaluation of living income for consultants; segmentation of channel which helped in evaluation and definition of actions and plans to leverage consultant income.	Generation of work and income	1 5 8 10	1.1, 1.2, 1.4, 5.5, 8.3, 10.1, 10.2, 10.3	50%	●
	Offer education measures	Educational programmes for consultants oriented to Consultant-HDI.	Education for the development of employees and consultants	4 5 8	4.3, 5.5, 8.3	100%	●
	Create a human development indicator for the consultants	The HDI was the strategy adopted and is implanted in Brazil and in Hispanic America.	-	5 8	5.5, 8.3	100%	●
	Expand the collaboration network for socioenvironmental entrepreneurial actions	R\$ 2.5 million invested in seven editions of the Acolher Social Entrepreneurship Programme.	Education for the development of employees and consultants	4 5 8	4.3, 5.5, 8.3	100%	●
Employees	50% of women occupying leadership positions (director level and above)	51% Result achieved in Natura and Natura &Co Latin America	Diversity and equality	5 10	5.5, 10.2	100%	●
	8% of employees with disabilities in work force (Natura Brazil)	7.3% We opened exclusive vacancies. We were recognized for our employer brand and we developed actions for employees with disabilities and managers	Diversity and equality	8 10	8.3, 10.2, 10.3	91%	●
	Strategy to leverage employees' execution potential through engagement in the Natura culture.	The plan to engage employees in the Natura culture was reviewed in 2018 with a new priority to drive mobilisation in alignment with the Natura Causes and commitments.	Education for the development of employees and consultants	4 12 16	4.3, 12.2, 16.6, 16.7	100%	●
Communities	Grow human and social development indicators of the communities	Social Progress Index (SPI) validated as measurement method for territory development and implantation plan approved for other strategic territories.	-	8 10 16	8.3, 10.2, 10.3, 16.6	100%	●
	Strategy for Pan-Amazon territories and areas surrounding main operations (Natura Brazil)	Amazon Strategic Territorial Development Plan since 2014. As a result of the review of the 2020 strategy for more territories, the "Nós da Floresta" alliance was launched as an operating model. Plan re-established for the area surrounding Benevides (PA), prioritised, implanted and reviewed.	Valuation of social biodiversity	8 10 15	8.3, 10.2, 10.3, 15.1	100%	●
Suppliers	Expand integration of socioenvironmental parameters in selection and management of suppliers	We achieved UEBT certification for the critical and vegetable raw material chain (first link in the value chain), but did not implement the complete traceability programme for the other links.	Transparency and product origin	8 12 16	8.3, 12.8, 16.6	50%	●
Management model	Implement the valuation of socioenvironmental externalities in the value chain	Relative EP&L defined as target in sustainability PEN. Disclosure of IP&L results in 2021, including social dimension (SP&L).	Transparency and product origin	6 12 13 15	6.6, 12.8, 13.1, 15.1	100%	●

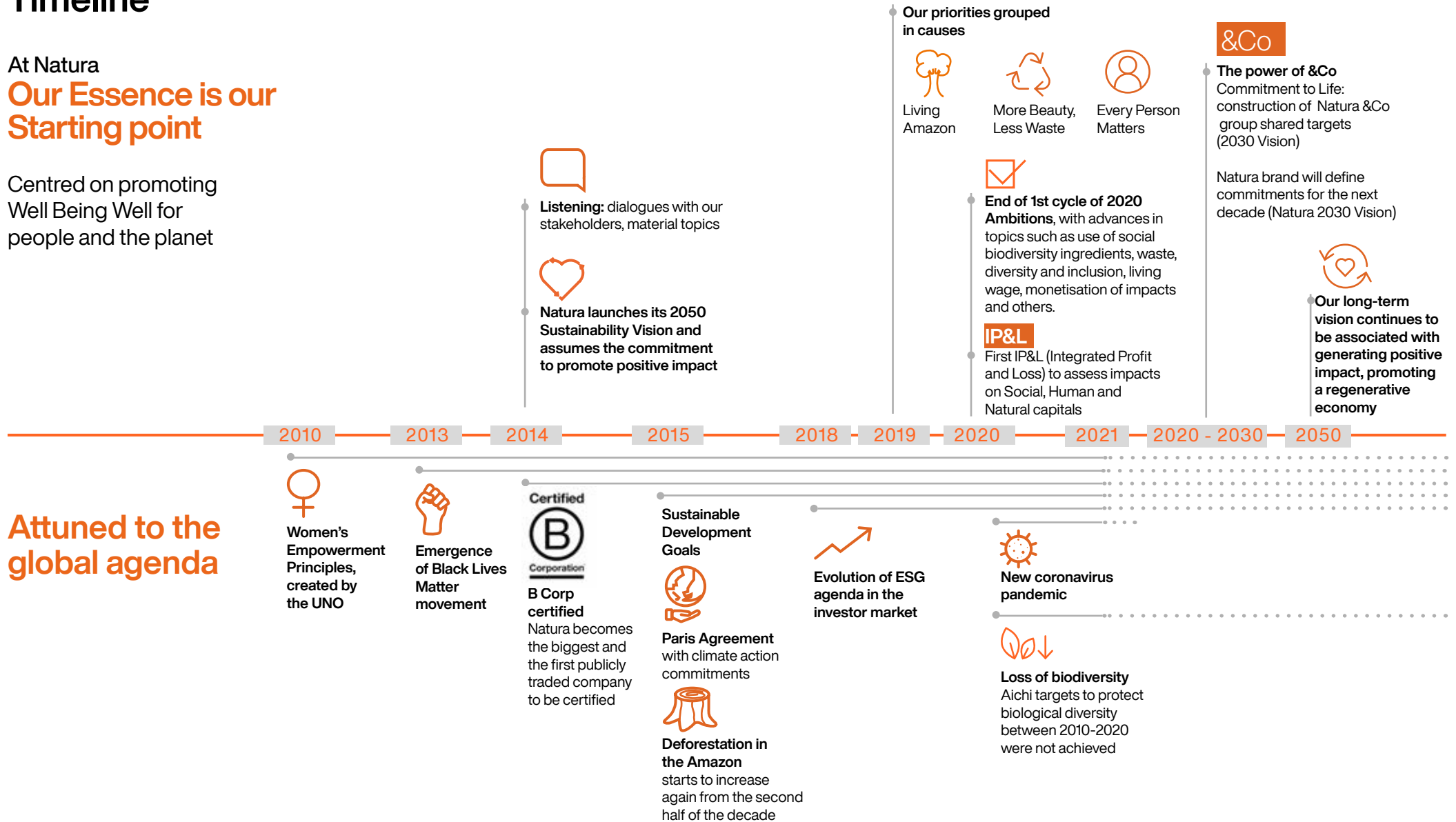
Topic	2020 Ambition	Achieved	Material topics	SDG	SDG targets	Index	Status
Government and society	Promote discussion of the material topics	Material topics prioritised in advocacy agenda with government, civil society organisations and strategic plans for our Causes.	-	16 17	16.6, 17.14	100%	
Stakeholder engagement	Governance model with external engagement to evolve sustainability management and strategy	Employee engagement and mobilisation plan for our Causes is also focused on the end consumer.	-	12 16	12.1, 16.6	100%	
Ethics and transparency	Total transparency in product information and evolution of 2050 Vision	Positive impact disclosures in online purchases and external communications. Vision index also launched in 2018 and disclosed in Annual Reports.	Transparency and product origin	12	12.8	75%	
Governance for Sustainability	Implant Advisory Council with specialists to assess progress and evolve strategy	New proposal developed based on Causes strategy: external technical committees involved in construction of theory of change for each Cause (methodology).	-	12 16	12.1, 16.6	100%	

Timeline

At Natura
Our Essence is our Starting point

Centred on promoting Well Being Well for people and the planet

Attuned to the global agenda



Integrated Vision

The challenge of constructing a regenerative economy is obliging us to develop a unique model that permits a new interpretation of business success, recognising that financial standards alone are not enough to demonstrate the value the company generates for society.

In addition to the economic impacts generated based on profit, we consider the broader effects generated by the business for employees, suppliers, supplier communities, consultants and society as a whole based on our products, services and processes. Approaches such as the calculation of the Consultant-HDI (read more on page 112) and the SPI (Social Progress Index) of the supplier communities (read more on page 83) are part of this goal.

Since 2016, we have measured our environmental footprint using EP&L (Environmental Profit and Loss) methodology, which quantifies the costs and the environmental benefits of our value chain, in line with the Natural Capital Protocol standard, created by the global coalition led by the Capitals Coalition, and the World Business Council for Sustainable Development (WBCSD), a body to which we contribute actively (see more about the EP&L ahead). Based on this, in 2018 and 2019 we measured the SP&L (Social Profit and Loss) with the Natura consultants and the supplier communities to calculate the impacts and contributions in the human and social dimensions.

We recognise the need to develop a disruptive approach that enables the connection of the impact of our actions with business decisions and financial impacts, the IP&L (Integrated Profit and Loss). It innovates by demonstrating in detail that Natura's value generation goes far beyond its financial indicators, such as revenue and profit. Integrated

analysis enables the assessment, for example, of the impact generated on the lives of people who are part of the production chain, in addition to the environmental footprint generated on the planet. We redefined the value of our investments for our different audiences: for example the amount invested in training employees, the impact of which is normally accounted for as an expense, and captured the benefit that this knowledge adds over the long term in social integration and improved income.

EP&L (Environmental Profit and Loss)

We calculated the monetary value of the final consequences of the environmental impacts caused by our value chain for society, relating them to our net revenue. The aspects considered in the calculation include the consumption and quality of water, the emission of greenhouse gases and other atmospheric pollutants, waste generated and land use. In 2020, these environmental impacts corresponded to -5.6% of our net revenue. The larger share of perfumery in the mix of products billed, the use of organic alcohol, post-consumer recycled material in packaging, the commercialisation of refills and the use of Amazonian biodiversity ingredients in the formulas, which contribute towards keeping the forest standing, are the levers of our positive environmental impact. Furthermore, the digitalization process - with a reduction in printing magazines - and e-commerce - with a reduction in the use of bags - were also responsible for our good performance in 2020. Lastly, the Carbon Neutral Programme which since 2007 has offset our emissions with projects that generate environmental and social co-benefits, are also responsible for driving our generation of positive impact.

1.Data restated based on a review of the economic updating coefficient from GDP PPP to GDP PPP per capita, calculated based on the disclosure by the GDP PPP world projection (IMF data - Economic outlook (2020 projection) and Population world (World Bank data / 2020 source: <https://interactives.prb.org/2020-wpds/>).

Environment
impacts over
net revenue¹
(%)

-7.40

2018

-6.80

2019

-5.6

2020

Impact for long-term success

The main purpose of the IP&L is to be a tool for shaping business decisions because there is a series of gains and losses to be managed throughout the exercise. The result of our first IP&L demonstrated a positive impact for society in human capital and social capital and a negative balance in natural capital (which is reduced thanks to the following programmes: Amazônia; Reverse Logistics; and Carbon Neutral, which since 2007 has offset our emissions with projects that generate environmental and social co-benefits).

This contribution is more broadly reflected in **social capital**, with the generation of taxes paid directly by Natura and driven throughout the chain, including taxes due to relations with suppliers and employees. The calculation involved the utility of the taxes, linked with the efficiency of public spending and its reflexes on life expectancy. Investments in the supply chain for benefit sharing also influence positive social value in social biodiversity conservation projects and in the Instituto Natura. The balance considered the different contexts in the countries in which Natura operates.

In terms of **natural capital**, the final effect between losses and gains is negative. This is where our impacts on the extended value chain, the product consumption phase and aspects such as the use and quality of water, plastic waste that ends up in the oceans, land use and emissions of carbon and other gases are calculated. The carbon emissions reduction and offsetting projects, the Reverse Logistics programmes and our work with the chains for the conservation of the Amazon are added to the positive part of this scope.

In **human capital**, the value generation calculated for the period was positive, associated particularly with remuneration and the benefits paid to employees, taking into account aspects of diversity. But it also considers jobs in the chain, the income of the Natura consultants, the training offered to our audiences and the activities of the Instituto Natura.

These are some highlights of the results that will be disclosed in detail in a more extensive publication later this year.

The IP&L is a tool developed based on the goals of the 2050 Vision, as a means of guaranteeing that our management is directed towards promoting positive impact on society. This integrated vision is also aligned with our commitment to the B Corp Movement, which is aimed at stimulating a new, more inclusive and sustainable economy.

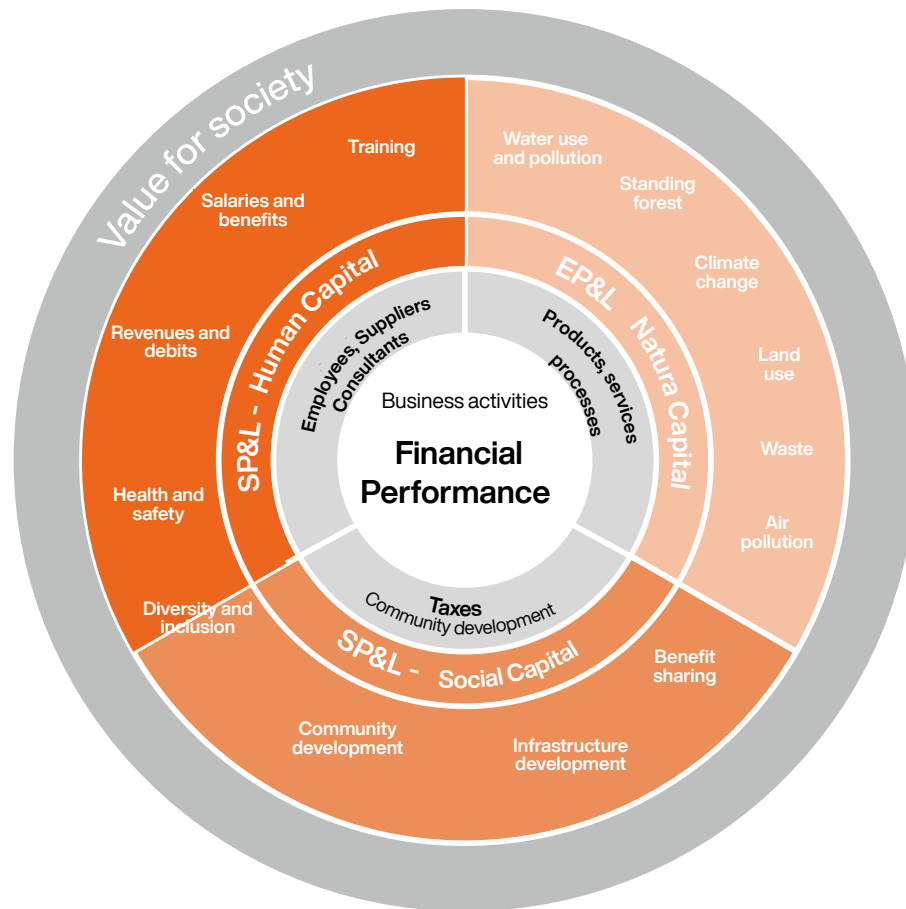
What is IP&L (Integrated Profit and Loss)?

Integrated Profit and Loss is an unprecedented form of thinking about the organisation's results, in a management model that promotes transformation, because it integrates financial performance with the valuation of social, environmental and human impacts. By attributing value to these, we translate these effects into monetary terms, showing the costs and benefits of our businesses in these three aspects. Initiated by other companies in partnership with the consultancy Valuing Impact and evolving with Natura, the methodology is aligned with the best valuation¹ practices, with contributions from international specialists and organisations. The scope evaluated took into account our entire business and our value chain, from the origin of the raw materials, through production and distribution to post-consumption. As with the EP&L, the IP&L numbers are part of a model that is evolving, which involves new learning and should be incorporated into our business model to contribute to more integrated business decision making that takes into account impacts on society in a more wide-ranging manner.

1. Some references taken into account: Social & Human Capital Protocol, Natural Capital Protocol and Social Return on Investment (ROI), which seek to contribute to the creation of sustainable value and the construction of an integrated vision, as organizations such as the World Business Council for Sustainable Development (WBCSD) underscore.

Another important contribution from this work is learnings about new aspects and trends, such as the importance of a living wage/income for all groups, especially the consultants, indicating gaps and business opportunities.

Aspects considered in the IP&L



The model demonstrates the balance between positive impacts in each one of the capitals evaluated. These trade-offs are opportunities for Natura to avoid negative impacts and scale up positive impact.

Why a living wage and income?

A living wage was one of the main references for measuring our contribution to the generation of positive impact in our relations with employees. The parameter considers the amount of salary necessary to cover the basic needs of a family. This includes food, housing, transportation, education, healthcare, payment of taxes, among others. This parameter goes beyond the amount of the minimum salary, establishing a level of better practices in human rights, with the objective of contributing towards the Sustainable Development Goals.

In the Natura &Co Commitment to Life (read more on page 98), we commit to reaching 100% of a living wage for our employees by 2023.

Two years ago, we also monitored the living income for our consultants, who are entrepreneurs whose dedication to beauty consulting is variable. We took into account the fact that the family income could include other activities and evaluated the contribution made by consulting using as a reference the amount necessary to cover the family's basic needs- food, housing, transportation, education, healthcare, payment of taxes, among others (read more on page 38).

The salary and income base amounts were defined in accordance with the activity of each audience with Natura and helped to define our contribution to social and human capital.

*Source Living Wage:

Data provided by the Wage Indicator Foundation

<https://wageindicator.org/salary/living-wage/regional-living-wages-1>

“Integrated P&Ls have been published in recent years by a few leading companies but never with this level of detail and using such advanced impact methods and indicators. Based on my work with the Capitals Coalition, Value Balancing Alliance, the WBCSD and leading companies in the field, Natura's case study is one of the most innovative to this date.

This IP&L will establish the leadership of Natura in sustainability while at the same time support its business strategy to deliver on societal, environment and business value in parallel in the years to come. The results pointed to challenges as well as opportunities, highlighting the existing trade-offs between our economy and society, and showing the path to creating positive value for both.

I expect such tools to become the norm in the private sector, to lead sustainable business model deployment worldwide.”

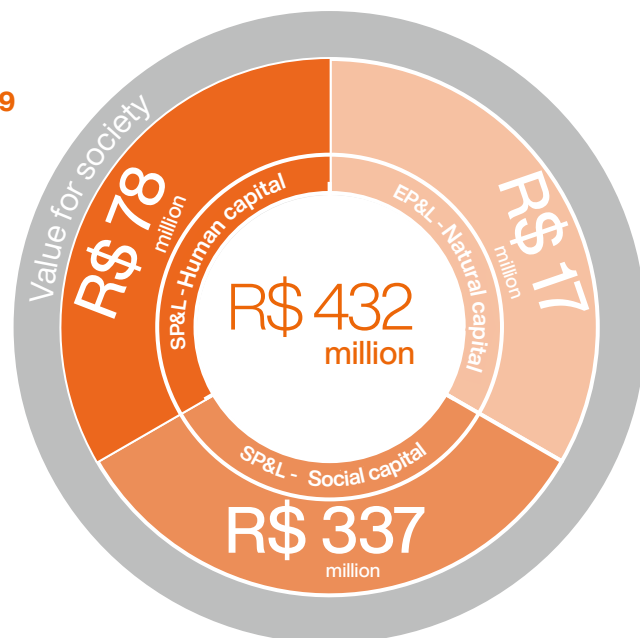
Samuel Vionnet, consultant and founder of Valuing Impact and Natura's partner in the IP&L development.

Examining our impacts

For the supplier communities

Our model of buying social biodiversity active ingredients directly from the producer families clearly demonstrates how business decisions can boost value generation and represents 6% of our positive impact in the supply chain. Worthy of note in terms of social capital are the projects that favour social development in the region, such as the payments for benefit sharing in the supplier communities that drove infrastructure projects and the consequent increase in production capacity, such as the construction of mills to process fruits and oilseeds, a higher added value ingredient. In human capital, there is the impact of the income the families in the supply chain receive, and in natural capital there is the value of the network's support for the conservation of 1.8 million hectares of the Amazon (in 2019).

Ingredient purchases and investments totalled R\$ 33.9 million



For our employees

The calculation of the impact generated underscored the relevance of remuneration sufficient to cover basic needs and its influence on the quality of life, well-being and longevity of our employees. We identified the value of the living wage per region, taking into account local characteristics that affect the cost of living in Brazil and in Hispanic America. Our target is to reach 100% of our employees by 2023. In diversity, we have made advances in the inclusion of women in leadership positions and in the inclusion of people with disabilities but we still need to advance in terms of remuneration (equal pay) and in the participation of other under represented groups in the company to reach a positive impact. These two questions are included in the next cycle of targets for 2030. The balance of impacts on society through our employees was positive at R\$ 1.9 billion.

Minimum living wage, per country ^{1,2}	Reference currency	Monthly amount
Argentina	Argentinean peso	36,300.00
Brazil	Brazilian real	2,160.00
Chile	Chilean peso	514,900.00
Colombia	Colombian peso	1,453,100.00
United States	American dollar	1,450.00
France	Euro	1,310.00
Mexico	Mexican peso	9,410.00
Peru	New Peruvian sol	1,220.00

1. Because it is not a company-owned operation, Natura does not monitor the rate in Malaysia.
 2. Data calculated based on information provided by the Wage Indicator Foundation. The reference for the data is the minimum monthly amount for the typical family category, which considers a family with two economically active members and an average number of children according to the fertility rate in the country. <https://wageindicator.org/salary/living-wage/regional-living-wages-1>

Commitment to positive impact reaffirmed

Natura engaged in the B Corp movement (B System) attuned to its proposal to drive a global community of leaders engaged in new ways of doing business that balance profit and purpose. In 2014, we became the first publicly traded company to receive B Corp certification. We received our third consecutive certification in 2020 with the highest score in the historical series and one of the few companies in the world to be rated in six impact business models (IBMs).

In a wide-ranging detailed assessment, the certification process is one of the most complete in existence, in which companies must prove that they take questions such as governance, people, the environment, customers, communities, and the supply chain into account in their decisions. B Corps are also required to make a formal commitment in their by-laws to generate benefits for communities and not just shareholders, which Natura did in 2014.

Since the first certification, our overall score has increased by 39%, with higher ratings in all the sections assessed.

In 2020, we were rated in seven impact business models, areas that seek to reflect the companies' DNA: Development of employees, Reduction and reclamation, Conservation of resources, Conservation of the soil and wildlife, Reduction of toxins and Ecological and innovative manufacturing processes.

Worthy of note was our positive impact strategy with the consultants, especially in relation to income generation and the rapid mobilisation of support and care during the pandemic with the creation of the Emergency Fund and measures against domestic violence (see the other highlights in the table).

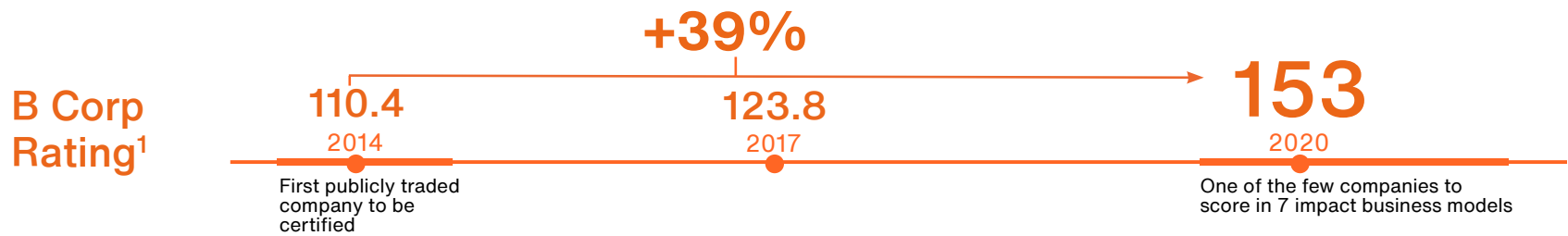
More than just a certification, the B Corp impact analysis has become a tool to measure the performance of our strategy, which complements our integrated management efforts. The diagnosis drives innovation in meaning and in positive impact in our value chain and is one of the inputs we consider to define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

The certification is granted by B Lab, an independent, non-profit institution that is part of the B Movement, a global community intent on transforming the economy by means of more inclusive, egalitarian and regenerative businesses.

The certification is one of the most complete in existence, performing a painstaking assessment of environmental, social and governance aspects

What makes Natura a B Corp

The main initiatives that make Natura a better company for the world and were highlights in the third consecutive certification



Vision and purpose of positive impact	Inclusion and diversity 51% women in leadership positions 7.3% employees with disabilities			Carbon Neutral Since 2007, the value chain emissions that we have not been able to avoid have been offset by socioenvironmental projects	
Monetisation of our impacts EP&L (Environmental Profit & Loss) since 2016 First IP&L (Integrated Profit & Loss) disclosed in 2020 to evaluate impact on Social, Human and Natural capitals	Consultants Income generation Consultant-HDI	Instituto Natura R\$ 79.3 million raised via Crer Para Ver	Actions to combat domestic violence	Organic alcohol	No animal testing
Covid-19 R\$ 24 million in actions Fund for consultants, supplier communities and recycling cooperatives	Environmental calculator for design of 100% of products	Strengthening of recycling and packaging reverse logistics chains 50% of the waste generated returned Our packs contain ² : 10% recycled 44% recyclable		Amazônia Programme ³ Conservation of 2 million hectares of forest R\$ 2.14 billion in business	



Tamires, 29 years.
A consultant for seven years, she is also the founder of Cooperland, a cooperative that supports income generation for smallholders in Tucano, Bahia.

Living Amazon Forest

Transforming the standing forest economy

GRI 103-2, 103-3

Our Living Amazon Forest cause is a reflex of our long history with the largest tropical forest in the world and with the peoples who live in it and our commitment to promoting the so-called bioeconomy, based on keeping the forest standing. 2020 was symbolic for us, because it marked the 20th anniversary of the launch of the Natura Ekos brand and the beginning of our relationship with the Amazonian communities that supply us with social biodiversity ingredients. 2021 will also mark the tenth anniversary of the Natura Amazônia Programme, a wide-ranging plan that has deepened our connection with the region, including our relations with the social biodiversity supply chains, promoting science and innovation in the forest and fostering local leaders.

Based on knowledge, in conjunction with our management strategy for the Living Amazon Forest cause, we defined a governance model and a strategic plan for Natura in the region, developed collaboratively with our stakeholder groups.

We set up a managing committee for the cause, comprising representatives of areas such as Sustainability, Brand, the Ekos line team, Research and Development, Supply and Social Biodiversity Management (GRAS), Government Relations, Communication and Marketing and Markets Brazil and Hispanic America. This is responsible for monitoring our actions and performance in relation to the targets established, as well as connecting with the company's Executive Committee. We also seek support from specialists in discussion forums whenever we need to gain more in-depth understanding of a specific question. In 2020, for example, we undertook three rounds of talks with diverse stakeholders to debate the commitment to mobilisation around zero deforestation.

Strategic Plan for the Amazon

From 2020, our activities in the Amazon and our management of the Living Amazon Forest cause incorporated the 2030 ambitions of the Natura &Co group, set forth in the Commitment to Life in a pillar focused on climate action and protecting the Amazon.

Natura, given its knowledge and experience in the region, will assume responsibility for achieving the commitments assumed by the group for the region, in addition to progressing the work already underway in managing the priority territories, promoting a bioeconomy and collaborating towards the elimination of deforestation. In the Natura brand 2030 Vision, our ambition is to promote measurable gains for the supplier communities in income, health, education and digital inclusion.

We held three rounds of talks with consultants and business leaders, employees, including staff in our Benevides unit in Pará, members of the supplier communities in the Amazon, representatives of civil society organisations and external specialists. This active listening exercise enabled the collective construction of the ways in which Natura will act in the most relevant questions related to deforestation. We defined the action plans to drive advocacy for zero deforestation by 2025, in accordance with the Natura &Co commitment. The scope of our advocacy activities will encompass the Brazilian, Colombian and Peruvian Amazon, regions in which we operate in Latin America.

2020 Ambitions

Achieve a business volume of **R\$ 1 billion** in the region

Reach **10,000 families** in the Pan-Amazon production chains




Strategy for Pan-Amazon territories and areas surrounding main operations (Natura Brazil)




Grow human and social development indicators of the communities

30% of inputs from the Pan-Amazon region (in sales volume)

Results Achieved

R\$ 2.14 billion in business volume generated since 2011 **over double the target**



7,039 families in production chains in the region **70%** of the target





Amazon Strategic Territorial Development Plan since 2014.


As a result of the review of the 2020 strategy for more territories, the “Nós da Floresta” alliance was launched as an operating model. Plan re-established for area surrounding Benevides (PA), prioritised, implanted and reviewed.

Social Progress Index (SPI) validated as measurement methodology for territory development



16.5% of inputs from the region

Absolute consumption grew by a factor of more than seven



New cycle of targets (2030), in conjunction with Natura &Co



Support the **creation of targets for biodiversity**

with science-based targets through partnerships with the UEBT (The Union for Ethical Biotrade), SBTN (Science Based Targets Network) and WEF (Business for Nature Coalition)

Expand the use of bioingredients from **38 to 55**

Achieve **zero deforestation**

Share **R\$ 60 million or more** with the communities per year

Promote **measurable gains** for the supplier communities in income, health, education and digital inclusion



Contribute to the conservation of **3 million hectares**

What we want to generate:



Transform the standing forest economy and **promote well-being** for the people the of Amazon based on our business model



Generate **collective mobilisation** to end deforestation

1,903
new families
in the region
started
supplying
Natura

with inputs
37%
expansion

Performance

In spite of not having achieved 100% of our ambitions related to Amazonian inputs and relations with families, we made significant progress during the period. Today, the social biodiversity ingredients are not only employed in Natura Ekos products but are found in different brands in our portfolio. In absolute amounts, the consumption of biodiversity active ingredients has grown 616% in recent years. This number is projected to continue to expand during the next decade.

The number of Amazonian families in our ecosystem is also growing year on year. The most significant growth occurred from 2019 to 2020, when it expanded by 37%. It is projected that this number will continue to increase in the coming years: in addition to initiating relations with more families in the Brazilian Amazon, our strategy will involve supplier families in the Colombian and Peruvian Amazon.

How we calculate the area conserved

To arrive at the 2 million hectares of forest that we help to conserve, our methodology takes into account the areas of the supplier communities and the complete area of three conservation units – the Sustainable Development reservation (Uacari and Rio Iratapuru) and the Mid Juruá extractivist reservation –, which meet the following criteria: input supplier families represent more than 50% of the people inhabiting the unit; the families' relationship with Natura has existed for more than five years; and the presence of the Social Biodiversity Supply and Relationship Management team in the field.

In 2019, this number totalled 1.8 million hectares; it was updated to 2,007,670 hectares in 2020 due to the entry of new supplier families.

Anti-deforestation

Management of the Living Amazon Forest cause, as with the other Natura causes, is divided into three fronts: structured actions, communication and engagement (mobilisation) and advocacy. In 2020, diverse actions to conserve the forest and combat deforestation resulted from our activities on the mobilisation and advocacy fronts, connecting with the Natura &Co Commitment to Life.

The forest is reaching its tipping point. We, private and civil society organisations, and public authorities, need to act more rapidly

In July, we signed a letter addressed to the chairman of the Conselho Nacional da Amazônia Legal, the vice president of the Republic, Hamilton Mourão, which reaffirmed the commitment of the business sector to sustainable development, placing the signatories of the letter at the disposal of the body for the construction of collaborative solutions. In addition to Natura, four organisations, including CEBDS (Conselho Empresarial para o Desenvolvimento Sustentável), and more than 30 Brazilian and multinational companies signed the document. The same week, João Paulo Ferreira, CEO of Natura &Co Latin America, participated in a video conference with Hamilton Mourão and other business leaders to debate illegal deforestation and the transition to a low carbon economy.

Support for the conservation of **2 million** hectares of forest in the Amazon

We are members of Uma Concertação pela Amazônia (A Concertation for the Amazon), a network of more than 300 leaders from the public and private sectors engaged in the sustainable development of the region.

The group intends to promote democratic debate about this question with

a view to creating possibilities for the future of the forest. The objective is to establish a broad base of systematic knowledge about the region and common projects to drive a different development path that promotes conservation via a non-predatory model.

We also work jointly with the Amazônia Possível movement, an initiative from the Coalizão Brasil, Clima, Florestas e Agricultura, the Global Compact Brazil Network, the B System and the Instituto Arapyaú. Going beyond the frontiers of Brazil, we participated in the elaboration of the Latin American positioning for the Amazon, The Scientific Panel for the Amazon (SPA), a group comprising more than 100 scientists that seeks to contribute towards the adoption of positive agendas grounded in scientific data and coordinated by the UNO. The positioning will be launched at the 15th Conference of the Parties (COP 15) to the Convention on Biological Diversity, scheduled to take place in Kunming (China) in October 2021.

Fires in the Amazon and the Pantanal

The scenes of burning in the Amazon were repeated in 2020 – the Pantanal region was also badly hit by fires. In the month of June alone, Inpe (Instituto Nacional de Pesquisas Espaciais) recorded 2,248 fires, the highest number since 2007.

These data underscore the dimension of the challenge and the urgency of turning local deforestation around. The forest is reaching its tipping point. We, private and civil society organisations and public authorities, need to act more rapidly.

Natura, together with the Natura &Co group, intends to further intensify its relations with the region to find solutions for the problems it faces.





Global Day of Action for the Amazon

On the communication and engagement front, our focus is on boosting awareness in society about the challenges related to the Amazon and driving mobilisation actions with the potential to generate structural change. On Global Day of Action for the Amazon, September 5, we undertook a visual intervention in Ibirapuera, a tourist spot in São Paulo (SP), to draw attention to the devastation of the forest and the consequent climate impacts that threaten the planet.

A projection simulated a fire in the trees in the park and showed warning messages. Amazonian species were also projected onto the façades of some buildings. We launched two films on open TV and intensified communication in the social networks with the participation of digital influencers. In June and July, we had already joined the communication vehicle Quebrando o Tabu to disseminate contents and promote debates about the devastation of the forest.

Bioeconomy in the forest

GRI 103-2, 103-3

To achieve zero deforestation in the Amazon it will be increasingly necessary to drive the so-called bioeconomy, which fosters social and economic prosperity in the region while observing the cycles of nature and keeping the forest standing.

By means of the Natura Amazônia Programme, which represents the structural front of the Living Amazon Forest cause, we seek to generate positive impact based on our own business model. Launched in 2011, the programme is divided into three parts: science, technology and innovation; social biodiversity production chains; and institutional reinforcement.

Ahead we present the main highlights of the last two pillars. Our activities on the science, technology and innovation front are connected with our R&D and product innovation strategy (Further information from page 46).

Social biodiversity production chains

GRI 103-2, 103-3, 203-1, 203-2, 411-1, 413-1 and 413-2

In 2020, we strengthened our relations with the social biodiversity production chains, helping these communities to protect their people during the pandemic (read more about support during the pandemic on page 18).

At the end of the year we had relations with 7,039 families from 34 communities in the Amazon. In 2014, when we launched the 2020 Ambitions, there were 2,074 families from 24 Amazonian communities. Considering all the regions in the country, we maintain relations with 8,300 families from 40 communities.

The increase in relations in the last year was due especially to babassu

oil, a bioingredient that we incorporated into our products, enabling the inclusion of a new community in our network. This is the cooperative COPPALJ (Cooperativa dos Pequenos Produtores Agroextrativistas de Lago do Junco) in Maranhão, linked with the babassu coconut breakers movement, which is fighting for the right to free access to the babassu growing areas in the region for the maintenance of its activities.

Some indigenous peoples also supply inputs. In the Aripuanã region in Mato Grosso, we source Brazil nuts from the Cinta Larga indigenous group, in a partnership that includes the Coopavam (Cooperativa dos Agricultores do Vale do Amanhecer) cooperative. In the Mid Juruá region in Amazônia, the Deni do Xerua people supply us with andiroba seeds, processed by the Codaemg (Cooperativa Mista de Desenvolvimento Sustentável e Economia Solidária da Reserva Extrativista do Médio Juruá) cooperative. This relationship is based on the same guidelines of ethics and respect that shape our relations with the other communities.

We have also already formulated a strategy to extend the activities of the Amazônia Programme to Colombia and Peru. We had expected a Colombian community to start supplying us in 2020. However, with the pandemic, we suspended our field activities, postponing the formalisation of the partnership.

GRI 203-2 Communities and families benefiting ¹	2018	2019	2020
Communities with which Natura maintains relations ²	37	39	40
Families benefiting in the communities	5,664	6,197	8,300
Families benefiting in the Amazon region	4,636	5,136	7,039

1. The number of partners and families is monitored by the Social Biodiversity Chain Verification System.
2. The number of communities includes 16 associations and 24 cooperatives.

92%
of the funds were transferred to communities in the Amazon region

Business volume and income

Even with our record production volume in 2020 and the challenges generated by the pandemic, management of the supply chain, including stocks of social biodiversity ingredients, prevented shortages. The only bioingredient that suffered shortages was murumuru because the crop coincided with the peak of the pandemic in the first half of the year. We made it clear to the partnering communities that the delivery of the volumes contracted should only take place if the health and safety of those involved were guaranteed.

R\$ 32.9 million
Total

On a consolidated basis, 16.% of the inputs used (in sales value) by Natura in Brazil came from the Amazon, a slight decrease compared with the previous year (17.7%). This occurred due to factors such as the increase in consumption of other ingredients and the amounts paid in dollars for imported inputs whose costs were elevated due to exchange rates.

The total funds, which encompass the amounts paid out for benefit sharing and investments in infrastructure improvements for the communities and training, among other items, totalled R\$ 32.9 million, slightly down on the previous year. Considering only the amounts paid for supplies, there was a 17% increase.

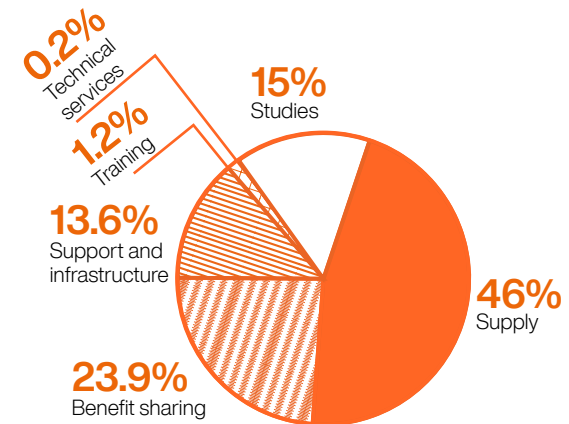
From the total amount received in 2020, 92% was transferred to the communities in the Amazon. With the variation between 2019 and 2020 and the significant growth in the number of families with which the company maintains relations, the annual amount per family decreased from R\$ 3,100 to R\$ 2,900.

It will be necessary to promote the bioeconomy, which fosters socioeconomic prosperity, observes the cycles of nature and helps keep the forest standing

GRI 203-1 Natura Amazônia Programme	2018	2019	2020
% of raw materials purchased by Natura from the Pan-Amazon region ¹ (in relation to sales value)	17.8	17.7	16.5
Business volume in the Pan-Amazon region ² (R\$ million)	1,507	1,791	2,143

1. Total purchases of raw material of Pan-Amazon origin as a proportion of total input purchases.
2. Cumulative amount since 2011, including the purchase of Amazonian raw materials, benefit sharing, investments in the Ecoparque, local development, institutional reinforcement, innovation, environmental projects and the purchase of carbon credits, among others.

Investments in the communities, by type



GRI 203-1 Community investments (R\$ thousands)	2018	2019	2020
Supply ¹	10,286	12,909	15,124
Benefit sharing ²	18,711	14,951	7,866
Carbon credits ³	281	0	0
Image rights ⁴	61	14	0
Support and infrastructure ⁵	775	717	4,473
Training ⁶	71	156	401
Technical services ⁷	125	214	58
Studies ⁸	5,578	4,538	4,953
Total allocated to the communities	35,868	33,498	32,875

1. Supply: direct funds from the supply and purchase of raw materials from communities. This indicator is measured based on the shipping invoice issued by the communities.

2. Benefit sharing: direct funds from the sharing of benefits related to genetic heritage and traditional knowledge acquired in the communities.

3. Carbon credits: the purchase of carbon credits in supplier communities. In 2019 and 2020, we did not invest in the purchase of carbon credits in the region.

4. Use of image rights: amounts paid by Natura for the use of community members' images in institutional or marketing materials. In 2020, there was no use of image rights.

5. Support and infrastructure: support for local development and infrastructure projects, in particular ones aimed at driving efficiency and adding value in production chains. These amounts also incorporate funds from partners in the region.

6. Training: management and organisational development programs, technical exchanges, training in good production and stewardship practices, and occupational health and safety programmes.

7. Technical services: all technical services provided by external consultants or contracted by Natura for the cooperatives/communities.

8. Studies: elaboration of diagnostics, management plans, stewardship plans, mapping exercises, information gathering, field research, loyalty/satisfaction surveys. In 2020, we invested in the implantation project for the palm oil agroforestry cultivation system (AFS). These amounts also include funds from partners in the region.

Funds allocated by family (R\$ thousands)	2018	2019	2020
Direct funds ¹	5.2	4.5	2.8
Supply ²	2.9	3.1	2.9

1. Total funds paid out, including: supply, benefit sharing and the purchase of carbon credits.

2. Funds related to the supply of raw materials, which takes into account the families in the supply chain, excluding those benefiting only from benefit sharing.

Added value for the communities

At the beginning of 2021, we initiated a project to implement essential oil extraction units in three supplier communities – two in the Amazon region and one in Rio Grande do Sul –, adding value to the work done by the agro-extractivist producers. The project includes the installation of equipment and training the families. We also established a new partnership with the German International Cooperation Agency GIZ to transfer technology to the partnering communities, which will increase productivity and improve working conditions. The project will last until 2024.

Another way of adding value for the communities is to provide them with training courses in organisational and financial management and good production and project development practices, enabling them to scale up their businesses. In 2020, the management course we offer in partnership with GIZ was adapted to an online platform. A total of 104 people were trained, of whom 56% were women.

Loyalty
grew by
over 75%



from
27% to
48%

This is
measured
every two
years, the
statistic is
from 2019;
the next
measurement
will be in 2021

GRI 102-44

Ethical biotrade

In 2017, we became members of the UEBT – The Union for Ethical BioTrade, an organisation that has partnered with Natura since 2007. In 2018, Natura Ekos received two certifications from the organisation. The first attests that the supply chain (supplier communities and other commercial partners) for all the natural vegetable ingredients and derivatives in the line is managed with the application of an ingredients due diligence system, in compliance with the principles of an ethical sourcing system. The second demonstrates the effectiveness of our Social Biodiversity Chain Verification System, which conducts field audits in the supply chain of all the ingredients in Natura Ekos products, assessing aspects such as the conservation of biodiversity, organisational management, good production practices, questions related to working conditions, labour relations and occupational health and safety and the non-employment of child or forced labour.

The two certifications are audited by an independent third-party. In 2020, the recertification of our Social Biodiversity Chain Verification System was conducted by the company IBD Certificações. It is valid until June 2022 and is conditioned to the execution of action plans approved by the UEBT International Committee. As a result of the pandemic, it was not possible to conduct the field audits on the social biodiversity chains. Consequently the validity of the current certification was extended to June 2021. The UEBT decision was based on Natura's historical commitment to fair and ethical trade and to the adoption of best environmental and social practices. In the first half of 2021, we will evaluate the feasibility of conducting the audit process in conjunction with UEBT, depending on the status of the pandemic in the country.

It should be noted that in 2020 the communities that are part of our verification system maintained the improvement plans identified in the previous assessment. 100% of the critical points were resolved in

A project to implement essential oil extraction units in three supplier communities will add value to the work done by the agro-extractivist producers

partnership with GIZ, the German International Cooperation Agency. For example, we provided support for agro-extractivist producers in the CAR rural environmental registration process. Other less critical points are also being addressed.

Institutional reinforcement

GRI 103-2, 103-3

In the institutional reinforcement pillar of the Natura Amazônia Programme, we start from a broader more systemic perspective, seeking to add value not only for the communities with whom we maintain relations, but for the entire region in which they are located. We call this process territorial development management. In this case, partnerships with other societal actors, including governments and institutions, are essential to drive results. In 2020, this front was considered in the Covid-19 plan for the Lower Tocantins and Mid Juruá territories, going beyond support for the communities with whom Natura maintains relations. (read more about combating the pandemic from page 18).

We officially initiated our systemic action in the Tapajós territory in Pará. The territory was included in the recently launched Nós da Floresta alliance (further information in the following box). We also supported the Casas Familiares Rurais in all the territories. These are institutions that adopt alternating technical education, in which the students spend a period of time at school and the rest of the time with their families applying their learning in practice. The goal is to qualify communities and encourage young people to remain on the land.

Measuring social progress

By means of the SPI (Social Progress Index), we monitor the effect of territory management on development. The survey scheduled for the Lower Tocantins and Tapajós territory in 2020 was postponed until 2021 due to the pandemic.

The last measurement in the Mid Juruá region showed progress in public access to housing, sanitation, potable water, higher education and information, among other factors.

Entrepreneurship in the forest

To generate innovation and new businesses in the Amazon, keep the forest standing and improve quality of life for traditional peoples, we launched the Nós da Floresta (We of the Forest) alliance, aimed at leveraging connections between entrepreneurs, community associations, financial institutions, companies, universities, governments and international organisations.

The alliance is the result of a partnership between the NGO Conexsus – Conexões Sustentáveis, the Saúde e Alegria programme, active in the Tapajós region, and the agro-ecology network Rede Jirau de Agroecologia, in the Lower Tocantins territory, in addition to partners such as Sebrae, Amazônia 4.0 Project and the CAF Investor Fund. The initiative was launched in December, during the V Jirau Agrecológico Baixo Tocantins Event.

The targets of the alliance include:

- Fostering local businesses, with a focus on those led by women and young people;
- Overcoming deadlocks in production chains; and
- Boosting revenues for community organisations and their participation in calls for proposals

Rio Juruá, in the Bauana community, linked with the Codaem cooperative (Cooperativa Mista de Desenvolvimento Sustentável e Economia Solidária da Reserva Extrativista do Médio Juruá), a Natura supplier. The community was visited by technicians in 2019 during the periodic audit of partnering organisations.



José O. Neto (@jeoneto)

More Beauty, Less Waste

Vani, 42 years.
She left her job in a store
because her earnings from
Natura sales were higher than
her salary. Today she works
full-time at consulting, riding
around downtown Salvador,
Bahia, on her motorcycle to
deliver our products.



Offer the most, using the least

GRI 103-2, 103-3

The More Beauty, Less Waste cause, launched in 2019, reiterated our concern about waste generation and disposal, which began as early as the 1980s when we pioneered the adoption of refills in our portfolio.

More recently in 2014, when we released our 2050 Sustainability Vision, we established our first targets for the materials used in our packaging, which endorsed our proposal of offering the most, using the least and promoting circularity.

Enabling circularity is a complex, collective movement, that involves innovative processes for the development of products and packaging. It involves the consumer who, when she has access to options such as selective collection, is responsible for the sorting and correct disposal of waste, and companies that should provide mechanisms that permit the return of this waste to the production cycle.

Our contribution to the cause involves eliminating wastage, reducing the use of materials, collecting more waste than we generate and uniting public and private partners to boost recycling rates and to help establish payment for environmental services (PES) to waste picker cooperatives, recognising their contribution to environmental protection. We also envisage the enormous potential of connecting our consultants to this process of returning post-consumer packaging to the production chain. In an integrated vision based on our business model, we want to mitigate

environmental impact and generate positive value for society, promoting income for recycling cooperatives and offering new benefits for the consultants.

In line with our 2020 Ambitions, we have progressed in incorporating post-consumer recycled materials, in reusing our packaging and in waste reverse logistics. With the launch of Natura &Co's Commitment to Life, we have joined the other companies in the group and reinforced our commitment to close the cycle with a system that feeds back materials (circularity) and regenerates systems by fostering the sustainable use of renewable and biodegradable ingredients and bioingredients.

New Plastics Economy

Since 2018, we have been signatories to the Ellen MacArthur Foundation's global New Plastics Economy commitment.

The commitment's ambitions, to be achieved by 2025, include eliminating single use plastics and ensuring that 100% of packaging is reusable, recyclable or compostable.

2020 Ambitions

Ensure that the total mass of Natura packaging in Brazil contains

10% post-consumer recycled material

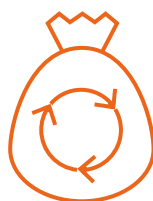
Ensure that **40%** of the product units billed by Natura in Brazil have **eco-efficient packaging¹**



Ensure that the total mass of Natura packaging in Brazil has **74% recyclable material**



Collect and **recycle 50%** of the **volume** of waste generated by Natura product packaging in Brazil (in t equivalent)



Results

10% post-consumer recycled material in Natura packaging in Brazil **(100% of target)**

18% of units billed in Brazil with eco-efficient packs **45% of target**

44% recycled materials in Natura packaging in Brazil **60% of target**

50% of waste generated by Natura packaging in Brazil sent for recycling **(100% of target)**

New cycle of targets (2030), in conjunction with Natura &Co

20% (or higher) less material in packaging (in weight)

50% of plastic used must have recycled content (in weight)



100% of all packaging material must be reusable, recyclable or compostable



Compensation through collection and reuse programs, to reach the target of **100% responsible disposal** where recycling infrastructure is not available

¹Packaging at least 50% lighter than regular/similar packaging or comprising 50% recycled post-consumer and/or renewable materials in its composition.

2020 performance

The two ambitions that were not achieved were affected by a combination of sales mix and reviews of commercial strategies during the period. We also faced some technical difficulties, such as the percentage of recyclability of coloured glass and plastics, impacting the percentage of recyclable material in the packaging. In 2020, there was also the challenge imposed by Covid-19, which affected the operations of the recycling chains that supply materials to Natura – the temporary interruptions or reductions in operations led us to opt for the acquisition of reverse logistics credits to complement a small part of our programmes in order to achieve the target for the year.

Furthermore, we experienced difficulties with the supply of the green plastic used in the Natura Mamãe e Bebê and Lumina lines.

However, we have advanced and learned a great deal since 2014. All our perfumery bottles have up to 30% recycled glass in their composition and we relaunched some lines that incorporate 100% recycled PET, such as Tododia, which have been very well received by our consumers. Our performance in the global sale of refills was excellent, with an increase of 19% over 2019.

We enhanced our packaging development process, which is aligned with ecodesign and circularity principles. In 2020, we consolidated the activities of the Ecodesign Committee, comprising employees from the design, environment, packaging development, consumer experience and sustainability areas, with meetings every fortnight. This was created with the objective of approximating processes, particularly between R&D and Sustainability, to promote mutual knowledge and discussion with a view to leveraging the achievement of packaging targets.

Further progress came in the gradual expansion of practices and projects to Hispanic America, as well as the annual monitoring of indicators in the region (further information about innovation in packaging on page 45.)

GRI 301-2 Eco-efficient packs¹ in relation to items billed (%)	2018	2019	2020
Brazil	22	18	18
Operations in Hispanic America	22	21	17
Brazil and operations in Hispanic America	22	19	17

1. Eco-efficient packaging is at least 50% lighter than regular/similar packaging and/or comprises 50% post-consumer and/or renewable non-cellulosic materials that do not increase mass.

GRI 301-2 Recycled materials used in product manufacture (%)	2018	2019	2020
Post-consumer recycled plastic incorporated into finished product packaging – Total	5.0	9.0	15.0
Post-consumer recycled glass incorporated into finished product packaging – Total ¹	Not available	Not available	10.0
Post-consumer recycled material (PCR) ² incorporated into finished product packaging – Brazil	5.4	8.6	10.0
Post-consumer recycled material (PCR) ² incorporated into finished product packaging – operations in Hispanic America	4.5	5.2	7.0
Post-consumer recycled material (PCR) ² incorporated into finished product packaging – Total	5.2	6.6	9.0
Recyclable material ³ in finished product packaging – Brazil	49.6	50.0	44.0
Recyclable material ³ in finished product packaging – operations in Latin America	47.3	50.0	51.0
Recyclable material ³ in finished product packaging – Total (%)	49.1	50.0	46.0

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.

Circularity in formulas

The concept of circularity, which seeks to reduce product impacts on ecosystems and extend the life cycle of the materials used as far as possible, is linked with regeneration. The choice of renewable, natural and biodegradable materials is directly associated with the work done by the production chains of these inputs.

Over the years, Natura has been investing in regenerative solutions, an approach incorporated into the principle of generating positive impact, which conserves and restores social biodiversity and ecosystems, generating quality of life in a fair and inclusive manner.

This vision has also been incorporated by the Natura &Co group, which has an investment programme of around US \$ 100 million to continue to develop biotechnology and waste solutions, with recycling, reduction in plastics and reverse logistics for the waste generated by our packaging. The plan is also associated with our Living Amazon Forest cause and our work with the families supplying natural ingredients, investing in agroforestry systems in detriment of monoculture and in incentives to keep the forest standing.

As a result, we generate income flows for the communities based on the cultivation of new ingredients, establishing alternatives that are more attractive than deforestation (read more on page 79).

Organic alcohol

- Used in all Natura perfumery since 2015.
- Supplied by Native, the first company to develop sustainable sugarcane growing in Brazil
- The use of organic alcohol reduces greenhouse gas emissions by 39%.

Palm oil and regeneration

- Research conducted by Natura uses agroforestry systems (AFS) for the production of palm oil (known as dendê in Brazil), revolutionizing the traditional monoculture of this crop.
- The idea was to bring palm cultivation closer to its original environment in the forest, associating it with other native species, such as cassava, açai and cocoa, promoting the sustainable use of the soil, preserving natural resources and diversifying sources of income for producers. The biological control of pests increases the number of micro-organisms in the soil.
- Although the number of palms trees per hectare is lower than in conventional growing methods, it is more productive, generating 180 kilograms of bunches per plant compared with 139 kilograms in the conventional system.
- Benefits: higher income for the family producers; regeneration of the soil; less CO₂; avoidance of deforestation.
- The research has been conducted since 2008 with the cooperative Camta (Cooperativa Agrícola Mista de Tomé-Açu), a Natura supplier community, in partnership with Embrapa, USAID, the American cooperation agency, and World Agroforestry (Icraf).
- Palm oil is one of the most in-demand ingredients in the world and in many cases its production is associated with deforestation and monoculture. The research demonstrated that agroforestry systems present high productivity and generate environmental services, such as the provision of food and timber, in addition to regulating the climate and water.

Circularity in packaging

One of the premises of our positioning by causes is to integrate our consultants, our consumers and society as a whole into the Natura mission of making the world a more beautiful place.

The first public call for the More Beauty, Less Waste cause was in 2020 with the launch of new Kaiak Oceano, which highlighted the plastics cycle and the urgent need to adopt strategies that decrease the amount of waste that can pollute the oceans.

New Kaiak incorporated recycled plastic picked from the Brazilian coast in part of its pack, as well as eliminating the single use plastic film used to wrap the product box. For the launch of Kaiak Oceano, we established a partnership with the Instituto Ecosurf to clean beaches located in the Jureia-Itatins Conservation Unit on the south coast of São Paulo state. This movement generated a total of 1,270 kg of waste collected from the beaches, which was then correctly disposed of.



Exchange of empty packs for a new product in 90 Natura and The Body Shop stores in Brazil

Another measure which depends fundamentally on the engagement of consumers, as well as consultants, is the reverse logistics programme in our concept stores, launched officially in August in partnership with the other Natura &Co group brands. The programme is in place in over 90 Natura and The Body Shop stores in Brazil. For every five empty packs of Natura, The Body Shop, Avon or Aesop brand products, the consumer gets a new product. TerraCycle is the partner responsible for collecting the packs and ensuring they are recycled.

In Mexico, we created the More Recycling with Natura project, which encourages consultants and leaders to dispose of our empty product packs at the drop off stations of a partnering company.



6.5 tons of recycled plastic used in Kaiak Oceano

The largest plastic piece is made from **50% recycled plastic** part of which is retrieved from beaches

Single use plastic

In addition to Kaiak Oceano, we eliminated the plastic film from our Christmas gift kits in Brazil in 2020. In Natura Peru, the forerunner of the campaign, we eliminated the plastic wrapping on the boxes of consultants orders; in Argentina, the focus is on the plastics in gifts; in Mexico, the strategy encompasses gifts and the materials used at sales force events; and in Colombia there is a project to eliminate the plastic film used for a perfumery product. Chile should join this movement in 2021.

Composting in the Ecoparque

We inaugurated a composting centre in the Benevides unit in Pará in December. This processes food leftovers, pruning residues, ashes from the burning of biomass in the plant boilers and other waste. This is transformed into organic fertiliser which is donated to farmers in the region. It is projected that 76 tons of organic compost will be generated per year.

Read more about our packaging development processes and renewable formulas in Our way of making products from page 46

Driving the recycling chain

GRI 103-2, 103-3

Since 2017, the Natura Elos Programme has been engaged in setting up a reverse logistics chain in conjunction with packaging manufacturers, recycling industries and recycling cooperatives. With this programme, we are fostering the professionalisation of all the links in the recycling chain, including the formalisation of labour relations and the adoption of good management and operating practices, recognising and valuing the services that the waste pickers engaged in collecting and sorting materials render to society. By doing this, we ensure the development of the value chain necessary to incorporate recycled materials into our packaging.

In 2020, 10,200 tons of post-consumer recycled materials from the programme were used by Natura Brazil. This represents an 11% increase over the 2019 volume (9,200 tons). Even though the pandemic impacted the work done by the 21 recycling cooperatives participating in Natura Elos, targets were exceeded for some types of materials. Since 2018, the Elos programme was reclaimed more than 24,100 tons and involved more than 600 waste pickers and over 50 suppliers.

The Dê a Mão para o Futuro programme is run by the CFT industry association Abihpec (Associação Brasileira da Indústria de Higiene Pessoal, Perfumaria e Cosméticos), a body of which we are a member, and involves the participation of the cleaning products association Abipla (Associação Brasileira das Indústrias de Produtos de Limpeza) and the bread and dough industry association Abimapi (Associação Brasileira das Indústrias de Biscoitos, Massas Alimentícias e Pães & Bolos Industrializados). The programme is part of a sector agreement to promote compliance with Brazil's National Solid Waste Policy (PNRS or Política Nacional de Resíduos Sólidos) and even with the challenges presented by the pandemic, it achieved the 2020 target of recovering 22% of the waste generated.

10% of post-consumer recycled material (PCR) and **44%** recyclable material in our packaging (in total mass)

Recycling in Hispanic America

GRI 103-2, 103-3

Since 2019, our operations in Hispanic America have had collection and disposal targets for recycling Natura packaging waste (in tons equivalent). The consolidated target for 2020 was the diversion of 16% of this waste. The actual result was 36%, in spite of the interruptions in waste pickers' activities during some periods of the year due to the pandemic.

The above result in spite of an adverse conjuncture was the result of rapid and effective adjustments to our strategy and new partnerships to ensure the collection and disposal of waste. In Argentina and Chile, initiatives were implemented in partnership with Cempre (Business Recycling Association in Latin-America) and other local organisations to reinforce programmes already in place with cooperatives, promoting waste collection and guaranteeing income for the recyclers. In Colombia, we successfully implemented a glass recovery project. In Mexico, we formed partnerships with two suppliers to guarantee waste collection and recycling.

Our strategy in Hispanic America is divided into two fronts.

On the first, we developed the partners who manufacture products on behalf of Natura to ensure they would incorporate recycled glass into perfume packaging, and we supported the development of recycled glass chains. On the second front, we brought recycling cooperatives together and invested in improving their operational and management practices. This model is currently working in Argentina, Chile, Colombia and Peru. We donated food and personal hygiene products to all these cooperatives, as well as personal protective equipment (PPEs) in some cases – and we disseminated hygiene preventive protocols during the pandemic.

GRI 301-3 Recovery of products and packaging materials (%)			
	2018	2019	2020
Brazil ¹	33	47	52
Hispanic America (%)	Not available ²	20	36

1. In 2020, due to the impacts of the pandemic, we acquired reverse logistics credits to maintain the level of the indicator.
2. Monitoring of the indicator was begun in 2019.

Natura magazines transformed into Crer para Ver products

In Colombia, 42 women who were in correctional facilities or undergoing re-socialization transformed old copies of Natura magazines into cup-holders, lampshades, necklaces and other products for the Crer para Ver line and were remunerated for the activity. The items are available in the product line portfolio. In 2020, 3.5 tons of paper were used, the equivalent of around 14,000 magazines.

Reverse logistics tested in the Aqui Tem Natura franchises

Two of the four start-ups selected in the global Natura Innovation Challenge – Zero Waste Packaging (read more about the Natura Startups challenge on page 45), were given the mission of designing an attractive reverse logistics solution for our consumers that also involved the Aqui Tem Natura network.

Between October and December, we tested the project in seven Aqui Tem Natura stores in the city of São Paulo. These stores collected post-consumer packs from any brand of beauty product. Upon handing in the packs, the consumer accumulated points that could be exchanged for three types of prizes: cash donations to projects registered in the Acolher

Programme (a Natura Movement initiative), discounts on their next purchase and access to an online beauty course.

During the pilot phase, 150 kg of packs were collected – an average of seven per active consumer. The majority (49%) opted to make donations to the Acolher Programme, which demonstrates the initiative's potential to drive a chain of goodwill. The pilot also demonstrated the willingness of Aqui Tem Natura entrepreneurs to participate in the programme and the way in which it attracts customers to the stores. Based on these and other results, we are now adjusting the program prior to scaling it up.

On course for net zero emissions

GRI 103-2, 103-3

Our know-how in managing greenhouse gas (GHG) emissions dates from 2007, when we created the Natura Carbon Neutral Programme and developed a plan to measure, reduce and offset the emissions generated not only by Natura but by our entire chain, from the extraction of raw materials to the disposal of post-consumer waste. Since then, concerns about the world's carbon balance have grown significantly, forcing nations, organisations and companies to accelerate the development of low impact solutions. 2020 marked the fifth anniversary of the Paris Agreement and the review of nations' GHG emissions reduction targets. Although part of these nations has raised the bar for their commitments and increased adaptation measures, this is still not enough. At the current rate, the limit of 1.5°C will be reached in just over ten years. We are faced with the need for immediate mobilisation and cooperation, given that many solutions depend on technological development and articulation between different agents. The next step is to achieve net zero emissions, which means balancing the volume of emissions released into the atmosphere with the amount of carbon removed from it. This requires

total focus on reducing emissions and increasing the absorption of GHG through activities such as the restoration of forests and technologies for capturing and storing carbon.

Our ambition is to achieve net zero by the end of this decade together with the other companies in the Natura &Co group, twenty years ahead of the deadline established by the UN for the whole world to achieve this balance

This is Natura's course. Our ambition is to achieve net zero by the end of this decade together with the other companies in the Natura &Co group, twenty years ahead of the deadline established by the UN for the whole world to achieve this balance.

Our climate strategy is connected with valuing social biodiversity, promoting a bioeconomy and regenerative solutions. We have advanced and will continue to evolve through increasingly natural formulations and circular packaging solutions. Our challenges also involve the energy matrix and product transportation. These areas are key for us to achieve our goals and are integral to two of our causes: Living Amazon Forest, and More Beauty, Less Waste.

Related to this work, we will adopt Science Based Targets – SBTi – that are already under development, so that we can progress in the emissions management agenda in line with scientific knowledge. These targets will also ensure our efforts are aligned with the global agenda.

2020 Ambitions

Reduce by 33%
relative GHG emissions
(base year 2012)



Offset all our emissions, primarily in the Pan-Amazon region

Results

Cumulative reduction of 11%.



We offset 100%

of our emissions¹ in projects that involve a broader agenda of co-benefits, including the generation of employment, technology transfer, reinforcement of local economies and women's empowerment. Since 2007, 34% of our emissions have been offset in the Amazon region

New cycle of targets (2030), in conjunction with Natura



delivering 1.5°C 20 years before the UN commitment

Adopt the Science Based Targets Initiative, SBTi, for all the companies, encompassing scopes 1, 2 and 3



1. Due to the pandemic we are still finalising some carbon credit purchase contracts. Up to the publication of the report, Natura had acquired 97.2% of the credits and is committed to acquiring the rest to offset 100% of its emissions by December 2021.

2020 performance

Carbon results were very favourable during the year, driven by a combination of factors, such as the reduction in the circulation of the printed magazine due to the expansion of the digital catalogue, a product mix with lower emissions intensity, including a higher share of hygiene, body and hair products and refills. The pandemic caused restrictions in business travel and in the circulation of buses for employees. On the other hand, there was an increase in product distribution due to the growth in sales, including exports to the other countries.

Consequently, our total emissions increased by around 6.7% in 2020, considering the entire chain (scopes 1, 2 and 3), driven by distribution. Considering only scopes 1 and 2, emissions decreased by approximately 25%. In terms of the relative result of tons emitted into the atmosphere per kg of product billed, there has been a cumulative decrease of 11% since 2012. In spite of this positive result, this performance is below our ambition of reducing relative GHG emissions by 33% between 2012 and 2020.

Some plans ended up not materializing, linked with the strategy for products with a lower emissions profile, as well as technologies that did not progress at the expected speed, such as the expansion of renewable fuel sources and electrification in logistics. On the other hand, we successfully helped to develop recycling chains for plastics and glass, enabling the incorporation of these materials into our packaging.

This advance in the use of recycled materials meant overcoming technological barriers and influencing changes in consumer habits, such as the growth in the commercialization of refills, including categories such as makeup and perfumery. The adoption of the 100% recycled PET bottle for the Tododia and Ekos lines also altered the design and the level of transparency of the recipients, reducing the impact provoked by the

Reduction in relative emissions since 2012 (%)



the packs. Acceptance by consumers was good. In 2020, we also received renewable energy certificates (I-REC) which ensures the traceability of 100% renewable energy in the Natura factories, distribution centres and offices in Brazil, representing a 72% reduction in emissions from electrical energy.

Engagement in climate change

At the beginning of 2021, we once again received recognition for being among the top 7% of global companies that most engage their suppliers in climate action, according to the CDP. In 2020, we had already been featured in the SER – Supplier Engagement Rating – disseminated by the organisation.

GRI 305-1, 305-2, 305-3, 305-4	2018	2019	2020
Total CO2e emissions (t) ¹²	333,183	325,840	347,570
Relative emissions (kg CO2e/kg of product billed)	3.14	3.18	2.85

1. CO2e (or CO2 equivalent): measure used to express greenhouse gas emissions, based on each one's global warming potential.
 2. Includes GHG Protocol scopes 1, 2 and 3.

GHG emissions – Scopes 1, 2 and 3 (tCO2 equivalent) ¹²	2018	2019	2020
Direct GHG emissions– Scope 1	8,509	7,055	4,777
Indirect emissions from the acquisition of energy (location) – Scope 2 ³	5,072	6,636	5,523
Indirect emissions from the acquisition of energy (purchase choice) – Scope 2 ⁴	5,072	6,636	1,541
Other GHG emissions - Scope 3	319,602	312,149	337,270

Biogenic emissions (tCO2 equivalent) ¹	2018	2019	2020
Direct biogenic emissions (from the burning or biodegradation of biomass) GRI 305-1	10,098	11,193	9,624
Indirect biogenic CO2 emissions GRI 305-3	9,639	9,573	10,015
Total Biogenic Emissions	19,737	20,766	19,639

1. Our greenhouse gas emissions inventory takes into account total 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 conception, development, management and elaboration. In 2019, the Natura GHG emissions inventory was audited by KPMG.
 2. Does not take into account the operations in France, the United States and Malaysia.
 3. Calculated exclusively using the grid emission factor of the countries in which we operate.
 4. In addition to the grid emission factor of the countries in which we operate, it takes into account the renewable energy certificates (IREC).
 5. Result includes Scope 2 (location) in the total. If Scope 2 (choice of purchase) is considered, the total is 343,588 tCO2e.

GRI 305-1, 305-2, 305-3 Emissions in the value chain (t)¹	2018	2019	2020
Extraction and transportation of raw materials and packaging (processing and transportation to direct suppliers)	131,504	127,051	136,879
Direct suppliers (processing and transportation to Natura)	32,654	31,548	33,988
Industrial and internal processes	19,814	19,660	12,953
Product sales (transportation and distribution)	62,425	62,282	74,264
Use of products and disposal of packaging	86,786	85,299	89,487
Overall total	333,183	325,840	347,570

1. Our greenhouse gas emissions inventory takes into account total 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 conception, development, management and elaboration. In 2019, the Natura GHG emissions inventory was audited by KPMG. The sources of emission are the same ones taken into account in the previous tables.

GRI 305-5 Reduction of GHG emissions as a direct result of emissions reduction initiatives¹	2018	2019	2020
	9,127	10,759	26,684

1.Reductions in indirect Scope 3 emissions.

Climate Commitment

The Climate Commitment Platform, launched by Natura in partnership with Itaú Unibanco and the Instituto Ekos Brasil in 2017, continues to attract new companies to the coalition that connects these businesses with socioenvironmental initiatives that generate carbon credits. The number of members on the platform had already increased with the membership of the B3 Index and Lojas Renner; another four companies joined in 2020: MRV Engenharia, RaiaDrogasil Group, Mattos Filho and Localiza.

The platform offers projects that have been subject to rigorous selection criteria and that offer other benefits besides carbon emission offsetting. 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 2020, a new call for proposals received 19 submissions, from which four were approved after the socioenvironmental assessment and legal due diligence processes. Currently we have over 1.46 million carbon credits available for commercialization on the platform by means of the 15 projects approved during the four years of the programme. All of these are available to the companies participating on the platform.

In addition to promoting offsetting, the programme alerts the companies to the importance of adopting a thorough approach, which includes mapping all sources of emissions, prioritising reduction measures and lastly, offsetting emissions that cannot be avoided. Mobilising the private sector and encouraging an integrated approach to carbon management is one of the programme pillars. Two new events in the New Economy Dialogues series were held in digital format in 2020. The themes were: Climate responsibility, which debated the reinforcement of low carbon mechanisms, and Managing carbon emissions, from theory to practice.

More funds for regeneration and conservation

The platform also innovated by launching a collective financing process for projects. The focus in the first year was the Amazon and the pursuit of funds to enable initiatives to mitigate or adapt to climate change with the potential to generate additional socioenvironmental benefits for the community, fulfilling at least two of the goals below:

1. Promote reforestation or the restoration of native forest or degraded areas.
2. Implant agroforestry (SAF), agro-ecological or bio-diverse systems.
3. Establish, develop or strengthen non-timber social biodiversity forest product chains. Establish, develop or strengthen non-timber social biodiversity forest product chains.
4. Promote the community and institutional reinforcement of bodies representing traditional peoples and communities by means of technical assistance in the implantation or expansion of sustainable stewardship practices, or the certification of forest products.
5. Promote the recovery and conservation of natural and agricultural biodiversity resources that are essential for traditional peoples and communities because they guarantee: food and nutritional security, quality of life and the integrity of sociocultural heritage.

Circular Carbon

We maintain a partnership with the Reça cooperative (Cooperativa de Reflorestamento Econômico Consorciado e Adensado), located in a region between the states of Acre, Amazonas and Rondônia, in a program for the payment of environmental services rendered by the community in combating deforestation. The audit undertaken in 2020 assessed the community's efforts to reduce deforestation in the region between 2018 and 2020, showing impressive results: the average deforestation rate on the 88 participating properties corresponded to 0.52% – one fifth of the average 2.4% rate on properties in the surrounding area. And 73,000 tons of CO₂ emissions were avoided. The result, verified by an independent third-party, will generate revenues of over R\$ 600,000 for the project. Part of the funds are distributed among the smallholders' families, while the remainder goes into a cooperative fund. In recent years, this fund has implanted a microcredit model for the cooperative members and developed an organic composting model for agro-industrial waste, further reducing the maintenance costs of its organic agroforestry systems. Our ambition is to completely eliminate deforestation in RECA in the forthcoming monitoring cycles.

The pandemic imposed restrictions on the carbon insetting expansion projects in our value chain. Our goal was to advance in the development and implementation of the model in the Coopavam cooperative (Cooperativa dos Agricultores do Vale do Amanhecer) in Juruena (MT). The Vale do Amanhecer settlement where the cooperative operates, has the first community legal reservation area in the country and employs an alternative model which, through the sustainable extraction of Brazil nuts, keeps the forest standing.

The field trips scheduled for 2020 were suspended and the work on designing the project with the communities had to be postponed. The process is included in planning for 2021, but resumption will depend on the pandemic. This project was selected to receive collective financing from the Climate Commitment programme (mentioned previously).

Partnership with RECA reduced the deforestation rate on 88 properties to 0.52%, a fifth of the average rate in the surrounding area (2.4%)

And avoided emissions of **73,000 tons of CO₂** into the atmosphere





Eloiza, 53 years.
A Natura Consultant
for 12 years, consulting
helped her to bring
her children up.

Every Person Matters



Our people

GRI 102-43, 103-2, 103-3

The new context unleashed by the pandemic made our team reconnect with the Natura Culture and Way of Being and Doing Things. Throughout the year, the teams interacted in an innovative manner, going beyond the obvious to build rapid and creative solutions. They strengthened networking, acting in a coordinated and uncomplicated manner that eliminated barriers between areas and flattened hierarchical levels. All this was done keeping the consultant at the centre of our actions and pursuing the best result for the whole.

In parallel, we reinforced listening processes to understand employees' needs in these new times and to ensure a positive work experience for everyone, which included the provision of ergonomic kits, online meditation tools and psychological support, among other measures.

2020 was also marked by the entry of Avon to the group and the consolidation of the new organisational structure of Natura &Co Latin America. The bimonthly meetings between members of the Executive Committee and leaders and the quarterly dialogues between the CEO and all the employees were fundamental for keeping everyone close and for clearly transmitting the strategic priorities of the business.

We are pursuing a cultural base that values and brings the four companies of the group close to each other, while respecting the identity and specificities of each one.

Priority behaviours

Employees are encouraged to adopt these behaviours so that everyone can work together towards achieving the company's strategic goals. Four behaviours are common to Avon, Natura, The Body Shop and Aesop:

- **We place the consultants and representatives at the centre 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.**

Additionally, each business encourages specific behaviours.

At Natura, these are:

- **We seek to know and delight the people who buy and use our products and services;**
- **We innovate with courage to generate positive impact.**

Engaging the Natura &Co team

For the first time we measured the engagement of our team, including the employees at Avon, The Body Shop and Aesop in Latin America. The survey was completed by 83% of the employees to whom it was sent. Engagement reached 88 points, on a scale from 0 to 100 points, nine percentage points above the market average (read more on page 146).

Open Letter for Human Rights

To reinforce its commitment to human rights, in 2020 Natura published a document to promote the dissemination of respect and ethical and committed conduct. The open letter is available on our website. It was also disseminated through our social networks, associating the manifesto with the elimination of violence against women.

Our employees ¹									
	2018			2019			2020		
	Men	Wom-en	Total	Men	Wom-en	Total	Men	Wom-en	Total
Brazil	2,190	2,768	4,958	2,237	2,854	5,091	22,216	2,893	5,109
Hispanic America	323	1,340	1,663	366	1,369	1,735	366	1,445	1,811
Total	2,513	4,108	6,621	2,603	4,223	6,826	2,582	4,338	6,920

1. There was a change in the basis of the calculation in accordance with the headcount categories in December 2020. The previous figures were restated to maintain comparability.

Natura Learning Ecosystem

GRI 103-2, 103-3, 404-2

The online platform that hosts the Natura Learning Ecosystem made its debut among administrative employees in Brazil and Hispanic America. Employing artificial intelligence tools, the platform enables the employees to take control of their development process. In accordance with their interests and the skills they want to develop, the platform makes a series of articles, books, videos and courses (internal and executed by company

partners) available. The idea is that the platform should connect employees who are knowledgeable about a specific subject with colleagues who are interested in learning about this content.

We also launched a new development journey in our Learning Ecosystem, called Every Person Matters. This contains contents ranging from self-knowledge, emotional intelligence, the competencies necessary for remote working to reflections on the circular economy and open innovation, among others. We also organized a series of live transmissions with partners who spoke about communication with purpose, change management and physical and mental well-being, among other topics.

For the people in the agile teams, we focused on on-the-job experiences. These employees were developed in areas such as data analysis and development routines, prototyping and testing. Additionally, they exercised the concepts of collaboration and collective construction, distributed leadership and honest dialogue.

For leaders, we adapted the experiences from Re.Conecta to the virtual environment and organised encounters on the competencies required for leaders with the institutionalisation of remote working and the new configuration of the Natura &Co group. Around 600 managers participated in these encounters.

Fluency in English and Spanish

In 2020, we conducted a survey to assess the Natura &Co group employees' level of fluency in English and Spanish. The result will serve as a basis for a new education strategy on this front. Currently, our executives receive a 70% grant for language courses, while 50 administrative area employees take online English courses fully paid for by Natura.

Platform for operational staff

The Aquarela Programme promotes the development of employees in the operational areas. Since 2019, operators in the Cajamar factory in São Paulo have been trained via a digital platform. In 2020 this platform was extended to staff in Ecoparque, in Benevides, Pará, in the distribution centres in Brazil and in the Avon factory in the city of São Paulo. On the platform, not only can the employees take courses and do online evaluations, but they are also able to create and share contents, just like on a social network, and interact with posts made by colleagues. All of these activities are awarded points, which may be exchanged for Natura products.

Additionally, we initiated a new project for this audience aimed at enabling operators to assume the position of technical leader. In addition to overseeing the operation and maintenance, they assume responsibility for product quality and for managing the other workers on their production line. In 2020, 38 employees on 12 packing lines in Cajamar became technical leaders, receiving training in areas such as people management, occupational safety, compliance and diversity. In 2021, this project will be extended to the other production lines in the Cajamar unit.

In general, there was a decrease in education and development actions due to the temporary interruption in the training programme as a result of the pandemic. In Brazil, investment was 44.6% lower than in 2019. In contrast, our operations in Argentina, Chile, Colombia and Mexico devised alternative solutions to develop their personnel, and their average spending on education increased by 37.4%.

GRI 404-1 Average hours training per functional category	2018	2019	2020
Director level	24.6	14.2	3.7
Management	36.0	15.3	5.1
Technical/Supervision ¹	Not applicable	Not applicable	1.5
Administrative	31.1	11.0	5.1
Operational	17.3	14.9	5.8
Sales Force ¹	Not applicable	Not applicable	2.4
Interns	44.3	21.1	3.9

1. Categories for which reporting was initiated in this cycle, with no prior records available.

GRI 404-2 Investments in education per operation (R\$ thousands)	2018	2019	2020
Brazil	7,938	7,524	3,356
Argentina	1,677	701	769
Chile	421	235	352
Mexico	338	241	347
Peru	303	320	85
Colombia	1,373	212	441
Total	12,051	9,233	5,350



One of the experiential journeys with the finalists in the CorageN programme, held before the pandemic.

First cycle of the CorageN programme ends

With the CorageN Programme, launched in 2018, we start with a single question – What story of courage can you tell? – and with a single requirement – to be at least 18 years old – to select entrepreneurs who can contribute to Natura’s transformation journey. The candidates selected formed a multi-gender, multi-generational and multicultural group, that started working based on the agile model, without reporting to any specific area.

The 18 months of the programme included an immersion in our ecosystem, mentoring from directors and vice presidents and the development of four intrapreneurship projects. One of these is Naomm, a platform connecting therapists and consumers that was launched in 2020 and integrated into our Well Being Well business platform. From the 20 candidates selected, 18 concluded the CorageN journey and were hired as Natura employees.

The experience resulted in key learnings for the company, such as the importance of attracting employees with distinct profiles and of incorporating innovation into our organisational culture, as well as the effectiveness of the agile culture and more horizontal work methods, which eliminate hierarchies and boost collaboration.

Performance review revisited and integrated

We concluded the revision of our performance review model, conducted by a multidisciplinary team based on a diagnosis undertaken with employees.

We reinforced listening processes to understand employees' needs during these new times and to ensure a positive work experience for everyone

The review sought to combine the strengths of the current formats, which include networked feedback (between colleagues), continuous alignment between the employee and manager and the updating of individual targets every four months, with the trends that have been transforming the way we work and relate in the work environment. The focus will be on stimulating deliveries that generate value for the employee, for the business and for society, in line with our purpose, our culture and our commitment as a B Corp. Accordingly, the performance review will focus on: designing goals of value for the business; ongoing conversations about deliveries, priority behaviours and development; a proactive stance for individuals and teams; and an integrated system (Workday) to support the process. We developed a communication, training and engagement plan that was prepared especially to support our employees and leaders in this transition to the Natura &Co Latin America Integrated Performance Cycle.

In 2020, all the performance review stages occurred virtually, and 92% of the employees received reviews during the course of the year, a percentage in line with the average for recent years. **GRI 404-3**

More diverse and inclusive

GRI 103-2 , 103-3

For Natura, each person is unique and should be respected, made welcome and celebrated. This belief is expressed in a work environment that we strive to make ever more diverse and inclusive.

Our 2020 ambitions included two commitments linked with this ideal: to reach 50% women occupying leadership positions and 8% people with disabilities working in our operation in Brazil. We ended 2020 with 51% women occupying leadership positions (director-level positions at the three highest levels in the organisation) in Natura &Co Latin America. The percentage is the same for Natura itself. In a seven-year period, we have grown from 29% of leadership functions exercised by women to a balanced representation of genders in the highest positions in the company. In 2020 alone, there was an advance of ten percentage points, driven by the integration of the companies of the group and the resulting movements.

Among the initiatives that helped ensure this result is the guarantee that 50% of the finalists in all our selection processes for management and director level positions are women. In 2020, we also linked the presence of women in leadership positions to bonuses in the people management area. Our challenges will be to maintain this participation rate and to evolve in other areas such as remuneration.

Recognition of our choices

▪ **Natura &Co is the second best publicly traded company in the world in diversity and inclusion. The ranking is elaborated by Refinitiv, a company belonging to Reuters news agency and the Blackstone fund, and is called the Top 25 Most Diverse & Inclusive Companies and Organizations Globally. In 2019, we came in fourth place.**

▪ **We were elected the brand with the highest recall when it comes to diversity in Brazil by the Oldiversity ranking, from the Cromia group.**

▪ **In Argentina, we were recognized as the Best Company for Women to Work in by Great Place to Work (GPTW).**

▪ **In Mexico, we received a distinction in the GPTW For All ranking, which recognizes companies that are benchmarks in diversity in the country.**

▪ **We also received a distinction in the Inclusion of people with disabilities in the Exame Diversity Guide, published by the magazine Exame and the Instituto Ethos.**

▪ **Natura is one of the 25 best companies to work for in the world, according to the World's Best Workplaces 2020 ranking.**



More than 400

employees in Brazil participate in the affinity groups:
 - Natura in Colours (LGBTQIA+)
 - Roots (Ethnic-racial)
 - Us (Gender)
 - Efficient (Disabled)

In relation to the target for employees with disabilities our rate was slightly below our ambition, at 7.3%. From 2014 to 2020, the indicator grew 46%. However, last year the variation was only 0.1 percentage point in relation to 2019, due to the effects of the pandemic. In absolute terms, the number of employees with disabilities grew from 263 to 368 in six years.

However, our diversity and inclusion strategy goes beyond our 2020 ambitions. In addition to gender equality and the inclusion of people with disabilities it encompasses ethnic and racial diversity and sexual diversity. In terms of gender, we are working on female leadership and, in parallel, the agendas of co-responsibility between men and women and combating violence against women. Regarding people with disabilities our efforts are aimed at increasing hiring of people with disabilities but also enhancing the inclusion of these professionals in the work place and promoting their growth and their career opportunities.

One major advance in 2020 was the formalisation of the role of the leaders in our four affinity groups. Each group has two leaders, employees from distinct areas of Natura, who now dedicate part of their working hours to these activities and have an annual target linked to the work done by the group. This evolution demonstrates how seriously we address this theme in the company and how we value the contributions made by our employees to ensure we are ever more diverse and inclusive. Each group also has a representative from senior management as a sponsor.

51% of women

occupying positions at director and vice president level



New challenges

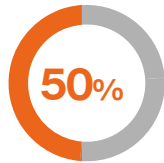
As part of the Natura &Co group, our challenges in the decade which is beginning will be greater. While focusing on gender representativeness in recent years, we have assumed new commitments related to remuneration, both in terms of equality and in the guarantee of a living wage for 100% of our employees. New targets have also been established for female leadership – we want to maintain gender balance in our senior management, and we are committed to achieving the same percentage in the Board of Directors. The deadline for these three commitments is 2023.

Another challenge is to have 30% of persons from under-represented groups in management positions by 2030. In Natura Brazil, we have already determined that one of the focuses will be to increase the number of black people in these positions – the actual targets will be established in the coming months. Our operations in Hispanic America should also select under-represented groups on which to focus, in view of the specificities of each country.

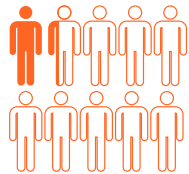
Image from the Faces campaign, which celebrates love, freedom and pride in being who one is.



2020 Ambitions



women in leadership positions
(director-level and above)



8% employees with disabilities in our work force in Brazil¹

Results

51% women in leadership positions **in Natura**

Broadening the scope to Natura &Co Latin America, with the four brands in the region, **the percentage is also 51%**

This refers to director-level positions and above in the three highest levels of the organisation, dedicated to Natura &Co Latin America.

7.3% employees with disabilities in Brazil 91% of target

46% increase since 2014.

Together with Natura &Co we are going to:

By 2023:
Have 50% women in senior management (considering the group) and on the Board of Directors

Guarantee equal pay, reducing gender differences

Guarantee that all employees receive a living wage or more

By 2023:
Have 30% people from under-represented groups **in management positions**

Including racial or ethnic groups, the LGBTQIA+ community, socially and economically vulnerable people and people with disabilities

Our agenda in 2020

Ahead we present the main advances during the year in each pillar of the diversity and inclusion strategy.

Gender

Social isolation exacerbated two situations in 2020: overload for women, who faced the challenge of reconciling domestic chores and caring for the family with their professional duties, and the increase in cases of gender violence.

On the co-responsibility front, we promoted rounds of dialogue with our female employees, addressing subjects such as self-care, emotional balance and non-violent communication, among others. We also introduced a benefit entitled Time Present for employees who are mothers – a day off work in the month in which Mother’s Day is celebrated for them to spend however they please. In the month of Father’s Day, the benefit was offered to employees who are fathers. The company also prepared materials with tips on remote working and activities to do with the children during quarantine, as well as the provision of psychological support.

It should be noted that Natura offers maternity leave of six months and paternity leave of 40 days in Brazil and in all the countries in Hispanic America.

In relation to combating violence against women, we joined the Avon Institute’s End Violence Against Women coalition, which is supported by UN Women. And we also supported the #IsolatedNotAlone movement aimed at providing visibility and generating support networks among governments, people and organisations to address that other pandemic which women and children are subject to when left confined with their aggressors. In Brazil, we maintained a helpline for employees who are victims of violence, providing them with specialized advice, as well as an Anti-Domestic Violence Committee, which meets to assess highly critical cases and the support measures to be adopted

– part of the company’s protocol for reaching out to female employees, which is also in place in all the countries in Hispanic America in which Natura operates. In 2020, we launched an Anti-Gender Violence Policy for Natura &Co Latin America. The next step will be to extend the committee to the whole group in the region.

Anti-Gender Violence Policy

In November, Natura &Co Latin America introduced its Anti-Gender Violence Policy, with guidelines to support female employees affected by this type of situation. Natura and Avon already had their protocols, which have now been unified and adopted by the four companies in the group. In each country, Natura maintains local alliances to guarantee support for female employees.

Persons with disabilities

We have a talent bank in which prospective candidates with disabilities may register for future openings in Natura. We ended the year with around 2,500 people registered on the platform.

For people with disabilities already in our team, we offer learning trails and workshops on self-knowledge, emotional and relational intelligence and professional effectiveness. We also conduct workshops with the managers of these employees to foster an inclusive culture in the company’s daily routines. Moreover, we provide a learning trail for all employees aimed at raising awareness in relation to inclusion of the people with disabilities.

In accessibility, we expanded the Brazilian sign language tool (Libras) to ensure that more people may use it for interacting with hearing impaired colleagues. The members of the Efficient affinity group also contributed to the discussions on how to make our product packaging more accessible.

In the self-esteem pillar, we promoted rounds of dialogue seeking to guarantee the feeling of belonging among employees who started to work remotely.

We also have a squad in our operation in Argentina that is developing an inclusion program for people with disabilities in the countries in the region. In 2020, we initiated a self-declaration process, the information from which will enable us to enhance initiatives on this front more effectively.

People with Disabilities Week in Natura

For the first time, in September we organised a People with Disabilities Week in Natura Brazil, with a set of actions to engage everyone in the construction of an increasingly inclusive culture.

#PraTodosVerem (#ForEveryoneToSee)

All our communications on the social networks now carry the hashtag #PraTodosVerem, which provides descriptive texts about the images and videos posted, driving digital accessibility for the visually impaired.



Ethnic-racial inclusion

For the second year running, our strategy for the intern programme boosted the interest of young university students who declare themselves black in Natura. In 2019, we had contracted more than 50% of young people with this profile. In 2020, this rate grew to 60% of the new interns.

Each person is unique and should be respected, made welcome and celebrated. This belief is expressed in an ever more diverse and inclusive environment

All the stages of the process were digital, including the mentoring conducted by some of our black employees. For managers who had open intern vacancies, we produced podcasts to raise awareness. In the series of virtual workshops Cirandas do Saber, black employees shared their experiences with the interns selected in the 2019 process and with other colleagues.

Furthermore, in the talent attraction area, we defined targets for hiring black people by business area.

Natura also sponsored the Arena Black Rocks festival, dedicated to innovation and technology professionals, and the Afropresença conference, organised by the São Paulo Labour Public Prosecution Department (MPT) and by the UN Global Compact Brazil Network, which seeks to value racial diversity and combat discrimination in the work place. Additionally, we attended the Juntos Conference, organised by McKinsey & Company, which debates solutions to increase the employability of black people. All the actions on this front were developed with support from the Roots affinity group and employees mobilised in squads, to ensure agility and multiple perspectives.

We embraced civil society movements

In 2020, we joined the anti-racist movement **Seja Antirracista**, organised by the Instituto Identidades do Brasil (ID_BR) and the **B System**, and the labour market inclusion movement **Pacto pela Inclusão Social de Jovens Negras e Negros no Mercado de Trabalho de São Paulo**, by the São Paulo MPT. We continue to be members of the business racial equality initiative **Iniciativa Empresarial pela Igualdade Racial**, by the University Zumbi dos Palmares, and the business coalition **Coalização Empresarial pela Equidade Racial e de Gênero**, from the Instituto Ethos, the **Centro de Estudos das Relações de Trabalho e Desigualdades (CEERT)** and the **Institute for Human Rights and Business (IHRB)**, with support from the **Inter-American Development Bank (IDB)**.

Our operation in the United States supported the mobilisations of the Black Lives Matter movement, held in the country after the death of George Floyd at the end of May.

LGBTQIA+ Audience

Together with Avon and The Body Shop, we created the **#MoreThanYouSee** movement, launched on the International Day Against LGBTphobia (May 17), whose ramifications included a series of actions and sponsorship of the traditional LGBT Pride Parade in São Paulo. We also shared stories from lesbian employees on National Lesbian Visibility Day (August 29) in our social network channels. To reinforce all these actions, we relied on consultancy provided by the Natura in Colours affinity group, which also continued to contribute to the strategies drafted for the Natura Faces makeup line.

In Hispanic America, sexual and gender diversity was also on the agenda with diverse dialogues and communications during the course of the year. We had scheduled the measurement of the employee Human

Development Index (HDI) for 2020, but this project was postponed due to the pandemic. Data collection will be resumed in 2021 and will support us in the design of strategies for this employee group.

Our Father’s Day campaign, designed to encompass the broadest range of diversity possible in the country, contributed to public discussion about the exercise of paternity by non-heterosexuals in the country, with a debate promoted spontaneously by the transgender actor Tammy Miranda. We reinforced our positioning as a brand that advocates diversity. Internally, we took advantage of the campaign’s strong repercussion in the social networks, and in the media we raised awareness among the work force, as well as organizing a discussion with transgender employees in Natura and The Body Shop.

Support for vulnerable transexual people

During the pandemic, we donated personal hygiene materials to Casa 1, a civil society organisation that reaches out to and provides support for vulnerable transexuals.

Benefits for everyone, her, him, them

- We have offered healthcare benefits for the partners of LGBTQIA+ employees for over 15 years.
- Our nurseries in Brazil are open to the children of employees who have taken maternity and paternity leave regardless of gender identity.
- We guarantee adoption of the individual’s chosen name.
- We promote a work environment in which people feel free to express who they are.

GRI 405-1 Employees by functional category and gender (%)^{1,2}

	2018		2019		2020	
	Men	Women	Men	Women	Men	Women
Director-level ³	61.8	38.2	58.6	41.4	48.8	51.2
Management	43.8	56.2	44.4	55.6	41.7	58.3
Supervision/technical ³	Not applicable	Not applicable.	Not applicable.	Not applicable.	82.6	17.4
Administrative	21.9	78.0	23.3	76.7	37.0	63.0
Operational	65.4	34.6	66.0	34.0	66.6	33.4
Sales Force ³	Not available	Not available	Not available	Not available	4.3	95.7
Total	37.9	62.1	38.1	61.9	37.3	62.7

GRI 405-1 Employees with disabilities by functional category and gender – Brazil^{1,2,3} (%)

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Director level	0.0	0.0	0.0	0.0	0.0	0.0	2.5	0.0	1.3
Management	0.0	0.0	0.0	0.1	0.1	0.1	0.4	0.7	0.9
Administrative	0.8	1.7	2.4	0.0	1.9%	3.0	0.0	0.0	0.0
Supervision/technical ³	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	2.5	6.8	6.7
Operational	2.5	1.4	4.0	2.6	1.7	4.0	7.7	15.4	12.6
Sales Force ³	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	0.2	3.0	3.0
Total	3.4	3.1	6.5	3.5	3.6	7.2	8.3	6.6	7.3

1. The International Operations include our operations in Latin America, the United States and France.
 2. The strategic thrusts of Natura diversity policy are gender, ethnic-racial questions and the People with Disabilities. Stratification by age group is not considered to be priority in the context of the business, which is why it is not disclosed.
 3. The Supervision/technical category was included in the headcount from 2020 and the Sales Force category is being reported in this cycle.
 4. The indicator scope only takes Brazil into account.
 5. There are no Members with Disabilities on the Board of Directors.
 6. The Supervision/technical category was included in the headcount from 2020 and the Sales Force category is being reported in this cycle.

GRI 405-1 Black employees by functional category and gender - Brazil ^{1,2,3}(%)

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Director level	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.6	2.6
Management	0.3	0.2	0.5	0.3	0.3	0.6	3.7	5.6	6.9
Administrative	3.7	7.4	11.1	4.1	8.3	12.4	10.7	17.5	21.5
Supervision/technical ³	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	13.0	0.0	13.0
Operational	13.5	6.6	20.1	12.9	6	18.9	34.6	50.5	50.7
Sales Force ³	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	3.6	27.9	29.4
Total	17.6	14.2	31.8	17.3	14.6	32.0	38.3	25.8	31.3

1. The indicator scope only takes Brazil into account.
2. There are no members with disabilities on the Board of Directors.
3. The Supervision/technical category was included in the **headcount** from 2020 and the Sales Force category is being reported in this cycle.

GRI 405-2 Ratio of women's salary to men's by functional category - Brazil (%)

	2018	2019	2020
Director level	0.81	0.83	0.82
Management	0.97	0.95	0.92
Administrative	0.92	0.88	0.94
Operational	0.8	0.8	0.8

1. We changed the calculation method to ensure greater alignment with what is requested for the indicator. The historical series was reviewed to ensure comparability of information.
2. Considers base salary.

GRI 405-2 Ratio of women's salary to men's by functional category - Hispanic America (%)¹

Argentina	2018	2019	2020
Management	0.92	0.91	0.94
Administrative	0.84	0.88	0.9
Chile	2018	2019	2020
Management	0.96	0.98	1.3
Administrative	0.73	0.76	4.67
Colombia	2018	2019	2020
Management	0.97	0.86	1.21
Administrative	0.83	0.85	6.64
Mexico	2018	2019	2020
Management	1.1	1.27	1.44
Administrative	0.96	1.04	1.02
Peru	2018	2019	2020
Management	0.94	1	1.43
Administrative	0.76	0.77	6.12

1. In these countries only administrative and management positions were reported because of their representative mass in salary analyses.

Our broader network

Natura Beauty Consultants

GRI 103-2, 103-3 and 203-1

The Beauty Consultants are and always will be Natura's essence. In 2014, we established three ambitions for our network: to create an indicator to assess the consultants' human development and, based on this, formulate strategies to enhance their socioeconomic development; increase the actual average income of the Brazilian consultants; and to stimulate their interest in ongoing learning by means of educational opportunities that meet their needs.

The revitalization of Relationship Selling, initiated in 2017, strengthened the entrepreneurial character of our model, introducing stimuli for the consultants to progress in their career, which means more business and higher income – the Aqui Tem Natura stores, managed exclusively by consultant entrepreneurs, are just one example of the power of this model. In 2020, we took the first steps towards providing the consultants with new roles and remunerating them for these activities, boosting their earnings (read more about Relationship Selling from page 38).

From 2014 to 2020, we also enhanced our education strategy, which encompasses formal education but also education for the business and education for life, in addition to identifying the need to prioritise initiatives to improve healthcare for the network and to combat gender violence.

It is our understanding that based on this integrated perspective we can make a more significant contribution to ensuring the consultants really prosper (higher income and greater quality of life), gaining control over their lives and generating positive impact for society. Driven by the objectives in the causes Each Person Matters, from Natura, and Defend human rights and be more human-kind, from the Natura &Co group, we



Cristiane, 37 years
A Natura Beauty
Consultant for four years,
she believes that beauty is a
beautiful relationship network.

strengthen our commitment to the ongoing development of the network.

The initiatives for consultants in the healthcare and women's rights areas are coordinated by the Movimento Natura. Measures in the education area, financed by the Natura Crer Para Ver product line, are coordinated by the Instituto Natura in partnership with the Movimento Natura.

Measuring impact

The evolutions achieved in recent years were only made possible by the Consultant Human Development Index (HDI), which enables us to monitor the consultants' living conditions in the healthcare, knowledge and work dimensions and, based on the results, formulate strategies to boost our impact.

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. As a complement to this, we track the IP&L (Integrated Profit and Loss), which measures our business's contribution to the network in monetary terms (read more on page 65).

We conducted five HDI measurements in Brazil and one in Hispanic America between 2014 and 2020. The indicator ranges from 0 to 1. In the last measurement undertaken in Brazil in 2019, we recorded an advance of 3.1% compared with the previous survey (2017): from 0.59 to 0.608¹.

The next survey will be held in 2021, both in Brazil and in Hispanic America – in the first survey in Hispanic America, in 2018, the consolidated HDI corresponded to 0.620. The Movimento Natura is also working on adapting the methodology to an online tool, so that measurement becomes continuous, which would speed up the actions developed based on the HDI results.

The survey also indicated that:

- The increase was due especially to Natura's investments in healthcare and financial education:
 - 11.5% growth in healthcare;
 - 26.1% growth in the item financial education, on the knowledge front;
- By working as a Beauty Consultant for one year, the individual's HDI grows 1.8% on average.

Increase impact

Ahead we present the main actions taken in the fields of education, healthcare and women's rights, which enabled us to increase positive impact on the lives of the consultants in such a challenging year as 2020:

Education

In addition to the training courses made available on the application and the Consultancy mobile website, which had record participation in 2020 (read more on page 36) we offer free and tutored courses via WhatsApp: 40,000 consultants were trained in digital education and 4,000 leaders concluded the course on financial education.

We also provided our network with study grants. We maintained partnerships with the Estácio University for graduate and postgraduate courses and with the language school chains Wizard by Pearson and English Live for language courses. In 2020, we established two new partnerships: with Descomplica, which, among other virtual education solutions,

1 year as a
Natura Beauty
Consultant

**Increases the
Consultant
HDI by 1.8%**

**The indicator
was created by
Natura, inspired
by the UN Human
Development
Index, and takes
into account
improvements
in healthcare,
knowledge
and work**

40,000
consultants

trained in
digital
education

4,000
leaders

concluded
the course
on financial
education

offers preparatory courses for Brazil's Enem (Exame Nacional do Ensino Médio) secondary education examination and the national Encceja examination (Exame Nacional para Certificação de Competências de Jovens e Adultos), and with INOVE, which offers vocational courses and courses for young people and adults (EJA). In Argentina, we maintained the tutoring programme that helps consultants to complete secondary education. Both in Brazil and Argentina, this benefit may also be used by a direct member of the consultant's family.

Also introduced during the year was an educational credit programme for consultants in Brazil or direct family members who want to begin or conclude a course already in progress. The money is transferred directly to the educational institution chosen by the consultant and approved by Natura's start-up partner in the project. When requesting the educational credit, the consultant chooses the number of instalments in which to pay off the loan, with no interest. In 2020, the programme was funded by the non-cosmetic product line Crer para Ver and benefited 63 consultants. At the beginning of 2021, we opened the programme to permit our employees to invest in the fund and, as a next step, we will permit people outside of Natura to participate in it.

In Argentina, Chile, Colombia, Peru and Mexico, on Consultant's Day (September 22) two study scholarships were offered in each country to make the dream of education come true for our consultants and/or their families.

Dealing with the crisis series

In 2020, another delivery in the education field was the series **Dealing with the crisis**, produced to raise consultants' awareness about fake news, financial management in periods of crisis, digitalization, income generation and other subjects. The episodes totalled more than 300,000 views. These topics were also addressed in Hispanic America

Healthcare

In October, we launched the Natura Saúde healthcare platform in Brazil, which expanded the healthcare benefits made available to consultants and leaders some years ago. The platform involves three partners, that offer consultations (in person and remotely) and examinations at prices up to 35% cheaper than market levels.

There is no monthly fee for using the services – the consultants only pay for the services they use. More than 50 medical specialities and 3,000 types of examination are covered. The services are also available to family members.

Women's rights

Soon after the beginning of social isolation, we joined the other Natura &Co group companies in the #IsolatedNotAlone movement, led by the Avon Institute, promoting awareness of violence against women within our network.

From August, Tina (www.tinaajuda.me), our 24-hour helpline channel that reaches out to female victims of violence, providing support and guidance, was extended to consultants all over Brazil. Launched in 2019, initially the channel was only open to leaders. We trained 33 business managers to act as spokespersons on this subject with leaders and consultants in Brazil.

In Hispanic America, we also prepared business managers and disseminated tools to local partners to help consultants to identify the cycle of violence and provide them with information about official reporting and support channels.

Acolher

The Acolher Award was revitalised in 2020 and is now focused on preparing consultants to act as community leaders. Part of the amount raised during Natura Friday 2020 will finance the training of the consultants selected in 2021.

Páginas Laranjas (Orange Pages)

As part of the Goodwill Network campaign, in 2020 we launched the Orange Pages platform, which hosts the life stories of our consultants. There is always an audio statement from the consultant with a link that redirects the user to her virtual store. There are already 560 statements on the platform, which has also been launched in Hispanic America.

With the project we are realizing one of the Natura &Co group commitments for 2030, which is to promote our trustworthy model for the future of direct selling. By disseminating these stories, we make the consultants receiving this homage feel proud, inspiring the other consultants in our network and demonstrating the entrepreneurial nature of consulting and the positive impact generated by our business model.

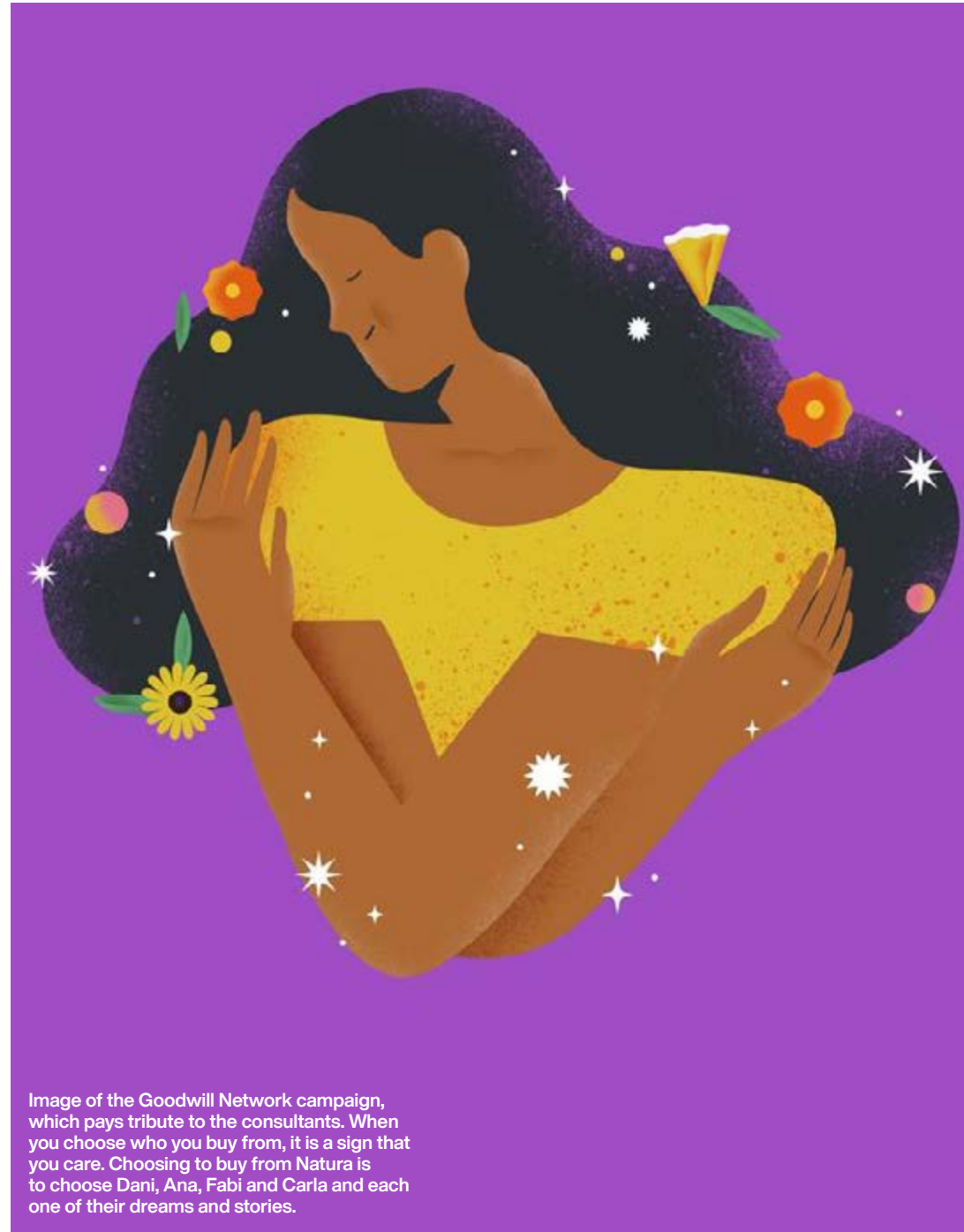


Image of the Goodwill Network campaign, which pays tribute to the consultants. When you choose who you buy from, it is a sign that you care. Choosing to buy from Natura is to choose Dani, Ana, Fabi and Carla and each one of their dreams and stories.

Surrounding communities

GRI 103-2, 103-3

Having a strategy for the communities surrounding our main operations in Brazil – the municipalities of Cajamar (São Paulo) and Benevides (Pará) and the Vila Jaguara district in the city of São Paulo – was one of our 2020 ambitions. This strategy has been in place for some years and, with the definition of our Each Person Matters and Living Amazon Forest causes, it was updated to ensure that the initiatives undertaken and supported by the company in these areas are aligned with the three main objectives:

- Generate economic inclusion and, especially in Benevides, promote a standing forest economy;
- Improve access to education; and
- Promote diversity.

To achieve these goals and to increasingly generate positive impact in these locations, we invest in dialogue and in joint actions with the populations and other local actors, such as civil society organisations and governments.

Main actions in 2020

GRI 413-1, 413-2

Our mobilisation to contain the advance of the coronavirus reached socially and economically vulnerable families living close to our factories in Cajamar and Benevides and in the Vila Jaguara district in the city of São Paulo, where our administrative headquarters and one of our distribution centres are located. We donated 70% alcohol and other personal hygiene products at the beginning of the pandemic.

In partnership with the local government in Benevides and the Associação Projeto Visão Águia, winner of the Acolher Surroundings Award 2019, 15 thousand masks were produced and distributed to residents in the area around the Ecoparque.

With the Instituto Natura and the education departments of Cajamar and Benevides, we adapted diverse materials from the Learning Community project to be used in the virtual environment. Drawing on the educational support network Rede de Apoio à Educação, we developed a compilation of materials on educational, financial and administrative management in the municipal education departments in the two cities to prevent discontinuity in the changeover of municipal administrations. In Benevides, we also supported the application of a diagnosis to measure knowledge of Portuguese Language and Mathematics among fundamental education students in the municipal network.

GRI 203-1 Investments in surrounding communities (R\$ thousands)	2018	2019	2020
Natura funds	265	176	180
Crer para Ver funds ¹	767	726	151

1. The variation in the 2020 amount and the amounts of the two previous years was due to the pandemic and the interruption of activities scheduled in the public schools.

Engaged employees

Throughout the year, our employees collected food, clothes, blankets, books and personal hygiene products which were distributed to residents in Cajamar and Vila Jaguara.

Driving the local economy

GRI 103-2, 103-3, 204-1

Whenever possible, we prioritise contracts with local suppliers. In 2020, there was an 18.7% increase in payments to suppliers in the regions of Cajamar and Benevides compared with the previous year. From the R\$ 259.5 million spent, 92.4% went to partners in Cajamar and 7.6% to suppliers in Benevides. This volume represented 4.3% of the total of R\$ 6 billion paid out to the company's commercial partners in 2020 (further details ahead).

We also employ people from the surrounding communities in our workforce, generating employment and income, thus driving the economy in these locations.

GRI 204-1 Total amount spent on local suppliers by operational unit ¹ (R\$ million)	2018	2019	2020
Cajamar	193	204	239.7
Benevides	14	15	19.7
Total	207	219	259.5
Percentage of budget spent on local suppliers ² (%)	3.8	4.1	4.3

1. Only the manufacturing units (Cajamar and Benevides) are considered. We maintained the definition of local, considering total purchases from suppliers located in the same municipality as the manufacturing units (Cajamar and Benevides), supplying any Natura unit. The operations in Hispanic America whose production is undertaken by third-party manufacturers are not included in the calculation.

2. The total amount paid to suppliers used for the calculation was R\$ 6,040,406,393.

Suppliers

GRI 103-2, 103-3

In 2014, we committed to enhancing supplier selection and management processes, further integrating socioenvironmental and financial criteria. Today we can say that our system for auditing critical and new suppliers has been consolidated and encompasses social, environmental, economic aspects, as well as ethics and integrity (further information ahead). However, we have not been able to extend this transversal management to 100% of our commercial partner network.

As the Natura &Co group, we will pursue the certification and full traceability of some critical supply chains (palm oil, mica, paper, soy and cotton) by 2030. We will also reinforce the defence of human rights in line with the United Nations (UN) Guiding Principles on Business and Human Rights.

Our partner network

GRI 102-9

The Natura supplier network consisted of 5,574 commercial partners in 2020. These are divided between the ones who supply materials used in product manufacturing (such as packaging and raw materials, or who make products on behalf of the company), and non-production suppliers, responsible for services or products not applied directly in the production process, such as maintenance service providers, freight haulage and logistics operators.

In 2020, the amount of purchases was R\$ 7.4 billion, compared with R\$ 6.5 billion the previous year. Natura has a management programme for strategic suppliers, Qlicar, through which it seeks to encourage the development of the supplier chain and recognise these partnerships. 241 strategic suppliers participate in this programme. These are located throughout Latin America, and account for 62% of total turnover.

GRI 102-9 Supply chain	2018	2019	2020
Estimated monetary value of payments to suppliers (R\$ billion)	5.9	6.5	7.4
Annual renewal rate ¹ (%)	13	9	17

1. Percentage of new suppliers registered in the year in relation to the total number of suppliers registered.

Global structure

The Natura &Co group Procurement area was one of the first to apply an integrated logic that serves the four companies of the group.

The general contracting terms and the supply contract have been standardised and management is via the SAP Ariba platform.

Contracting and managing suppliers

GRI 308-1 and 414-1

Our process for auditing critical suppliers and new suppliers, selected in accordance with the type of activity they perform and the socioenvironmental risks they present, assesses a set of socioenvironmental parameters. Some examples:

- Social criteria: the existence and dissemination of codes of conduct, commitment to human rights and decent working conditions (prohibition of child and forced labour), commitment to anti-corruption practices and to community development actions. For suppliers in Brazil, we require compliance with established quotas for hiring people with disabilities and apprentices.
- Environmental criteria: compliance with legal requirements (environmental operating licenses and water withdrawal permits, among other documents), the existence and dissemination of an

environmental policy, environmental emergency and waste rendering plans, environmental risk assessments, non-use of ingredients prohibited on international lists, and management of water and energy consumption, waste generation, control of effluents and atmospheric emissions.

As the Natura &Co group, we will pursue the certification and full traceability of some critical supply chains by 2030.

All new suppliers are required to adhere to the Natura &Co group Global Code of Conduct for Suppliers. The companies' financial health is also assessed. The approval process involves verification of the company's presence on Brazil's CEIS and CNEP blacklists. Of the 970 suppliers contracted in 2020, 25% were submitted to socioenvironmental verification.

Based on the result of the audit, commercial partners presenting non-conformances must, with support from Natura, establish action plans to resolve them. The pandemic made it impossible to complete the audit programme for 2020. Even so, we continued to monitor partners that presented negative social and environmental impacts in the previous cycle and who were developing improvement plans (read more in the section Complementary disclosures from page 159).

Engagement in climate change

At the beginning of 2021 we were again recognised as one of the global companies that most engages its suppliers in the adoption of measures to monitor and reduce greenhouse gas (GHG) emissions by the CDP. In 2020, we had already been featured in the Supplier Engagement Rating disseminated by the organisation.



Natura &Co Latin America suppliers are highly satisfied (according to our annual satisfaction and loyalty survey)

Supplier loyalty (%)	2018	2019	2020
Satisfaction ¹	90	89	85
Supplier loyalty ² Brazil	28	44	48
Supplier loyalty ² Hispanic America	38	60	44
Consolidated ³ loyalty ²	33	50	44

1. Satisfaction: percentage of suppliers who are satisfied and completely 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, Aesop and The Body Shop
 2. Loyalty: percentage of suppliers consulted who gave the top score ("Top1Box") on a scale from 1 to 5 points, in three aspects: overall satisfaction, intention to continue supplying and recommendation as customer.
 3. Takes into account consolidated loyalty (Brazil and Hispanic America). Indicators based on satisfaction survey with main suppliers.

To transform education

GRI 103-2, 103-3

In 2020, the Instituto Natura completed a decade of activities in Brazil and initiated its expansion to the countries in Hispanic America in which Natura operates. Each country will maintain strategies aligned with local needs, but the goal of promoting improvements in public education and offering educational measures for the Natura Beauty Consultants will be shared by all. To achieve this goal, the institute draws on funds generated by Crer Para Ver, a line of non-cosmetic products commercialised by Natura and by the consultants whose earnings are channelled into initiatives to improve education.

In Brazil, even in an atypical year, the results achieved attest to the importance of the work and the priority focuses of the initiative: 1. literacy at the right age; 2. quality learning in secondary education; 3. articulation with public authorities and the third sector to drive other priority educational agendas; and 4. incentives for the education and mobilisation of consultants.

In the first commitments, nine states have already adhered to the literacy programme on a collaborative basis – there were five in 2019. This model is developed in partnership with the Fundação Lemann and the Associação Bem Comum. In August, the Escrevendo o Amanhã (Writing Tomorrow) encounter was held. This was a virtual meeting attended by the nine governors of the participating states, members of state and municipal education departments, specialists, teachers, leaders of third sector organisations and Natura consultants, reinforcing the states' commitment to implementing a policy of literacy on a collaborative basis, supported by the Instituto Natura.

The Instituto Natura provided funds to help states and municipalities to resolve the most urgent challenges, such as setting up online classes

In the commitment to Full-Time Secondary Education (EMTI in the Portuguese acronym), the Instituto Natura works directly with 20 states, in a strategic alliance that also involves the Instituto Sonho Grande and the Instituto de Corresponsabilidade pela Educação. In spite of the closure of schools due to the pandemic, the number of Brazilian schools that implemented full-time secondary education grew by around 19%, increasing from 1,856 institutions in 2019 to 2,739 in 2020, according to an analysis by the institute based on the 2020 census. In December, the Full-Time Secondary Education Seminar was attended virtually by governors and state education secretaries from diverse states, specialists and civil society representatives. The event was transmitted live via Youtube to all the EMTI schools in Brazil. In the seminar, studies on the impact of the model on student learning were presented.

The challenges of the pandemic

With the closure of schools, a measure adopted to attempt to contain the propagation of the coronavirus in the country, the institute provided funds to help states and municipalities to resolve the most urgent challenges, such as setting up online classes. The institute participated actively in the third sector coalition that built the platform of free digital educational contents Aprendendo Sempre and joined the campaign Não Desista do seu Futuro, led by the Globo Network, to encourage students not to quit studying and to strengthen their links with the school.

10 years of the Instituto Natura

Up until 2019, before concentrating its strategy on supporting public policies, the Instituto Natura developed projects that achieved impressive results. These include:

Portal TRILHAS: aimed at training teachers who work with literacy: more than 30,000 teachers trained.

Conviva Educação Platform: more than 5,000 Brazilian municipalities are on the platform, which offers tools and training for educational administrators.

Escola Digital: a collaborative network with more than 20,000 digital resources to enrich classroom activities.

These projects remain in place and are now managed by other partners of the institute, which continues to participate in the governance of the initiatives and to monitor their progress.

Ascension in Hispanic America

GRI 103-2, 103-3

The implantation of the Instituto Natura in the Hispanic American countries adopts the same strategy as Brazil, that is, the goal is to help drive systemic transformation in education in the countries in which Natura has direct operations. The Instituto was implanted in Argentina, Chile and Mexico in 2020 and will arrive in Colombia and Peru in 2021.

Each country has defined the commitments in which the institute will be more active, in accordance with current plans and with the priorities in each context. In Argentina, the focuses will be literacy and secondary schooling.



Nat, our virtual assistant and digital influencer, also uses her space in the social networks to emphasise that education transforms lives.

In Chile, the priority will be to reduce inequality in learning between more and less vulnerable schools. Mexico will work on literacy and other challenges in early childhood schooling.

In 2021, the Instituto Natura will be implanted in Colombia and in Peru. As in Brazil, the countries in Hispanic America will also work on promoting education for the consultants and their engagement in the cause of education, as well as supporting social organisations involved in other educational agendas.

#EuEscrevoEssaHistória (#IWriteThisStory)

The Instituto Natura, in partnership with Natura Crer Para Ver and the Movimento Natura, organized the national mobilisation campaign #EuEscrevoEssaHistória, which was signed by more than 154,000 consultants in support of literacy by the age of seven for all children in Brazil. A total of 180,000 signatures were collected and the declarations were delivered to the state Education Secretaries in the states in which the Instituto Natura has partnerships.

The #EuEscrevoEssaHistória movement also included the publication of the children's book *Um sonho feito de linhas*, written by Ana Carolina Carvalho based on the stories of Natura Beauty Consultants from all over Brazil. The book was distributed to over 750,000 consultants nationwide.

2020 was also a special year for the education of the consultants. In Brazil, more than 145,000 took advantage of the educational opportunities offered by Crer Para Ver. Hispanic America achieved a record number of consultants benefiting. Moreover, the year saw the launch of the educational credit pilot project in Brazil (read more on page 112).

New revenue record for Crer para Ver

GRI 103-2, 103-3, 203-1

In 2020, for the third year running, we achieved record revenues with the commercialisation of Crer Para Ver line products. The total for Brazil and Hispanic America was R\$79.3 million, almost 50% higher than in 2019.

In Brazil, consultant engagement in commercialising the products also increased – more than 1.1 million consultants sold or bought at least one product from the line during the course of the year. In Hispanic America, penetration maintained the same level as last year, at 17%. The penetration indicator shows the average percentage of consultants who bought at least one Crer Para Ver product in each sales cycle.

Find out more about the Crer para Ver line at:

www.natura.com.br/crer-para-ver

Further information about Instituto Natura activities at:

www.institutonatura.org.br

GRI 203-1 Investments benefiting public education	2018	2019	2020
Brazil			
Crer para Ver Programme Revenue ¹ (R\$ million)	29.1	38.7	55.9
Crer para Ver Penetration ² (% cycle)	30.5	35.4	38.9
Operations in Hispanic America			
Crer para Ver Programme Revenue ¹ (R\$ million)	15.1	15.1	23.3
Crer para Ver Penetration ² (% cycle)	18.8	17.8	17

1. Refers to earnings before tax on the 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 Crer Para Ver Programme Actions ¹	2020	
	Brazil	Hispanic America
Cost of projects developed and supported by Crer Para Ver (R\$ million)	37	12.2
Municipalities involved	953	Not available ²
Schools	2,389	Not available ²
Students	1,383,572	Not available ²
State Education Departments in partnerships with the Instituto Natura	21	Not available ²
Natura Beauty Consultants impacted by education benefits	145,020	47,093

1. Considering the new Instituto Natura strategy adopted in Brazil in 2019, 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 makes comparability with previous years impossible.
2. The Instituto Natura was implanted in Argentina, Chile and Mexico in 2020 and actions to promote education are still being developed. In 2021, the institute will be implanted in Colombia and Peru.



Lucimara, 50 years. With 20 years dedicated to teaching, she won the 2016 Acolher Award for the creation of an environmental education project that transformed her school. She is a Business Leader with Natura and supports the development of other consultants.

Company information

Corporate governance

GRI 102-5, 102-18, 102-19, 102-20, 102-21, 102-23, 102-24, 102-26

More diverse, multicultural and larger, the Board of Directors stays abreast of the consolidation of the Natura &Co group and the integration of our four iconic beauty brands, with our 35,000 employees and associates, 8 million consultants and resellers and a presence in 110 countries.

Natura &Co Holding oversees the group's four brands, with shares listed on the Novo Mercado segment of the São Paulo B3 stock exchange (under the ticker symbol NTCO3), in addition to ADRs (American Depositary Receipts) traded on the New York Stock Exchange. Natura Cosméticos S.A. continues to be a public company and is now a wholly owned subsidiary of the group without shares listed on a stock exchange.

GRI 102-5

The main decision making body, the Natura &Co Board of Directors ended 2020 with 12 members, 66% of whom independent. There are three women on our board – the fourth female member, Silvia Lagnado, became an executive of the group, leaving the board in 2020. Approximately 40% of the members are foreigners. Three new members, coming from the Avon Board, reinforce the board's expertise in multinational management, finance and auditing. This ensures a balance of competencies and culture to capture the gains from this structure and increase value generation for the company, for our shareholders and the stakeholder groups with whom we relate directly, and for society as a whole.

Leadership is exercised by the co-chairmen Luiz Seabra, Guilherme Leal and Pedro Passos, who have no executive function in the company. The Board also has an executive chairman, Roberto Marques, who doubles as chief executive of the group.

The executive support structure for the Board, the Group Operations Committee (GOC) is formed by the main group leaders: the CEOs of the business units: Angela Cretu, from Avon; João Paulo Ferreira, from Natura &Co Latin America (responsible for the Natura brand and the operations of the four group companies in Latin American countries); David Boynton, from The Body Shop; and Michael O'Keeffe, from Aesop. Representatives of key areas, such as finance, operations and compliance are also members of the GOC. The Natura &Co Fiscal Council was set up on April 30.

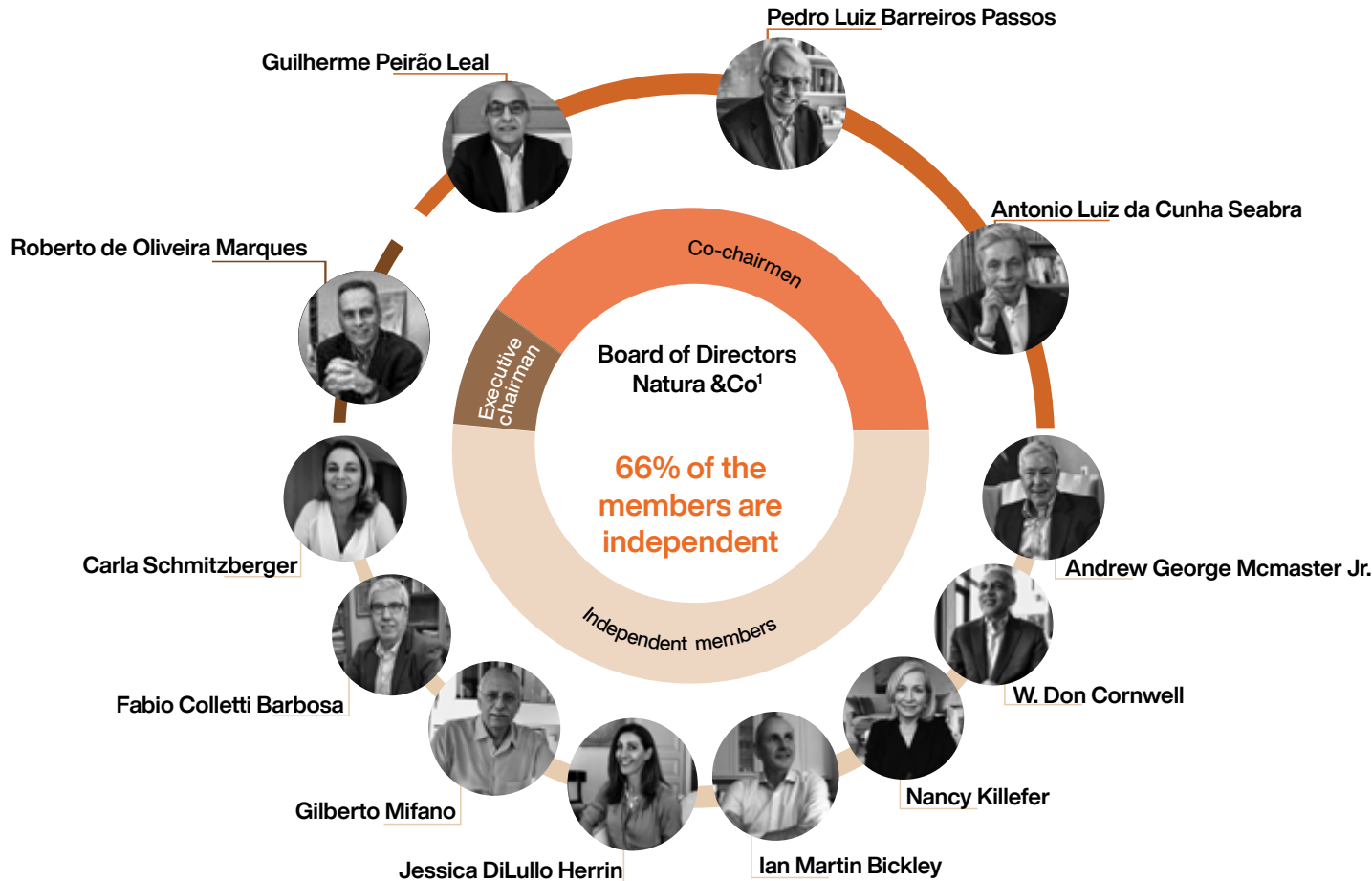
Leadership agenda

In 2020, the Board worked closely with the business, leading the construction of the group's global strategy, the organisational design, the integration of the newly incorporated Avon and initiatives to address the Covid-19 pandemic. The approval of the strategic planning, the definition of our sustainability ambitions, part of the Commitment to Life, launched by the group in June, also involved the members of the board. Others items on the agenda were remuneration, the definition of positions and the selection of new leaders for the GOC, as well as approval of the organisation's economic, social and environmental results. The Board met a total of twelve times in 2020. From March these meetings were held online to preserve members' health. The digital medium had already been used to include board members who reside in different regions of the world. A meeting was held in New York in January to welcome Avon and to integrate the new members into the group.

The members participate in all the board meetings, as well as in the meetings of the advisory committees in which they participate, except in cases of illness or other impediments. When this happens, absentees may be substituted by another member with a power of attorney, in accordance with the Board of Directors' internal regulations. An independent board member may only be substituted by another independent member.

Robust structure

GRI 102-22



Support

Decision making is supported by the GOC (Group Operations Committee) and another four committees: Strategy; People and Organisational Development; Corporate Governance; and Audit, Risk Management and Finance.

Further information: the curriculum vitae of each board member is available on the Natura &Co Investor Relations [website](#).

1. Composition of the Board of Directors up to December 31, 2020. At the beginning of 2021, Georgia Garinois-Melenikiotou was elected to the Board. With this 13th member, the percentage of independent members reached 70%.

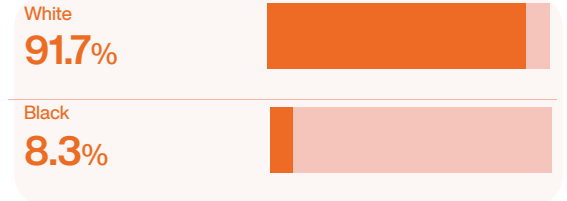
By origin



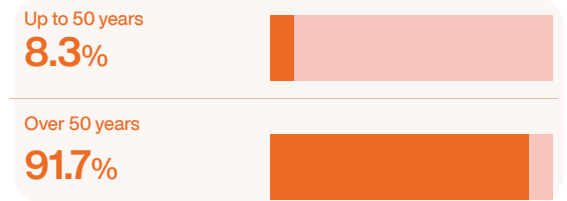
By gender



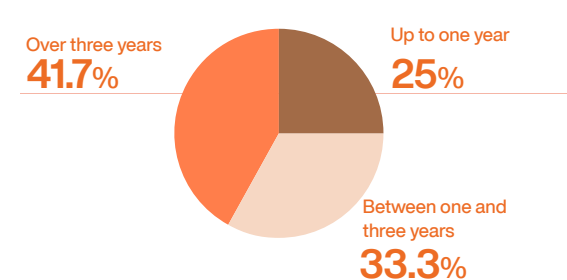
By colour/ethnicity



By age group



By length of service



Advisory committees

The Board of Directors is advised by five committees, including the Group Operations Committee (GOC). Created in 2017, the GOC consists of a team of Natura &Co executives that provides support in the definition and implementation of global strategy. It also serves as a forum for discussing and making recommendations about administrative and operational structures. It is led by the Executive Chairman of the Board and Chief Executive of the group, Roberto Marques, and includes the CEOs of the business units and representatives of key areas.

The four other committees support the Board of Directors in specific areas: Strategy; People and Organisational Development; Corporate Governance; and Audit, Risk Management and Finance. To garner greater knowledge or ensure closer board contact in certain areas, there are also thematic groups. At the beginning of 2021 a sub-committee dedicated to Asia was created, joining the existing Finance sub-committee in the Audit, Risk Management and Finance Committee.

[Detailing of the composition of each committee and the Fiscal Council](#)

Self-evaluation

GRI 102-28

The Board self-evaluation process is periodic and is led by the Corporate Governance Committee. It includes individual interviews with the members. The processes addressed in this analysis include the structure of the Board, its size, its composition, the dynamics of meetings, contents submitted for analysis and voting by the body, the working format of the advisory committees, among other points. This process has led to improvements, particularly in view of the acquisitions and the incorporation of the holding company. Solutions such as the Finance sub-committee within the Audit, Risk Management and Finance Committee

originated from recommendations in the self-evaluation processes (further information ahead). Other actions include enhancement of the presentation format of Strategy Committee items, driving a more transversal approach that encompasses all the business units. Since the end of 2017, the board members have had a web-based governance portal, another demand arising from evaluations in previous years. All the results of the self-evaluations are presented to the Board.

In accordance with the Administrator Indication Policy, [available here](#), the selection of members takes into account qualifications, the complementary nature of executive experience, identification with the Natura principles of business conduct and the absence of conflicts of interest. The term of office is two years, with re-election permitted at the end of the mandate. Additionally, the process should ensure that membership of the Board of Directors takes into account the availability of members to exercise their functions and diversity of knowledge, experiences, behaviours, cultural aspects, age group and gender. In line with best practice, the Natura &Co group seeks to maintain a majority of external members on the board and at least one third of independent members. The proposed re-election of board members should take into account the periodic self-evaluation of the board, as well as any conclusions as to the suitability of the body or the need for adjustments in its composition.

GRI 102-24

Economic, social and environmental analysis

GRI 102-26, 102-27, 102-29, 102-31

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 CEO and main company leaders periodically. This assessment includes the evaluation of quarterly performance and the Natura &Co Annual Management Report,

which encompasses the principal 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 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.

Sustainable growth

The new position of Sustainable Growth Officer (SGO) ensures focus on the group's long-term expansion in line with our Essence and our commitment to generate value for the company, our stakeholders and for society. A member of the GOC and reporting to the group executive chairman, Silvia Lagnado assumed this function and is working collaboratively with the four brands, maintaining a strategic and integrated vision of matters related to portfolio, sustainability and communication. Her purview also encompasses the digital platform, IT and innovation.

This approach was designed to ensure the connection of questions that cut across the organisation and affect relations, interactions with customers and end consumers, the capture of trends and opportunities and the commitment to positive impact that drives the group.

Jointly with the SGO, the Networks of Excellence (NEx) were created to leverage knowledge and collaboration on a global level within the group by means of internal networks and centres. Currently there are four networks in operation based on strategic areas. These gather and discuss insights, share knowledge and best practices in Retail, Innovation

The position of Sustainable Growth Officer ensures focus on long-term expansion and our commitment to value generation

and Sustainability. Some of the representatives are dedicated to this activity full-time. A fifth NEx, for collaboration in Direct Selling has yet to be formed. The Sustainability NEx, for example, was responsible for building the Commitment to Life (Natura &Co 2030 Vision), in addition to discussing the management and execution of the related projects. Based on this sharing of experience, collaboration and coordinated work, we expect to achieve the challenging targets we have committed to for the coming decade.

Natura &Co Latin America

With the finalisation of the negotiation with Avon and the share swap in January 2020, the Natura &Co Holding company became the controller of Avon and Natura Cosméticos S.A. which, in turn, controls Aesop and The Body Shop.

The company decided on an organisational design of four business units: Natura &Co Latin America (which manages the four brands in the region), Avon International, The Body Shop and Aesop. This model was aimed at driving 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.

This composition sought to accelerate the growth of the operations in Brazil and Hispanic America and achieve the targets set forth in our strategic planning. Led by João Paulo Ferreira, as CEO, the configuration is supported by a team of executives in the People, Culture and Organisation; Digital Platform; Legal; Media, Content and Communication; Operations, Logistics and Procurement; Retail and Finance areas, working across the organisation.

To leverage the relevance of the brands, consultant and representative loyalty and maximise results in different channels and regions, the following business structures were defined: Natura Brazil, Natura Hispanic America, Avon Brazil and Avon Hispanic America. The Marketing, Innovation, International and Sustainability area leads these strategic processes for Natura not only in the Latin American region, but in all geographies.

Natura &Co Latin America Executive Committee (Comex)* GRI 102-22	
João Paulo Brotto Gonçalves Ferreira	CEO Natura &Co Latin America
Vice presidents	
Agenor Leão de Almeida Júnior	Business Platform
Ana Beatriz Macedo Costa	Legal and Government Relations
Andrea Figueiredo Teixeira Alvares	Brand, Innovation, International and Sustainability
Axel Gegenschatz	Avon Hispanic America
Carlos Cesar de Souza Pitchu	Media, Content and Communication
Daniel de A. Gusmão A. Silveira	Avon Brazil
Diego de Leone	Natura Hispanic America
Erasmus Toledo	Natura Brazil
Flavio Pesiguelo	People, Culture & Organization
Joselena Peressinoto Romero	Operations, Logistics and Procurement
Paula Ferreira de Andrade Romano	Retail
*Composition on December 31, 2020. On March 19, 2021, Silvia Vilas Boas was announced as vice president of Finance, becoming a member of Comex.	

Risk management

GRI 102-30, 102-31

Through our Risk Management Policy, available on the website, we establish the guidelines, roles and responsibilities for managing corporate risks, as well as providing guidance for the businesses in identifying, analysing, monitoring and communicating risks and opportunities.

With its structure incorporated into Natura &Co, one of the principles of risk management 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.

Governance of risk management is the responsibility of the Natura &Co risks and internal controls area, the directors of Natura &Co Latin America, responsible for the four brands in the region, and the executives of the Avon, TBS and Aesop international operations.

In 2020, we enhanced the link between risk scenarios and the initiatives that support strategic choices, to ensure that everything relevant is addressed in strategy, budget and in the business forums.

One of the focuses is monitoring the integration of Natura and Avon, which involves specific risks to ensure the deliveries and gains expected. The analysis includes the pillars and processes of the integration led by the Transformation Office, an exclusive team that reports to the Natura &Co Chief Transformation Officer. The associated challenges include operational synergies, modernisation of systems, people management, such as the

development of new competencies, a succession map for key positions, and the expansion to new geographies, for example.

The organisation's risk map was reviewed in line with this vision of the group, adherence to strategic planning, the greater complexity of the business model and Natura's internationalisation process.

The entire risk management process is monitored by the Executive Committee (Comex) and the Board of Directors. The Audit, Risk Management and Finance Committee, which reports directly to the board, is responsible for overseeing internal and external audit processes, risk management mechanisms and controls and evaluating the coherence of financial policies and the business's risk profile.

Emerging risks

Our strategic agenda and the commitments we have assumed help us to address emerging risks, which consist of questions that may generate impacts in the long-term, always with an integrated vision of our businesses and social and environmental aspects. The effects of climate change and the loss of social biodiversity are part of the group of risks that could jeopardise the achievement of our business goals, for which Natura had already established scenarios and monitoring processes (read more ahead).

The Natura 2050 Vision and the Natura &Co group 2030 Vision address questions that are increasingly present in societal agendas. These include aspects such as promoting diversity and inclusion, generating income and a living wage and respect for human rights in the supply chain (further information in Every Person Matters)

Our progress in these areas will help us to mitigate associated risks, as well as boosting our value generation.

Complex questions require collective responses from society. Natura's adoption of management by causes incorporates mobilisation and advocacy measures

The majority of these questions are complex and require collective responses from society. For this reason, in addition to monitoring, development of the company's own programmes and transparency in performance in these aspects, Natura's adoption of management by causes seeks to promote mobilisation and advocacy to engage our stakeholders and raise awareness. The intention also is to promote cooperation between the public and private sectors and civil society (further information on page 55).

These questions are coherent with the main challenges and global priorities indicated by the Sustainable Development Goals (SDGs) and the World Economic Forum. According to the risk report released by the main global economic organism, published in January 2021, the main risks for businesses in the coming years are related to the environment, technology and society. Extreme climatic events, failures in measures to mitigate climate change, environmental damage caused by human activities and the loss of biodiversity are four of the five risks with the highest probability of occurring, a list which is completed by infectious diseases.

In a year in which the world was plunged into a pandemic (Covid-19),

even before isolation measures were implemented, Natura &Co organised initiatives to protect its employees, consultants, representatives and suppliers (read more about these measures on page 18). It is still difficult to foresee the full extension of the impacts of the pandemic on business and on society. But this moment underscores the importance of a holistic and integrated approach to risk, which encompasses social and environmental challenges and their reflexes on our value chain.

We continue to monitor the evolution of the Covid-19 pandemic worldwide, including the phases and waves of lockdowns in different regions. We established a crisis committee with the participation of key people in the organisation who work on diverse fronts, including monitoring, analyses and measures to minimise impacts, ensure the continuity of operations and promote the health and safety of everyone.

Climate change

GRI 103-2, 103-3, 201-2

For Natura, climate change-related risk applies mainly to the regions in which our suppliers of social biodiversity ingredients (principally the Amazon), palm and organic alcohol are located. Studies show that the region is already suffering from the effects of climate change and that this impact could be greater in the coming years. Our experience of working in the region for over 20 years and our 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 greenhouse gas emissions by 2030 (read more on page 92).

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.

We pioneered the adoption of refills, with high acceptance from consumers. In 2020, around 18% of the company's turnover came from products with eco-efficient packaging.

Metrics related to climate change are incorporated into all R&D projects, using an impact calculator for 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.

Other opportunities can reduce operational costs. Natura maintains standards of eco-efficiency and certifications in its administrative headquarters in São Paulo (SP), in its main logistics centre in Itupeva (SP) and has implemented measures in the distribution centre in Mexico.

The climate change-related risk scenarios in 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 but also boost our reputation. Around 50% of the products invoiced originate from low carbon products, but we do not yet have technological solutions for the remainder of the portfolio. To mitigate the risk of shortages of inputs or increases in costs, a procurement area is dedicated to relations with our supplier communities, providing assistance in the development and running of these chains.



50%
of the
products
invoiced
are
considered
to be low
carbon



18%
of the
company's
turnover
came from
products with
eco-efficient
packaging

Climate change-related metrics are allies for R&D, which employs an impact calculator and the concepts of ecodesign and circularity

Social biodiversity

The Natura Sustainable Use of Social Biodiversity Products and Services policy ensures the fair sharing of benefits with the supplier communities and the sustainable stewardship of these assets, in addition to complying with Brazilian legislation on access to genetic heritage.

We maintain close relations with the supply chains of these ingredients, investing in good production practices and providing guidance on sustainable extraction which does not compromise natural cycles or provoke losses in biodiversity. Launched in 2011, the Natura Amazônia Programme promotes the generation of sustainable businesses based on biodiversity and traditional knowledge in the region. Between 2019 and 2020, we reinforced this positioning of promoting a regenerative economy by means of our causes (read more on page 79).

Risk map GRI 102-15, 102-34	Monitoring and mitigation measures	Emerging
Complexity of the business model, including the commercial model, brands, channels, internationalisation and attractiveness to consultants	We constantly monitor our industry, including consumer preferences and spending patterns. We continue to evolve our omnichannel model and our value proposition. On a periodic basis the company measures attributes of the brand's value and indicators of brand innovation and power. Read more in Omnichannel Natura.	
Implantation of strategy	Annual review of our strategic planning and short, medium and long-term targets, including investment decisions related to acquisitions and holdings in other companies, as well as the entry into new markets. All the strategies and reviews thereof are presented to and discussed by the Executive Committee and approved by the Board of Directors. Read more in Strategy.	
Innovation capacity	We consider different dimensions of innovation, present not only in product development, but also in commercial strategy, digital platforms, logistics network etc. We maintain rigorous control over the registration of intellectual property, in particular patents, industrial designs and brands. Read more in Our way of making products.	
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 characterized by commitment to the truth and to transparency. Read more in Our way of making products. For occupational risks inherent to the operations, we have an Occupational Health and Safety policy and Work Safety Management system, as well as diverse accident prevention programmes. Check the health and safety indicators in the Attachments.	
Competitors	Monitoring of behaviours and trends by means of the periodic measurement of our main competitors' market share and movements.	
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 codes 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 standard, including the assessment of information security criteria applied to third-party services, and periodic disaster recovery plan tests in the technology environment. Read more about our practices in Ethics and Integrity.	X
Compliance with Brazil's Personal Data Protection law	Diagnosis conducted with support from a legal consultancy specialised in digital law, workshops for the main agents impacted by the law, generation of documentation on the use and sharing of data, legal bases, mapping of potential aspects for process improvements, routines and items of consent. Design and execution of improvement projects/ measures, including the review of policies, standards and procedures. Read more about our practices in Ethics and Integrity.	X

Developing people and leaders	Networking, new work formats based on agile methodology, driving greater autonomy and reduced hierarchy advance hand in hand together with our culture. We review the succession map periodically, identifying professionals with the potential to occupy executive positions in the short, medium and long-terms. The assessment also underscores critical leadership positions, identifying the need for acceleration and development. Read more in Every Person Matters
Ethics and Culture (Compliance)	We periodically review the Code of Conduct, including permitted practices, expected standards of behaviour, the Anti-corruption law, conflicts of interest and other questions. We have a Global Code of Conduct specifically for suppliers. In conjunction with the reporting channel, all policies and practices were reviewed and harmonised for the four Natura &Co brands and are available in three languages: English, Spanish and Portuguese. Read more about our practices in Ethics and Integrity.
Supply chain, raw materials and distribution chain	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. The results of these processes are tracked periodically and measures taken when necessary. 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.
Climate change	<i>Read more on page 129.</i> X
Social biodiversity	<i>Read more on page 130.</i> X
Pandemics (Covid-19)	<i>Read more on page 18.</i> 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 remain abreast of federal and state level taxes and work through sector associations such as Abihpec and ABEVD in the advocacy of industry interests.
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 as necessary.
Institutional conjuncture (Brazil and the International Operations)	Constant monitoring of the political-economic conjuncture in the countries in which Natura operates, with the redefinition of strategy as necessary.

Internal controls

2019 and 2020 were characterised by a major mobilisation to ensure compliance 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.

Natura has voluntarily maintained internal controls in line with the North American law since 2010 to ensure the heightened effectiveness of its control environment.

Our control structure is also based on COSO (Committee of Sponsoring Organizations of the Treadway Commission), with annual reviews, tests of efficacy for 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 testing procedures.

With the incorporation of the holding company and the emission of ADRs (American Depository Receipts) in the North American market, compliance with SOx became mandatory, as did the execution of an assessment of the control environment by an independent auditor. With the acquisition of Avon, 2020 was the first year in which we were evaluated as a company listed on the US stock exchange and the first year involving the entire group in the same scope.

The results of the efficacy tests on the internal control environment conducted by management by means of its Internal Controls and Risk Management area and by the independent auditors are discussed with the managers responsible and presented to the Audit, Risk Management and Finance Committee, linked with the Natura &Co Board of Directors.

Ethics and integrity

GRI 102-17

Our compliance practices are shaped by a vision that goes beyond compliance with standards and legislation and are aligned with the group's Commitment to Life and Natura's Sustainability Vision. The promotion of ethics and integrity is reinforced by aspects such as human rights, diversity and inclusion, transparency in tax practices and in the use of ingredients, relations with our value chain, anti-corruption and respect for civil rights and women's rights, among others.

The global scope helps us to rapidly scale up our best practices. We want to harness knowledge to ensure best in class performance, coherent with our purpose

With a global structure since 2018, the organisational model of the Compliance area encompasses the regions and the Centres of Excellence (COE), which facilitates the integration of the entire Natura &Co group, the sharing of knowledge and attention to local cultures and laws. We have dedicated managers in the main markets: Latin America; North America; Europe, Africa and the Middle East; and Asia and Oceania, who divide up the thematic COEs: communication, training and governance; data protection; anti-corruption and investigation.

With the arrival of Avon in 2020 and the organisation in business units (read more on page 127), we conducted an assessment of the maturity of each of the units in relation to compliance. This indicated strengths and opportunities for improvements and the results were presented to the Group Operations Committee (GOC). Our global scope helped us to adopt

and rapidly scale up the best compliance and integrity practices and procedures. We want to make the most of this knowledge to ensure best in class performance, in line with our purpose of generating positive impact and being the best beauty group for the world.

We also reviewed and relaunched the Global Code of Conduct, applicable to all the group business units, with the exception of Avon International, which maintained its own code. For 2021, we have scheduled a plan to accelerate the integration and a communication plan incorporating the results of the maturity assessment. **GRI 102-16**

A reflex of Natura's maturity in ethics and integrity processes and practices was recognition as one of the most ethical companies in the world by the Ethisphere Institute for the tenth year – this organisation is a global leader in the definition and development of standards of ethical conduct in business. In 2020, we were the only Brazilian company featured in the ranking. For four years we have maintained the Pró-Ética seal, awarded by the Brazilian Comptroller General and the Instituto Ethos, which reflects the company measures for preventing, detecting and remediating acts of corruption and fraud. We are also signatories to the anti-fraud and corruption pact Pacto Empresarial pela Integridade e Contra a Corrupção, organised by Instituto Ethos and the PACI (Partnering Against Corruption Initiative) of the WEF (World Economic Forum). Together with Natura & Co, we are also a permanent advisory member of the Alliance for Integrity, a global anti-corruption initiative. In 2021, we were elected vice chair of the organisation. Lastly, we are signatories to the Global Compact and participate in the ICC Brasil Comissão de Responsabilidade Corporativa e Anticorrupção. Further information about anti-corruption training and practices on page 147.

Reporting channel

GRI 102-17

The Ethics line is available to the whole group in Portuguese, Spanish and English, 24 hours a day, with anonymity and confidentiality guaranteed. Investigations are conducted by a global team, with a unified structure for reporting and defining remediation measures. The overall trends are communicated to the Ethics Committee on a quarterly basis.

The Ombudsman Channel already in existence at Natura was maintained to receive other types of contact from users in Brazil, such as doubts and complaints about the structure of the company.

Data privacy

The company's preparation plan for Brazil's General Data Protection law (LGPD) incorporated Avon in 2020 and advanced with the review of all information use consent policies, the definition of a Data Privacy Office (DPO) and the contracting of a management system called One Trust for all the data handled by the company in Brazil.

In 2020, we also contracted an outside office to assess all the operations that involve access to data. This provided the basis for a plan that will be concluded by August 2021 in an integrated action involving the compliance and information security teams to guarantee that all the measures necessary to ensure compliance with the legislation and the proper treatment of data are being implemented.

In this area, our global presence helps to guarantee the adoption of recognised international practices for the whole group. We have a specific Centre of Excellence (COE) for data protection

located in the United Kingdom. This centre shares its knowledge of legislation and best practices with Brazil.

In Hispanic America, we are contracting an outside provider to conduct the same assessment done in Brazil in 2021, aimed at reinforcing our purpose of aligning all procedures based on best practices and the knowledge of our global teams.

Information security

In the event of information security incidents, we have a response process involving forecast assessment, classification, mobilisation of the necessary technical teams, collection of evidence, decision making, monitoring and communication. We are also developing a security maturity programme to prepare our technological environments to mitigate impacts. This involves a three-year investment plan (read more on page 131).

Those with us in our pursuit of a more beautiful world

GRI-102-12, 102-13

Seals and certifications:

- We have been certified as a B Corp since 2014. This is an initiative of the B System movement, which recognises companies that give equal weight to economic and socioenvironmental results. We were recertified in 2017 and 2020, on this last occasion as the Natura &Co group. This means that we are also part of the largest certified B Corp company in the world.

<https://bcorporation.net/>

- **UEBT (Union of Ethical Biotrader)** seal for the Natura Ekos product line, in recognition of the traceability of the natural ingredient supply chain and reinforcing the company's commitment to fair trade, the conservation of biodiversity and community development.

<https://www.ethicalbiotrader.org/brands-1/2018/6/12/natura>

- **Leaping Bunny certification from Cruelty Free International**, which attests to the non use of animal testing in the entire Natura portfolio. The Body Shop also has this certification. <https://www.leapingbunny.org/>

- **Peta (People for the Ethical Treatment of Animals) certification**, This is an organisation created in the United States that fights for animal rights on a global level. We have had this certification attesting to the non-use of animals in tests to ensure the safety and effectiveness of our products and raw materials since 2018.

- **Palm RSPO**, we are members of the RSPO (Roundtable on Sustainable Palm Oil) initiative as Natura &Co. At Natura we have a guideline that ensures the purchase of RSPO certified palm oil and derivatives or equivalent (minimum: mass balance), in alignment with the set of norms of the UEBT protocol for the ethical sourcing system for our natural ingredients.

- **Organic alcohol**, we use 100% organic alcohol in our perfumery, with IBD (Instituto Biodinâmico) and Ecocert certification.

- **FSC (Forest Stewardship Council) paper**, we use FSC certified paper in our product packaging and in the cartons used to ship product to consultants.

- **LEED certification**, in 2018 the Natura administrative building NASP was awarded LEED® (Leadership in Energy and Environmental Design) GOLD certification. Awarded by the U.S. Green Building Council (USGBC).

- **ISO certifications**, our operations have certifications attesting to production and management standards. These include: ISO 9001:2015 and ISSO 14001:2015, at Cajamar, ISO 9001:2015, at NASP and the Itupeva Hub, and ISO 22716:2007, at Cajamar and the Ecoparque.

Organisations with which we maintain relations:

- The United Nations Organisation Global Compact

a movement of companies, workers and civil society organisations to promote citizenship and sustainable growth.

[| https://www.unglobalcompact.org/ |](https://www.unglobalcompact.org/)

- We are signatories to the Global Compact. Guilherme Leal, one of the founders of Natura, is a member of the Board, the highest body responsible for defining the initiative's strategies and policies.
- We participate in the Global Compact Network Brazil, and our director of Sustainability, Denise Hills, is vice-chair of the Board of Directors. [| https://pactglobal.org.br/ |](https://pactglobal.org.br/)
- Our Sustainability Vision is aligned with the totality of the Sustainable Development Goals (SDGs), a global agenda that sets forth 169 targets for the 17 SDG goals by 2030.

- World Business Council for Sustainable Development (WBCSD),

led by the CEOs of more than 200 leading companies that are working together to accelerate the transition to a sustainable world.

[| https://www.wbcsd.org/ |](https://www.wbcsd.org/)

- Chief Brand, Innovation, International and Sustainability Officer at Natura, Andrea Alvares is a member of the executive committee.
- We are signatories to the Natural Capital Coalition – a multistakeholder global collaboration oriented to conserving and improving natural capital. [| https://naturalcapitalcoalition.org/ |](https://naturalcapitalcoalition.org/)
- We are also members of the Brazilian sustainable development business council CEBDS (Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável). [| https://cebds.org/ |](https://cebds.org/)

- World Federation of Direct Selling Associations (WFDSA),

we are active members of the direct selling associations in the countries in which we have operations. João Paulo Ferreira, CEO of Natura &Co for Latin America is a member of the CEO Council, the federation's highest governance body, and holds the position of chairman of Ethics.

• **UEBT (Union for Ethical Bioproducts)**, as a member of the management committee, represented by Natura &Co. [| https://www.ethicalbioproducts.org/ |](https://www.ethicalbioproducts.org/)

• **GRI (Global Reporting Initiative)**, Natura is a supporter of the GRI and was a pioneer in the adoption the GRI guidelines, starting in 2000.

• **B-team**, a group comprising world leaders with the goal of engaging corporations and global leaders in the cause "People-Planet-Profit" and proposing solutions that reconcile revenues and socioenvironmental responsibility. [| http://www.bteam.org/ |](http://www.bteam.org/)

- Guilherme Leal, a member of the Natura Board of Directors is one of the members of the B-team.
- Signatories to Net-zero, a coalition dedicated to accelerating the transition to a low carbon economy by 2050. [| http://www.bteam.org/plan-b/net-zero-by-2050/ |](http://www.bteam.org/plan-b/net-zero-by-2050/)

• **B System**, We drive the B Movement in Latin America. Denise Hills, Natura Global Sustainability director, is co-chair of the B System Brazil Board. We participate in the B System associations in Argentina, Chile, Colombia, Peru and Mexico. [| https://www.sistemab.org/ |](https://www.sistemab.org/)

• **B Movement Builders (BMB)**, from BLab, Natura &Co participates as a mentor with the brand Natura due to its maturity in the B Movement and its BCorp certification. BMB are a coalition of leading, large and publicly traded companies with at least \$1 billion in revenue seeking to adopt governance models that will enable businesses to take decisions that will drive positive impact for all stakeholders.

- **TCFD (Task Force on Climate-related Financial Disclosures)**, an organisation involved in developing standards for the disclosure of climate-related financial risks. | <https://www.fsb-tcdf.org/about/> |

- **Science Based Targets**, a group of global institutions that aims to define science-based emissions reduction targets in line with the scale of reduction necessary to maintain the increase in global temperature below 2°C. | <https://sciencebasedtargets.org/companies-taking-action/> |

- **Ellen MacArthur Foundation**, whose mission is to accelerate the transition to a circular economy.

- | <https://www.ellenmacarthurfoundation.org/> |

- In 2018, we became signatories to the New Plastics Economy initiative, which establishes targets related to plastic packaging for 2025. In the case of Natura, the commitments assumed are the company's 2020 Sustainability Vision targets.

- **Instituto Ethos** | <https://www.ethos.org.br/> |

- Chief Brand, Innovation, International and Sustainability Officer at Natura, Andrea Alvares is a member.

- Member of the Coalizão Clima e Florestas (Climate and Forests Coalition).

- **PPA (Parceiros pela Amazônia)**, a group organised by small private sector companies, NGOs and financiers in the Amazon region to promote sustainable development. | <https://ppa.org.br/> |

- **The Brazilian CFT association Abihpec (Associação Brasileira da Indústria de Higiene Pessoal e Cosméticos)**. | <https://abihpec.org.br/> |

- Member of a reverse logistics programme Dê a Mão para o Futuro.

- **LGBTI Conduct Standards Pact**, by the UN Free & Equal movement, aimed at promoting equality in rights and fair treatment at work for the LGBTI population.

- **Iniciativa Empresarial pela Igualdade Racial no Brasil**, | <https://www.iniciativaempresarial.com.br> | an initiative for racial equality in Brazil, aimed at promoting opportunities in the labour market for the black population. Upon joining the initiative, companies adhere to 10 Commitments for the Promotion of Racial Equality.

- **Win-Win: gender equality means good business**, implanted by the International Labour Organisation (ILO) in Argentina, Brazil, Chile, Costa Rica, Jamaica and Uruguay. Natura Brazil and Natura Chile are part of the initiative.

- **Active member of the Personal Care Products Council (PCPC)**

- which comprises over 600 producers and suppliers of ingredients for the global personal care and cosmetics industry, promoting the harmonisation of good practices, quality and ingredient safety in the industry, as well as disseminating trends in innovation. | www.personalcarecouncil.org |

- As a member of the Natura &Co group, Natura participates in the **World Economic Forum (WEF)** a platform to model the future of public goods at a global level, driving the acceleration of the implementation of climate action, ecosystem sustainability and the future international development of food systems, a circular economy and value chains.

- | www.weforum.org |

Complementary disclosures



Complementary disclosures

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Natura Operations

Regarding the locations informed in the indicators, we take into account:

Cajamar: Natura plants and office in Cajamar (São Paulo)

NASP: Natura administrative headquarters in São Paulo (SP)

SP DC: São Paulo Distribution Centre (SP), located next to NASP

Ecoparque: Natura plant and office in Benevides (Pará)

Itupeva Hub: logistics warehouse located in Itupeva (SP)

Operations in Hispanic America: Argentina, Chile, Colombia, Mexico and Peru

People management

Labour practices

Information about employees

There has been a slight variation in the number of Natura employees over the last three years. We ended 2020 with 6,920 people in our direct team – compared with 6,820 in the previous year, all of whom are covered by collective bargaining agreements. **GRI 102-41**

GRI 102-7 Number of employees per country ¹				
Region		2018	2019	2020
Brazil	Total	4,958	5,085	5,109
	% Men	44.2	43.9	43
	% Women	55.8	56.1	57
Argentina	Total	690	716	782
	% Men	17	19	18
	% Women	83	81	82
Chile	Total	224	225	233
	% Men	20	20	18
	% Women	80	80	82
Mexico	Total	122	133	138
	% Men	43	50	49
	% Women	57	50	51
Peru	Total	228	224	234
	% Men	13	15	18
	% Women	87	85	82
Colombia	Total	378	402	400
	% Men	17	20	18
	% Women	83	80	82
France	Total	21	16	13
	% Men	71	19	23
	% Women	29	81	77
United States ²	Total	Not available	19	11
	% Men	Not available	11	18
	% Women	Not available	89	82
Total		6,621	6,820	6,920

1. Malaysia, where we initiated an operation in September 2019, is not within the scope.

2. The country was incorporated into the indicator in 2018, and the classification by gender, in 2019.

Employees by type of work contract and gender^{1 2 3}

Type of contract	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Brazil									
Fixed term	26	71	97	29	67	96	15	40	55
Permanent	2,164	2,697	4,861	2,208	2,787	4,995	2,175	2,808	4,983
Total	2,190	2,768	4,958	2,237	2,854	5,091	2,190	2,848	5,038
Hispanic America⁴									
Fixed term	-	-	54	-	-	59	17	49	66
Permanent	-	-	1,609	-	-	1,676	323	1,347	1,670
Total	323	1,340	1,663	366	1,369	1,735	340	1,396	1,736
Brazil and Hispanic America									
Total	-	-	6,621	-	-	6,826	2,530	4,244	6,774

1. There was a change in the basis of the calculation in accordance with the headcount categories in December 2020. The previous figures were restated to maintain comparability.

2. Interns, expatriates, Instituto Natura employees and members of the Board of Directors were not taken into consideration.

3. The number does not include part-time employees, since this work regime is not representative of the organisation's headcount.

4. The number by type of contract is not available for 2018 and 2019.

People management

Remuneration and benefits GRI 103-2, 103-3

Ratio of women's salary to men's GRI 405-2

The variations in women's salaries to men's occur exclusively in function of the distribution of remuneration within the Natura structure because there is a single salary grid which is not defined by gender.

Natura advanced in the percentage of women in leadership positions, which reached 51% in 2020 for women in director-level positions and above. Natura carries out other gender equality measures. The topic of gender equality continues to be a priority, and we also need to work on the question of remuneration (read more on page 106).

Annual total compensation ratio GRI 102-38

In 2020, 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), in line with what was reported to the B3 Corporate Sustainability Index (ISE), considering the complete calculation in annualised amounts. There is further information about the compensation of the company's Board of Directors and Statutory Board in the Reference Form, [available here](#).

Parental leave GRI 401-3

The retention rate after parental leave for women and men continued to grow. The number of male employees who take leave has also continued to grow since 2016, when we increased this benefit to 40 days.

We also offer parental leave to same sex couples and single parent families. In these cases, 93% of the employees remained in the company 12 months after returning from leave.

Maternity and paternity leave		2018	2019	2020
	Mens	121	123	93
Employees who took parental leave				
	Women	138	119	198
Employees who returned to work after the end of the leave and were still employed 12 months after returning¹				
	Mens	94	113	86
		118	124	151

1. Frequently the leave does not end in the same year it is requested, consequently in some years, there are more people returning than leaving.

People management

Turnover GRI 103-2, 103-3

New employee hires and employee turnover GRI 401-1

There has been a slight variation in the number of Natura employees over the last three years. We ended 2020 with 6,920 people in our direct team – compared with 6,820 in the previous year. The number of new hires was lower than in 2018, when the demand was aimed mainly at meeting the expansion of the Natura stores at that time. But we continue to hire a significantly higher number of women, which contributed to reaching our target of equality between men and women in leadership positions (further information on page 106).

GRI 401-1 Employees hired, by gender¹

Gender	2020	
	Nº	Rate
Men	291	0.11
Women	517	0.12
Total	808	0.12

1. The rationale of the calculation was altered and considers the ratio of total employees in the period, discriminated by gender, to those admitted or hired in the period. Since the historical data would not be comparable in the new methodology, they were not published.

Employees who left the company, by gender¹

Gender	2020	
	Nº	Rate
Men	351	0.14
Women	481	0.11
Total	832	0.12

1. The rationale of the calculation was altered and considers the ratio of total employees in the period, discriminated by gender, to those admitted or hired in the period. Since the historical data would not be comparable in the new methodology, they were not published.

Internal posting rate¹

	2018	2019	2020
Men	55	50	54
Women	60	53	47

1. Calculation rationale: ratio of number of internal posts to the sum of the number of internal posts and external hires.

People management

Care with people **GRI 103-2, 103-3, 401-2**

Promoting Well Being Well is the maximum expression of our Essence and underscores the importance of caring for people as a priority for Natura. This translates into benefits that fully consider the individual and reach out to our employees and their families in an inclusive manner with no discrimination.

For over 15 years, healthcare benefits have covered the partners of LGBTQIA+ employees. The nursery is offered to mothers and fathers of children aged up to 2 years and 11 months, regardless of the parents' gender identity. There are nurseries in our head office in São Paulo (SP) and in Cajamar (SP). In the other units we offer a nursery allowance for employees with children up to 2 years and 11 months. Maternity leave of six months and paternity leave of 40 days is guaranteed to all Natura employees.

Also within the field of care for people, in Brazil we have a toll-free line for male and female employees victims of violence, with specialised advice. This is open 24 hours a day and includes care and psychological, legal and social assistance. In Hispanic America, we have partners that offer this support to female employees (read more on page 106).

To promote self care and the adoption of healthier habits, we encourage the practice of physical activities. The Clube Natura, in Cajamar, offers activities for employees and their dependents upon payment of a monthly contribution of 2% of the nominal monthly salary. In the head office in São Paulo, there are classes of pilates (without equipment), yoga and functional fitness training. The sales force has the Gympass, which provides discounts on face to face and online physical exercise, meditation and nutritional planning services. Meditation is also part of the routine for employees in Cajamar and the Natura head office, who have mindfulness sessions once a week.

Due to the pandemic, some of these initiatives had to be adapted and others interrupted to guarantee everyone's safety. A series of complementary measures aimed at promoting employee emotional balance and well-being were adopted. These included the provision of ergonomic kits, live transmissions of different activities with specialised partners, online meditation and yoga tools and psychological support in Brazil and Hispanic America. We also developed materials with tips for remote working and for activities to be done with children at home during the quarantine (read more about support measures during the pandemic on page 18).

Other benefits include:

Birthday present: day off and gift voucher

Remote working: even before the pandemic, employees already worked remotely once a week, in a format aligned with their manager.

Early Friday: employees working administration hours (9 a.m. to 6 p.m.) may finish work at 3 p.m. on Fridays. The hours off were incorporated into the compensation calendar for national holidays with bridges

Remuneration: 13th, 14th salaries and profit share programme (PLR) for all employees

Transportation: company bus to and from work

Health: medical and dental assistance and life insurance

Career development

GRI 404-3 Co-workers receiving regular performance and development reviews, by functional category and gender (%)¹

Year	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Director level	82	94	85	92	86	90	78	97	86
Management	93	94	94	91	93	92	92	95	94
Administrative	90	91	91	84	52	60	89	90	90
Operational	94	94	94	99	103 ²	100	97	94	96
Total	92	92	92	93	67	78	93	92	93

1. The process did not take into account the sales force, retail co-workers, interns, Instituto Natura employees, expatriates, employees in the United States and operational area employees in Brazil admitted from November 2018.

2. Number exceeds 100% due to turnover in period.

Health and safety **GRI 103-2, 103-3**

Promotion of worker health – GRI 403-6, 403-8

Our purpose of engaging employees in caring for themselves, for others and for the world is part of promoting a healthy and safe environment, reinforcing safe practices and valuing Well Being Well.

Natura developed a Primary Attention Programme aimed at a holistic vision of employees, tracking their health over time, with preventive measures and monitoring of high risk groups. In 2020, the number of employees assisted by the programme grew 55%, reaching 5,038 people.

The structure includes three Einstein clinics in the Cajamar, NASP and Benevides units, with family doctors, nurses and nursing technicians providing

People management

Health and safety GRI 103-2, 103-3 (continuation)

primary care. In the units with a larger number of employees (Cajamar and NASP), the clinics also have specialists in gynaecology, orthopaedics, physiotherapy, nutrition and psychology.

The Einstein Telemedicine service is also offered free of charge to all employees and dependents covered by the medical assistance plan, providing orientation and the treatment of low-complexity cases. Furthermore, the service is available for non-employees providing temporary services to the organisation.

The resolution rate for cases at this level of care was 98% - in telemedicine primary care the rate was 84%, avoiding the need for employees to go to a clinic, where they would be more exposed to Covid-19 or other illnesses.

The clinics at Cajamar, NASP and Benevides provide care for everyone on the premises, covering employees and service providers. They are also open on weekends when activities are taking place in these locations. Ambulances are also stationed at the units to deal with emergencies. A healthcare committee comprising healthcare professionals and administrators meets every two months to analyse epidemiological incidents, aimed at developing wide-ranging preventive programmes in accordance with the needs of the work force.

Workers' health is monitored in daily meetings in which programmes, campaigns and measures to address the pandemic are discussed. Individuals with chronic illnesses are attended by inclusion in the routine of the primary care team. Abnormal results in examinations are also monitored. Physical activity is encouraged by means of the Clube Natura, part of the leisure structure at Cajamar. The sales force has the Gympass, which provides access to gyms with a discount. In the company canteens, the menu is prepared with an emphasis on micro-nutrients, helping the work force to make healthy dietary choices.

All employees and workers have access to health and safety programmes promoted by the organisation: talks and events in the SIPAT (Semana Interna de Prevenção de Acidentes no Trabalho) accident prevention week, vaccination campaigns promoted by the SUS public healthcare system, talks and events on prevention and health promotion offered by the clinic teams. Workplace exercises are offered on a daily basis to all employees and workers on company premises. In 2020 they were also available virtually at determined times.

Hazard identification, risk assessment and incident investigation GRI 403-2

The risks of work-related illnesses and accidents are assessed by the occupational safety team by means of qualitative and quantitative analyses for the elaboration of the Environmental Risk Prevention Programme. Hazards that can cause work-related illnesses are monitored by means of complementary tests to monitor biological levels and are assessed during periodic medical consultations. The Occupational Health Medical Control programme is aimed at promoting preventive measures and monitoring employee health.

New employees and third-party workers receive induction training in occupational health and safety before they start work. All workers who carry out high-risk activities, such as work at heights, in confined spaces, inflammable items, operating machinery, among others, receive formal training in accordance with the applicable standard.

It should be noted that 100% of the work force is covered by an occupational health and safety management system based on legal requirements and/or standards and recognised guidelines. This is extended to workers who are not employed by Natura but who work in environments controlled by the company. Since 2018, this system has applied both to the operations in Brazil and to those in the other countries in Latin America in which we operate. The management system is based on the requirements of the ISO 45001 standard.

In addition to the medical programmes, the company provides training in the use of PPE (Personal Protective Equipment) and CPE (Collective Protective Equipment) to minimise the hazards and risks involved in work.

Some of the initiatives:

Care journey : development of a safety culture by means of the co-construction of safe tools and practices;

Safety Coaching: leader development and safety tool;

Safety Talks: live transmissions and meetings with specialists addressing safety-related topics.

Report a risk : employees are encouraged to report any potential risk at our sites or via the employee application.

People management

Health and safety GRI 103-2, 103-3 (continuation)

Work-related injuries GRI 403-9, 403-2

The company's efforts to promote a safe environment resulted in a 40% decrease in employee accident rates in 2020. This performance demonstrates the effectiveness of the measures taken after the integration of the operations in Hispanic America into the indicator; it was also influenced by the reduction in people traffic in all the units due to the pandemic.

There were three cases of work-related illnesses involving hearing impairment, resulting in an occupational illness frequency (OIF) rate of 0.21. The rate is calculated by the ratio of the number of incidents of occupational illness in the period to the number of hours worked, multiplied by 10^6 . These employees were included in the hearing conservation programme for treatment to prevent the progression of hearing loss. **GRI 403-10**

Work-related injuries¹

	2018		2019		2020	
	Employees	People whose work and/or workplace is controlled by the organisation	Employees	People whose work and/or workplace is controlled by the organisation	Employees	People whose work and/or workplace is controlled by the organisation
Hours worked²	13,295,488	11,247,479	13,941,792	11,841,597	14,135,963	10,446,789
Severe injuries	3	5	8	2	7	9
Severe injury rate	0.23	0.44	0.57	0.17	0.5	0.86
Injuries recorded	17	24	20	23	10	12
Injury rate recorded	1.28	2.13	1.43	1.94	0.71	1.15

1. No fatalities were recorded in 2020. Consequently, the fatality rate for the period was zero.

2. The base of hours worked used in the calculation was 1 million hours.

The number of high-potential work-related incidents identified

	2018	2019	2020
	40	42	14

1. The number of high potential incidents was accounted for by means of all the incidents classified as Potential A in accordance with internal procedures.

Number of work-related close calls

	2018	2019	2020
	1,015	643	366

Freedom of association

Possible breach or risk of breach of freedom of association and collective bargaining GRI 103-2, 103-3, 407-1

There were no reports or proven cases of violations of freedom of association and collective bargaining at Natura or in its value chain. This question is monitored by means of audits and tracking of the action plan. The ombudsman channel may address this type of report.

The Ombudsman is available for suppliers in Brazil and in the International Operations. The company has also had specific codes of conduct for suppliers from 2014 in Brazil and from 2015 in the International Operations. These documents address freedom of association and collective bargaining.

GRI 201-3. Obligations of the defined-benefit and other pension plans

Not applicable. Since this disclosure does not significantly impact Natura's business, it has not been taken into account since 2018.

GRI 201-4. Financial assistance received from government

Not applicable. Since this disclosure does not significantly impact Natura's business, it has not been taken into account since 2018.

Relationship quality

Relationship quality GRI 102-43, 102-44

In line with our Each Person Matters cause, we are prepared to listen to each person in the organisation or related to it. Accordingly, we listen actively and measure the satisfaction of Natura's stakeholder groups. The main results are presented here.

Employees

For the first time we measured the engagement of our team with the inclusion of employees at Aesop, The Body Shop and Avon in Latin America. The first survey applied to this group was in October, with a high level of participation (83%). The engagement score was 88 on a scale from 0 to 100, nine points above the market benchmark.

Among our strengths, the dimensions Purpose, Company Management and Belonging received the highest ratings, being key factors for the maintenance of connection and an emotional link with our employees. As opportunities for improvement collaboration between teams, businesses and geographies, as well as opportunities for growth and the dimension Ideas Matter, were indicated. This reveals the importance our employees attribute to having space to explore their potential and implement innovative ideas.

In function of the integration of the group and the changes inherent to this process, we drafted a communication strategy with activations in all channels, different languages and formats; live preparation sessions and a specific guide for managers to conduct related processes. With this new group-level survey, there is no basis for comparison.

Consultants

We conduct an online survey in each sales cycle with the consultants and every two cycles for leaders. The mean of the assessments provides the consultant and leader loyalty rates to Natura – a metric that verifies the attributes “overall satisfaction”, “intention to continue” and “recommendation of the activity”. For our consultants in Hispanic America, the analysis is done on an annual basis. Read more on page 37.

Supplier communities

Every two years, local researchers trained by Natura conduct a field survey with the communities supplying biodiversity ingredients. The last one took place in 2019, resulting in an increase in loyalty. Of the 30 communities surveyed, 12 show high loyalty (above 56%), 13 show medium loyalty (50% to 13%), and 5, low loyalty (5% to 0%). Read more on page 79

Suppliers

In addition to a continuous dialogue channel with suppliers and the Natura ombudsman channel, we conduct an annual survey to assess relations and identify their main concerns.

In 2020, Natura Brazil supplier loyalty maintained the good level achieved in 2019, 44% (rating of 5 in the three questions in the methodology: satisfaction, intention to continue and recommendation). In spite of a decrease in the loyalty results for suppliers to Natura Hispanic America, at 44% the result shows a good level of progress in comparison with the past. The satisfaction rate of Natura Brazil and Hispanic America suppliers was 88.5%. Read more on page 116.

Relationship quality

Service GRI 103-2

The efficiency of the service channels continues to grow. In 2020, 100% of the contacts received via mechanisms in Brazil or internationally were addressed and resolved in less than two days.

During the course of the year, there were 3 million interactions via chat and telephone (Brazil), coming mainly from consultants (48.6%), business leaders (6.82%), relationship managers (13.3%), end consumers (9.45%) and the Rede Natura (21.8%).

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.

From 2018 to 2020, we identified a reduction in the volume of complaints from our audiences by telephone, while the use of chats increased. We also continued to reduce the average response time for customers. For consultants, the response time dropped from two days to 26 hours, on average. For communications with the end consumer, the return takes place in around 19 hours. Telephone contacts corresponded to 48% of the interactions and chats to 52%, in 2020. In 2019, the metrics were 66.5% and 33.5%, respectively.

In 2020, we noted a reduction in contacts received, principally in function of the investment in and dissemination of self-management tools. This will be intensified in coming years, with tools such as the digital assistant Nat (bot). Compared with 2019, there was a 17% reduction in the number of interactions in the service channels.

	Number of complaints resolved Brazil^{1,2}	Number of complaints resolved Hispanic America^{1,3}
Consultant	130,547.00	346,633
Business leader	55,201.00	29,184
Relationship Manager	9,036	36,203
End Consumer	151,626	27,266
Rede Natura (consumer and consultant)	192,631	144,692
Total	539,041	583,978

1. 100% of the complaints recorded are resolved at level 1 or level 2.

2. Considering complaints in the main channels: telephone and chat.

3. Considering complaints in the main channels: telephone, email and chat.

Ethics and human rights

Anti-corruption GRI 103-2, 103-3

Anti-corruption and anti-bribery measures are coordinated and managed by the Compliance, Legal, Internal Audit, Internal Controls and Risk Management areas. Our documents, applicable to employees and third-parties, include the Global Employee Code of Conduct and the Global Supplier Code of Conduct, the Global Integrity and Anti-Corruption Policy, the Relationship with Public Agents Policy, the Conflict of Interest and Gifts, Accommodation and Entertainment Policy.

GRI 102-16

Our commitment to integrity is also expressed via our participation on the Board of the Alliance for Integrity in Brazil, as vice chair, and the ICC Brasil Corporate Responsibility and Anti-Corruption Commission. We also issued a letter of support confirming good anti-corruption practices in the market and active engagement in communicating and propagating these practices to small and medium-sized companies. Furthermore, we are signatories to the anti-fraud and corruption pact Pacto Empresarial pela Integridade e Contra a Corrupção, organised by Instituto Ethos and the PACI (Partnering Against Corruption Initiative) of the WEF (World Economic Forum).

We have a reporting channel in the local language for all our operations. This is open 24 hours a day, seven days a week, and is operated by a third-party. Anyone may make an anonymous report about a suspected act of bribery or corruption by a Natura employee or supplier. Such reports are investigated confidentially by an independent area, and cases requiring discussion/alignment are brought before the Ethics Committee.

All results are shared with the Audit Committee, which reports serious and special cases to the Board of Directors. Furthermore, as part of the audit programme oriented to the US Sarbanes-Oxley (SOX) act, we are submitted to periodic assessments to verify that internal controls and systems are being applied correctly (read more on page 132).

Communication and training about anti-corruption policies and procedures GRI 205-2

All Natura employees on a national and global level have access to communication and training on anti-corruption policies and procedures. Moreover, suppliers receive communications related to this question.

We conduct annual training on the Global Code of Conduct. Periodically we provide more in-depth training on this question for employees who have or may have contact with public agents or third-parties who interact with public agents on behalf of the company in the course of their

activities. On the Ethics & Compliance team's internal communication agenda, anti-corruption occupies a prominent position, and includes messages issued on International Anti-Corruption Day. For the external audience we have a number of initiatives: all Natura suppliers must accept the terms of the Global Supplier Code of Conduct, which contains a specific chapter on anti-corruption. Suppliers are also submitted to a rigorous integrity assessment before being approved, including an integrity or anti-corruption due diligence. We ensure awareness/acceptance of these standards by means of compliance clauses in our contracts and General Purchase Conditions. New suppliers are submitted to an onboarding process that presents the company's compliance programme and must confirm their unrestricted adherence to the Supplier Code of Conduct and purchase conditions. Any exceptions are brought before a committee involving senior management to guarantee adherence and to avoid non-conformances (read more about procurement practices on page 133).

Operations assessed for risks related to corruption GRI 205-1

Given that Natura commercialises consumer goods, the degree of interaction with public authorities is low. 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 – in industrialisation, logistics, import/export processes, for example. Consequently, we take a proactive stance selecting only suppliers and commercial partners aligned with our principles and values and that have been submitted to a rigorous due diligence process, that is repeated periodically.

Due to the maturity of internal and external policies in this area, as well as the breadth of Ethics & Compliance measures, we consider that 100% of the organisation's operations are prepared to avoid exposure to corruption-related risks.

Ethics and human rights

Anti-corruption GRI 103-2, 103-3 (continuation)

Confirmed incidents of corruption and actions taken GRI 205-3

Natura has never had reports or incidents of corruption, understood by the company as acts of offering, promising, providing or authorising any person to give money or other items of value to public agents.

During the year, there were seven reports related to fraud, most of which involved the commercial relationship between Natura, the sales force and the consultants. The cases were duly investigated by the Ethics & Compliance team with support from the Internal Audit area. The investigations confirmed the allegations, resulting in the application of disciplinary measures in accordance with the severity of the case, varying from a verbal warning to dismissal for just cause.

Confirmed incidents of corruption ¹ and fraud ² and actions taken	2018	2019	2020
Confirmed incidents of corruption	0	0	0
Confirmed incidents of fraud	23	9	7
Confirmed incidents in which employees were dismissed or punished for fraud	5	5	7
Confirmed incidents in which members of the Sales Force were dismissed or punished for fraud	18	1	0
% of cases addressed and resolved (punishment and/or dismissal)	100%	100%	100%

1. The company understands corruption to be “any act of offering, promising, providing or authorising, directly or indirectly, any person to give money or other items of value to a civil servant or any individual or company with the intention of obtaining or maintaining any unwarranted advantage”.

2. Fraud is understood to be “any act of bad faith with the intention to jeopardise or deceive” the organisation.

Public policies

Political contributions GRI 103-2, 103-3, 415-1

Natura 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 Code of Conduct is explicit about this rule, adding that the company does not contribute directly or indirectly to political parties, movements, committees, political organisations or unions, their representatives or candidates, except when required to do so by applicable laws. The document also indicates that Natura acts to drive positive social transformations and encourages political participation as a transformational force in society, and encourages conscious voting.

Human rights

Operations and suppliers at significant risk for incidents of child labour and forced and/or compulsory labour and measures taken GRI 103-2, 103-3, 408-1, 409-1

Our suppliers declare the working conditions they provide for their work force and are audited periodically.

In our supplier communities, working conditions are monitored by our Social Biodiversity Chain Verification System, which did not indicate any signs of child, forced or compulsory labour in 2020. The monitoring process also takes into account questions such as the formalisation of labour, ergonomics and worker health and safety. In the event that any non-conformances are identified, action plans are developed in conjunction with the suppliers to address these incidents. Natura emphasises the positioning it has adopted in relation to human rights and zero tolerance of violations in its production chains since 2014. This positioning is reinforced in all input supply contracts and in the audits undertaken by Natura. In spite of the difficulties of on site monitoring in 2020, this question was addressed in diverse contacts with the communities, with support from the respective departments and field agents. The supplier communities maintained their action plans determined by the audits.

The social biodiversity production chain management system is tracked and audited annually by a third-party and is accredited by the UEET (Union for Ethical BioTrade). In 2020, due to the pandemic, it was not possible to conduct audits, a process that was validated and approved by UEET.

Ethics and human rights

Human rights (continuation)

Incidents of violations involving rights of indigenous peoples GRI 103-2, 103-3, 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 UEFT protocol, and our policy on relations with supplier communities.

Natura maintains relations with the Cinta Larga indigenous group in the Aripuanã region in Mato Grosso, the same region as the Coopavam cooperative (Cooperativa dos Agricultores do Vale do Amanhecer), which has supplied Natura with Brazil nuts for years. In 2020, there were no incidents involving indigenous populations in the areas in which the company operates.

Non-discrimination

Incidents of discrimination and corrective actions taken GRI 103-2, 103-3, 406-1

In 2020, eight incidents of discrimination were recorded. All of them were dealt with via educational measures. With support from the Diversity & Inclusion area, we organise talks and training programmes focused on behaviour, since the cases were related to structural discrimination, for which educational measures produce better results than punitive actions.

The Retail area also organises training for the opening of stores in strategic areas with a view to preventing racial, gender and LGBTQ+ discrimination. In addition to the Global Code of Conduct applicable to all the Natura &Co group companies, we value peaceful co-existence and good relations for employees, third-parties and the other users of Natura premises, respecting and valuing diversity, in line with the company's Declaration of Commitment to Human Rights and the Environment, Global Policy on Behaviour in the Work Place and the Policy on Gender Violence. In Latin America we have a Committee to Combat Violence against Women which meets on a quarterly basis and has a specific channel to receive reports on violence.

Non-discrimination is monitored by the Ethics & Compliance area with support from the Diversity & Inclusion area. Reports may be made via the reporting channel, via specific email (compliance@natura.net) or sent to the area directly by managers. In the annual internal communication agenda, the Ethics & Compliance team intends to highlight this question.

Anti-competitive behaviour GRI 103-2, 103-3

Non-compliance with laws and regulations in the social and economic areas GRI 206-1, 419-1

An internal area proactively monitors any potential infractions of intellectual property rights using brand management software such as Brand Protection and its network of global correspondents. We also carry out searches for prior filings related to brands and patents for future product launches. In 2020, we did not identify any cases, law suits or significant fines related to anti-competitive behaviour and the use of products and services, as was the case in previous years. We consider significant fines to be ones that exceed R\$ 5 million or constitute a medium or high risk to the company's image.

Environmental management

Emissions

Emissions of ozone depleting substances (ODS) and NOx, SOx and other significant air emissions GRI 305-6, 305-7

There are no indications that emissions of ozone depleting substances, NOx, SOx and other air emissions are significant at Cajamar and the Ecoparque, where our own production plants are located.

GRI 305-7 Significant air emissions (tons) ¹²³	2018	2019	2020
NOx	8.26	7.18	3.74
SOx	0.79	0.35	0.11
COV	Not Applicable	Not Applicable	0.34
Particulate material (PM)	18.40	13.23	12.43

- The data corresponding to Cajamar were measured by Japh Serviços Analíticos.
- The categories of persistent organic pollutants (POP) and hazardous atmospheric pollutants (HAP) are not applicable.
- Number corrected since the 2019 report.

Sources used for emissions calculations:

Sources (Scope 1):

- Intergovernmental Panel on Climate Change (IPCC). 2006 IPCC guidelines for national greenhouse gas inventories: Volume 2. IPCC National Greenhouse Gas Inventory Program (<http://www.ipcc-nggip.iges.or.jp>).
- Intergovernmental Panel on Climate Change (IPCC). 1997b. Revised 1996 IPCC guidelines for national greenhouse gas inventories: Reference Manual (Vol 3). IPCC National Greenhouse Gas Inventory Program
- Department for Environment, Food and Rural Affairs (Defra) - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224437/pb13988-emission-factormethodology-130719.pdf
- IPCC Fourth Assessment Report - AR4 (2013) - (http://www.ipcc.ch/publications_and_data/ar4/wg1/en/ch2s2-10-2.html)
- Balanço Energético Nacional 2020: Base year 2019/Empresa de Pesquisa Energética (EPE 2020) (https://www.epe.gov.br/sites-pt/publicacoes-dados-abertos/publicacoes/PublicacoesArquivos/publicacao-479/topico-528/BEN2020_sp.pdf).

Sources (Scope 2):

- Brazilian Power Grid Emission Factor: Ministério da Ciência, Tecnologia, Inovações e Comunicações (MCTIC) - <http://www.mct.gov.br/index.php/content/view/74694.html>.
- Argentinean Power Grid Emission Factor: <http://energia3.mecon.gov.ar/contenidos/verpagina.php?idpagina=2311>.
- Chilean Power Grid Emission Factor: <http://huelladecarbono.minenergia.cl/emision-para-el-sic>.
- Colombian Power Grid Emission Factor: http://www.siame.gov.co/siame/documentos/Calculo_FE_SIN_2013_Nov2014.pdf.
- Power Grid Emission Factor Peru and France: CO2 Emissions From Fuel Combustion Highlights 2013.
- Mexican Power Grid Emission Factor:

Sources (Scope 3):

- Intergovernmental Panel on Climate Change (IPCC). 2006 IPCC guidelines for national greenhouse gas inventories: Volume 2. IPCC National Greenhouse Gas Inventory Program (<http://www.ipcc-nggip.iges.or.jp>).
- Intergovernmental Panel on Climate Change (IPCC). 1997b. Revised 1996 IPCC guidelines for national greenhouse gas inventories: Reference Manual (Vol 3). IPCC National Greenhouse Gas Inventory Program.
- Department for Environment, Food and Rural Affairs (Defra) 2013 - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224437/pb13988-emission-factormethodology-130719.pdf.
- IPCC Fourth Assessment Report - AR4 (2013) - (http://www.ipcc.ch/publications_and_data/ar4/wg1/en/ch2s2-10-2.html).
- Balanço Energético Nacional 2020: Base year 2019/Empresa de Pesquisa Energética (EPE 2020) (https://www.epe.gov.br/sites-pt/publicacoes-dados-abertos/publicacoes/PublicacoesArquivos/publicacao-479/topico-528/BEN2020_sp.pdf).

Energy GRI 103-2, 103-3

Energy consumption inside and outside the organisation GRI 302-1, 302-2

We recorded a 4% decrease in consumption influenced mainly by the fact that many administrative activities were conducted remotely due to the pandemic, as well as eco-efficiency measures which offset our increase in production. Accordingly, consumption of LGP, electricity and briquettes was lower.

The electricity consumption of each operation is monitored on a monthly basis by those responsible for management. The results are presented to the Manufacturing and Product Distribution leaders.

Energy consumption is part of our GHG emissions management strategy, which also includes a commitment to diversify the energy matrix, which was one of the company's 2020 Ambitions. We have a Natura Integrated Global Plan which underscores the goal of favouring the use of renewable energy and driving efficiency.

Energy (continuation)

GRI 302-1, 302-2 Energy consumed (MWh) ¹	2018	2019	2020
Fuels from non-renewable sources	5,358	4,356	4,138
Fuels from renewable sources	88,968	100,330	96,606
Total	94,325	104,686	100,745

GRI 302-1, 302-2 Energy consumed (MWh)	2018	2019	2020
Electricity²	53,908	59,358	58,149
Heating³	799	1,146	3,121
Refrigeration⁴	13,477	14,837	14,283
Steam	26,141	29,343	25,191
Total	94,326	104,686	100,745

1. Information corresponding to Brazil and Hispanic America.
2. Diesel oil is considered as electrical energy because it is used only when the grid supply is interrupted or in the event of grid instability (generators).
3. All the LPG and natural gas used in NASP was considered.
4. We consider that 20% of the electricity is used in refrigeration because segregated measurement is not possible.

GRI 302-1, 302-2 Energy consumption, by location (MWh)	2018	2019	2020
Cajamar and Benevides¹	68,541	70,100	69,549
Other locations in Brazil²	19,181	21,835	20,293
Third-party manufacturers in Brazil³	6,652	5,067	5,953
Locations in Hispanic America⁴	673	862	0
Other locations in Hispanic America⁵	2,869	3,017	3,775
Third-party manufacturers in Hispanic America⁶	1,033	2,373	1,175
Total	98,949	103,254	100,745

1. Considers only company-owned installations.
2. Distribution centres and Nasp
3. Considers six most significant third-party manufacturers.
4. In 2020, the information was included with Other Locations in Hispanic America.
5. From 2020, the offices in Hispanic America were included, as well as the distribution centres already included in this category. Therefore, the 2020 result is not comparable to previous years.
6. Considers the four most significant third-party manufacturers.

Environmental management

Energy GRI 103-2, 103-3 (continuation)

GRI 302-1, 302-2 Energy matrix (%)	2020
Electricity (grid)	70.9
Solar energy	0
Briquettes	10.0
Alcohol	15.0
Diesel oil	1.0
LPG gas	1.4
Natural gas	1.7

GRI 302-1, 302-2 Fuel consumption from renewable sources (MWh) ¹	2018	2019	2020
Solar energy	-	7	-
Alcohol ²	14,568	14,751	15,145
Briquettes ³	9,423	12,271	10,047
Electrical energy (from the grid) ⁴	64,977	73,302	71,415
Total	88,968	100,330	96,607

1. Electrical energy and fuel consumption in 2020 in the operations of Natura Brazil (Cajamar, Benevides, Nasp and Hub Itupeva), distribution centres, operations in Hispanic America and ten third-party manufacturers, chosen due to the representativeness of volume.

2. Renewable fuel used to produce steam at Cajamar.

3. Biomass boiler at Benevides.

4. We consider that 20% of the electricity is used in refrigeration, because segregated measurement is not possible.

GRI 302-1, 302-2 Fuel consumption from non-renewable sources (MWh)	2018	2019 ¹	2020
Diesel oil (generator sets) ²	2,408	888	1,017
LPG gas	1,852	2,133	1,406
Natural gas	1,098	1,335	1,715
Total	5,358	4,356	4,138

1. We extended the scope of the indicator to include the operations in Hispanic America from 2019.
2. Fuel used when the public power supply is interrupted. 2018 was atypical, with many interruptions.

Energy intensity GRI 302-3

The decrease in consumption was partially offset by Natura's increased production in 2020. With this, energy intensity decreased from 205 Wh/unit to 132 Wh/unit produced in 2020.

GRI 302-1, 302-2, 302-3 Energy intensity	2018	2019 ¹	2020
Energy consumption inside the organisation (MWh)	87,722	96,660	93,617
Energy intensity (inside the organisation) (Wh/unit)	178	205	161
Types of energy included in the intensity rate (fuel, electricity, heating, refrigeration, steam or all)	All	All	All
Energy consumption outside the organisation (MWh)	6,652	7,845	7,128
Energy intensity (outside the organisation) (Wh/unit)	44	41	40
Types of energy included in the intensity rate (fuel, electricity, heating, refrigeration, steam or all)	All	All	All
Total energy consumption by the organisation (MWh)	94,374	104,573	100,745
Energy intensity (total for organisation) (Wh/unit)	146.40	157.992	132
Types of energy included in the intensity rate (fuel, electricity, heating, refrigeration, steam or all)	All	All	All

1. The 2019 data refer to the operations in Brazil and in Hispanic America. Accordingly, the numbers are not comparable with those for the previous year when the scope only covered Brazil.

Environmental management

Energy GRI 103-2, 103-3 (continuation)

Proportion of energy intensity inside/outside the organisation ¹	2018	2019	2020
Total	4.09	4.94	4.03

1. Takes into account the Operations in Hispanic America.

GRI 302-4. Reduction of energy consumption

Not applicable. This disclosure has not been deemed applicable since 2018 because of Natura's focus on the reduction of energy intensity and the diversification of renewable sources

GRI 302-5. Reductions in energy requirements of products and services

Not applicable. This disclosure has not been deemed applicable since 2018 because of Natura's focus on the reduction of energy intensity and the diversification of renewable sources.

Water

Water consumption GRI 103-2, 103-3, 303-1, 303-5

Water withdrawal sources at Natura vary, encompassing utility networks and wells; the major consumers are the plants in Cajamar (SP) and Benevides (PA). Water consumption, calculated as the difference between withdrawal and discharge, was 118.1 megalitres (ML), which represents 30% of the total volume of water withdrawn.

The indicators are measured on a monthly basis, as is the analysis of effluents at the plants – locations where water consumption is measured daily.

Based on this monitoring, we drafted action plans to gain greater understanding of water consumption and/or to reduce consumption. The company undertakes constant measures to prevent leaks and wastage, such as reading water meters on a daily basis and conducting inspections. We also monitor the consumption of the company's main third-party manufacturers. In the supplier development process, there is zero tolerance for non-compliance with environmental legislation, which includes water consumption. Water at Cajamar and the Ecoparque is withdrawn from duly licensed wells. Effluent is treated and discharged in water bodies in compliance with all applicable regulatory criteria. The company also monitors consumption in relation to the volume permitted.

Water (continuation)

At the Ecoparque, located in Benevides (PA), the company also harvests rainwater. At NASP, in São Paulo (SP), water supply and effluent discharge is dependent on the public utility network. The site also has rainwater harvesting facilities. In Cajamar (SP), the reuse of water reached 40,701 m³ in toilets and boilers in 2020.

GRI 303-3 Volume of water withdrawn, by source (ML) ^{1,2}	2018	2019	2020
Surface water ³	0.35	1.11	7.89
Ground water ⁴	267.6	291.8	293.4
Outsourced water (purchased) ⁵	57.9	106.1	92.2
Total water withdrawn⁶	326.1	399.0	393.5

1. Natura does not have operations in locations considered to be subject to water stress.

2. Actual water consumption in all the Natura Brazil and Hispanic America locations from 2020. To maintain comparability, the 2019 numbers were restated in accordance with this scope. The scope for Brazil was maintained for 2018. Consumption verified by measurement equipment on site, based on the source described in the permit. We use the data declared by the third-party suppliers who manufacture finished products for Natura.

3. Rainwater harvested at the Ecoparque and NASP.

4. Includes the following locations: Cajamar, Ecoparque, Itupeva Hub and the distribution centres in São Paulo (RS), Uberlândia (MG), Jaboatão dos Guararapes (PE), Canoas (RS), Castanhal (PA) and the third-party suppliers with the highest business volumes. In Hispanic America, the data cover the four Natura distribution centres and the five offices.

5. Supply from public utilities in NASP, in the distribution centres Simões Filho, Matias Barbosa, São Paulo, Chile, Colombia and Mexico, administrative installations in Hispanic America, as well as suppliers.

Environmental management

Water (continuation)

GRI 303-4 Total water discharge (ML) ^{1 2 3}	2018	2019	2020
Ground water	Not available	205.0	210.9
Outsourced water (purchased)	Not available	74.3	64.6
Total	187.5	279.3	275.4

1. Response in this format was initiated in this cycle because of the adoption on the new GRI 306 protocol (waste). Consolidated data for Natura Brazil and Hispanic America.

2. Effluent was calculated as 70% of the volume of water withdrawn.

3. Treatment of water before discharge: 47.51 ML was submitted to biological treatment and 177.24 ML was submitted to physical and chemical treatment.

Treated effluent in Cajamar (mg/l)	2018	2019	2020
BOD¹	9.73	24.00	9.75
COD²	62.72	43.00	44.22
Oils and grease	16.10	10.00	Not available

1. BOD: Biological oxygen demand.

2. COD: Chemical oxygen demand.

Treated effluent in Ecoparque (mg/l)	2018	2019	2020
BOD¹	6.60	7	16.87
COD²	54.90	41.00	33.09
Oils and grease	5	5.00	Not available

1. BOD: Biological oxygen demand.

2. COD: Chemical oxygen demand.

Water sources significantly affected by withdrawal of water – GRI 303-2

The minimum standards adopted for effluent discharge are based on Conama Resolution 430/2011, which operates on a federal level taking into account the classification of water bodies in each region. The exception to this is the minimum BOD value in Ecoparque, in which 70 mg/l was stipulated as a licensing condition. The amounts for our operation are well below this limit, at 16.9 mg/l.

Environmental management

Waste

GRI 103-1, 103-2, 103-3, 306-1, 306-2

As a consumer goods company, our main waste generation impact is related to the packaging of the products that go to the end consumer. With more than two million Natura Beauty Consultants, the Natura magazines and cartons in which products are delivered to each one of them also generate a significant volume. Our waste management is committed to the idea of offering the most, using the least and promoting circularity, coherent with our More Beauty, Less Waste cause. Our goals include eliminating waste in our operations, reducing the use of materials, collecting more waste than we generate and contributing towards building recycling chains. In our 2020 Ambitions, we have progressed in incorporating recyclable and recycled materials into our packaging and in waste reverse logistics.

Innovation is another key factor in reducing our waste impact. The Ecodesign Committee and tools such as the Environmental Calculator help in the development of packaging with a lower environmental impact.

The main indicators monitored by the company are packaging weight (mass), incorporation of post-consumer recycled material, recyclability, the use of renewable materials and carbon emissions. This information also feeds the waste and carbon inventories that are audited externally. Moreover, the carbon emissions associated with packaging contribute to Natura's total emissions, impacting variable remuneration for the entire company.

Internally, waste generation includes raw materials for product manufacture and packaging materials (in the factories) and cardboard cartons and pallets for product storage and shipping (in the distribution centres and during transportation). Waste management is monitored using indicators that show the different categories of waste, the generating areas and volumes. We also monitor the volumes generated by our main third-party suppliers, who manufacture and pack finished products for Natura. We continually seek to reduce this generation with measures such as the use of returnable cartons and pallets between Natura and its suppliers; the recovery of alcohol, cleaning oils used on the packing lines, and solvents used in maintenance, among other measures.

In general terms, waste is managed by third-party companies, responsible for management and transportation in line with Natura's determinations.

Total waste generated, diverted and directed GRI 306-3, 306-4, 305-5

Waste generation in the operations grew by 10% in 2020, accompanying the increase in manufacturing by Natura. Among the materials, those provoking the highest impact were cardboard, plastic and wood, with cardboard contributing the most to growth in volume. The most significant increases were in waste diverted for recycling, in line with our commitment to driving circularity and working on eliminating waste in our processes.

Total waste diverted, by composition (t)¹ GRI 306-3, 306-4 and 306-5

Category	Quantity (t)	Waste NOT directed to disposal (t) ²	Waste directed to disposal (t) ³
Non-hazardous			
Glass	373	373	-
Plastic	928	928	-
Wood	787	787	-
Metal	107	107	-
Paper/cardboard	5,933	5,933	-
Other non-hazardous	6,574	5,897	678
Total non-hazardous	14,702	14,024	678
Hazardous			
Hazardous	2,588	2,472	116
Total	17,290	16,497	793

1. Natura starting reporting waste data in accordance with the GRI 306 protocol (2020), and including data from the units in Hispanic America. Historical data are not available in this format.

2. Recycling in general, with or without energy recovery (recycled).

3. Disposal in landfill or incineration (not recycled).

Environmental management

Waste (continuation)

GRI 306-5 Recovery of waste by recycling ¹ , including energy recovery (t)	2020	
	Inside the organisation	Outside the organisation ²
Hazardous	2,472	246
Non-hazardous	14,024	582
Total	16,497	827

1. Recycling: diverted to composting, co-processing and recycling.
2. Considers the main third-party suppliers, that is, those that manufacture or pack finished products for Natura.

Waste directed to disposal (t)	2020		
	Inside the organisation	Outside the organisation	Total
Hazardous			
Incineration without energy recovery	Total	5	110
Landfilling	11	39	50
Total	116	44	160
Non-hazardous			
Incineration without energy recovery	239	1.4	241
Landfilling	439	340	779
Total non-hazardous	678	342	1,020

Biodiversity

Operational sites in or adjacent to protected areas or areas of biodiversity value¹ GRI 304-1

Classification	Cajamar	Ecoparque	NASP/ SP DC
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 a tributary of the Benfica River and a spring)	ZPI (primarily an industrial zone)
Type of operation	Administrative and industrial cosmetics production	Administrative and industrial production of basic soap mass and toilet soap manufacture	Administrative and logistics with warehousing and distribution of cosmetics
Size of operational unit (m²)	646,000 m ²	1,729,000 m ²	111,700 m ²
Biodiversity value in accordance with protection status listing²	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 centres are located in leased areas, housing administrative, logistics and distribution activities related to cosmetics in the following cities: Jabotão dos Guararapes (PE); Simões Filho (BA); Castanhal (PA); Mathias Barbosa (MG); Uberlândia (MG).

2. Information about the value of biodiversity and the type of ecosystem in the areas is not available.

GRI 301-3 Packaging materials ¹	Used ⁽¹⁾	Recovered ² (%)
Paper	8,818	55%
Metal (aluminium or steel)	1,053	4%
Glass	17,668	18%
Plastic	12,293	22%

1. Reporting of indicator initiated in 2020.

2. Recovery takes into account volume collected in reverse logistics projects (Elos and Dê a Mão para o Futuro).

Environmental management

Biodiversity (continuation)

IUCN Red List species and national conservation list species with habitats in areas affected by operations GRI 304-4

Brazilian biodiversity vegetable species that are used by Natura and that are on the red lists were taken into account. The analysis covers a list of 35 vegetable species. Eight of them, 23% of the total, used as ingredients were identified on red lists of species threatened with extinction (national and international). The variation in the number of species over the last three years is related to the inclusion of new species on red lists and to the consumption of ingredients.

Conservation measures include conservation projects in partnership with research institutes, the development of regenerative production systems that adopt conservationist practices, such as agroforestry systems, and the sustainable stewardship of non-timber forest products in the Amazon, the Atlantic Rainforest and the Cerrado regions. Since 2018, Natura has had international UEBT (Union for Ethical Biobrade) certification, which attests to the traceability and the application of best practices in the production of these raw materials.

Number of species included on the IUCN red list and national conservation lists¹

Level of risk of extinction	2020
Endangered	7
Vulnerable	5
Near threatened	2

1. Vulnerable species detected in the Benevides (PA) region and endangered and/or near threatened species in the Cajamar (SP) region. No critically endangered or least concern species were detected.

Species monitored	Status
<i>Ucuuba - Virola surinamensis</i>	Endangered
<i>Brazil nut - Bertholletia excelsa</i>	Vulnerable
<i>Andiroba - Carapa guianensis</i>	Least concern
<i>Priprioca - Cyperus articulatus</i>	Least concern
<i>Guaçatonga - Casearia sylvestris</i>	Least concern
<i>Jatobá - Hymenaea courbaril</i>	Least concern
<i>Sapucainha - Carpotroche brasiliensis</i>	Least concern
<i>Candeia - Eremanthus erythropappus</i>	Least concern

Environmental Compliance

Non-compliance with environmental laws and regulations GRI 103-2, 103-3, 307-1

There were no significant fines or non-monetary sanctions related to environmental questions. Natura considers significant fines to be ones in excess of R\$ 5 million or that represent medium to high risk for the company's image.

Natura Beauty Consultants

Training

The growth in the total number of training sessions concluded rose from 3.6 to 7.8 million in 2020, enabled by initiatives oriented to the digital culture, the Network Trains Network model and the Sales Journey. For the 2020 highlights, see page 36.

Number of consultants in training – Brazil (units)	2018	2019	2020
New consultants	408,262	457,472	253,000
Initial training ¹	127,662	27,706	43,000
Percentage of single consultants trained (%) ²	15	23	30
Total training sessions conducted- consultants	2,895,479	3,592,006	7,800,000

1. Up to 2018, training was face to face. Later it was converted to online. In 2019, it refers to training from cycle 09/2019, when new digital content was released. For the 2020 calculation, it takes into account consultants who took "Your beginning" or participated in the "Beginnings Journey" webinar.

2. Number of single consultants trained divided by the average number of consultants registered in the year.

Consultants trained by subject – 2020– Brazil	Number (in thousands)
Product	249
Digitalisation	77
Business	39
Behavioural	29

Number of consultants in training – Hispanic America (unit) ¹	2018	2019	2020
Argentina	9,826	10,980	12,128
Chile	3,955	3,463	3,879
Colombia	5,653	6,268	6,393
Peru	5,643	5,341	4,562
Total	25,077	26,052	26,963

1. Average number of consultants trained per cycle, without repetition, including face to face and digital training.

Percentage of single consultants trained (%) ¹	2020
Percentage of single consultants trained (penetration)- Brazil	30.0
Percentage of single consultants trained (penetration)- Hispanic America	88.7

1. Number of single consultants trained divided by the average number of consultants registered in the year.

Suppliers

Socioenvironmental assessment

Worthy of note among the new suppliers was the entry of a new social biodiversity ingredient chain. This is associated with babassu oil, a new ingredient for Natura which expanded the number of supplier families in our base (read more on page 79). In 2020, 970 new suppliers were considered for contracting, of whom 25% were contracted based on environmental criteria. **GRI 414-1, 308-1**

Natura audits its suppliers using environmental criteria, such as effluent discharge. These audits are determined in internal standards (NM-1748 - Audit Standard and PR-0023 Auditing Suppliers) the requirements of which are communicated to the suppliers.

Read more about supplier relations on page 117.

GRI 414-2- Suppliers identified as having significant actual and potential social impacts^{1,2}	2018	2019	2020
Suppliers screened using social criteria	280	415	241
Suppliers identified as having significant actual or potential social impacts	192	149	97
Significant actual or potential negative social impacts identified in the supplier chain	290	245	-
Suppliers identified as having significant actual or potential negative social impacts, with which improvements were agreed on as a result of assessment	70	51	30
Percentage of suppliers identified as having significant actual or potential negative social impacts, with which improvements were agreed on as a result of assessment	36.4	34.2%	30.93

1. Due to the pandemic, it was not possible to complete the programme of on site audits, affecting the number of impacts mapped. Suppliers continued to work on their action plans and to report their progress to Natura.

2. In 2020 there was no social impact related to our zero tolerance policy resulting in the discontinuation of agreements.

GRI 308-2 Suppliers identified as having significant actual and potential environmental impacts¹	2018	2019	2020
Nº of suppliers screened for environmental impacts	280	415	241
Nº of suppliers identified as having negative environmental impacts	165	134	126
Significant actual or potential negative environmental impacts identified in the supplier chain²	211	227	30
Nº of suppliers identified as having significant actual or potential negative environmental impacts with which improvements were agreed on as a result of assessment	60	46	28,57
% of suppliers identified as having significant actual or potential negative environmental impacts with which improvements were agreed on as a result of assessment	36.36	34.32	39.56

1. In 2020 there was no environmental impact related to our zero tolerance policy resulting in the discontinuation of agreements.

2. Due to the pandemic, it was not possible to complete the programme of on site audits, affecting the number of impacts mapped. Suppliers continued to work on their action plans and to report their progress to Natura.

Society

Consumer health and safety

Assessment of the health and safety impacts of product and service categories GRI 416-1

All of the products commercialised by Natura are assessed to promote improvements related to impacts on consumer health and safety. Formulations only use safe ingredients in line with the most up to date scientific criteria, and are fully compliant with pertinent national and international legislation.

Other ingredients banned by Natura are:

- 5-Bromo-5-Nitro-1,3-Dioxane
- Formaldehyde
- Bronopol
- Parabens
- Diazolidinyl Urea
- Dimethyl Oxazolidine
- Glutaral
- Methylidibromo Glutaronitrile
- Phenylmercury
- Quaternium-15
- Thimerosal
- Musk Xylene
- Octamethylcyclotetrasiloxane (D4)
- Isoamyl p-Methoxycinnamate
- Polyethylene terephthalate
- Polyaminopropyl biguanide

(Further information on consumer safety on page 48).

Incidents of non-compliance concerning the health and safety impacts of products and services and information and labelling GRI 416-2, 417-2

Natura did not receive any fines or sanctions for the violation of laws and regulations related to the supply and use of products and services, to product labelling or to putting customer health and safety at risk.

Requirements for product and service information and labelling GRI 417-1

Natura products 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.

Support and sponsorship actions GRI 203-1

The total investment in the Natura Musical Programme, as well as support for civil society bodies using Natura funds and tax incentive funding increased by 14% compared with 2019.

Investments undertaken with Natura funds (R\$ thousands)	2018	2019	2020
Brazilian music	7,212	8,024	8,589
Reinforcement of civil society organizations	817	957	1,415
Investments via tax incentives (R\$ thousands)	2018	2019	2020
Brazilian music	3,710	5,900	6,874
Total private and tax incentive funds¹	11,739	14,881	16,878

1. The three bodies that received the largest amounts of funding from Natura were, in alphabetical order: Instituto Ethos, Union of Ethical Biotrade (UEBT) and World Business Council for Sustainable Development (WBCSD).

Society

Leadership and social influence GRI 102-12, 102-13

With the challenges imposed by the Covid-19 pandemic and its social and economic consequences, the exercise of leadership and social influence gained stature and an increased sense of urgency. Accordingly, in addition to our customary activities with sector associations and sustainability and human rights movements, we mobilised our teams and networks to provide direct support for communities and governments in their efforts to combat the pandemic. On this front, we prioritised care for people and participated in collective efforts to deal with the immediate effects of the crisis with donations of hygiene products, especially hand sanitizer and liquid alcohol, for diverse states and social organisations.

We were also part of the São Paulo state government business committee, coordinating our initiatives in accordance with public priorities and strategies. With a view to maintaining the activities and income of the consultants even during the periods in which restrictions on circulation and commercial activities were at their height, both directly and through the sector associations Abevd and Abihpec, we took steps to ensure the sector was recognised as essential and participated in the elaboration of protocols for the resumption of activities.

Anticipating the social, economic and environmental opportunities that will arise when the pandemic is over, a second action front involved assuming the forefront in debates in the business sector about the importance of a green resumption, characterized by economically, socially and environmentally sustainable growth. Environmental issues, in particular those related to the Amazon gained greater relief in 2020, be it due to the disturbing growth in deforestation and fires in Brazil, or to the positive increase in public and private engagement on a global level.

As a member of the sustainable development business council CEBDS (Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável) and the climate action group Coalizão Brasil Clima Floresta e Agricultura, Natura was directly involved in promoting and advocacy for the approval by Congress of Brazil's National Payment for Environment Services law, approved by parliament in the last legislative week in 2020.

Natura was also present in the international public agenda, with the participation of the Natura &Co executive chairman, Roberto Marques, in the UN Climate Week, held in the United Nations headquarters in New York, and the participation of the vice president of Legal and Government Relations for Latin America, Ana Costa, in the BRICS Business Forum. In terms of institutional representation in bodies representing the sustainability agenda, Andrea Alvares is on the CEBDS (Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável) Leaders Committee, the Executive Committee of the WBCSD (World Business Council for Sustainable Development), the Business for Nature coalition and is a member of the Global Environment Fund. The Natura Sustainability director, Denise Hills, is a board member on the UN Global Compact Network Brazil. In the area of ethics, integrity and transparency, Natura is represented on the Board of Directors

and the Steering Council of the Instituto Ethos (Instituto Ethos de Empresas e Responsabilidade Social). In the Instituto Ethos, we also participate in the working groups on Climate, Companies and Human Rights, Integrity and Anti-Corruption.

On the business front, Natura continued to work with the direct selling association Abevd to strengthen relationship selling, in a year in which digitalization was boosted by the pandemic. With Abihpec, we maintained continuity of the agenda of simplification and de-bureaucratization of regulatory standards for personal hygiene, perfumery and cosmetics products, particularly in relation to the process of registering items of primary necessity to contain the pandemic, such as hand sanitizer, a product the company started to commercialise. We maintained the sector agendas on tax and regulation, female enterprise, innovation and the modernisation of direct selling through social selling, the network economy or platforms. In direct selling, the focus is on entrepreneurship, decent working conditions, and the strengthening of a multiple collaborative activity aimed at leveraging prosperity by means of beauty and the relationship network, either personally or through technology. The company also maintained its strong presence in the Abihpec working groups, worthy of note being the Environment, Tax, Regulatory, Labour Relations, Overseas Trade and Communication areas.

Institutional representation was maintained on the Abevd committees, such as Legal and Tax Affairs, Institutional Affairs, Communication and Research, worthy of note being the participation of the Natura executive Erasmo Toledo, who was elected chairman of the organisation's board for the period 2020-22.

Furthermore, we participated in the environmental, tax and overseas trade forums of Brazil's national confederation of industry CNI (Confederação Nacional da Indústria) and the innovation promotion body Mobilização Empresarial pela Inovação (MEI-CNI). In Amcham Brasil, we participated in the Government Relations Committee and the CEOs Brazil-USA agendas, with the Natura &Co Latin America CEO, Joao Paulo Ferreira, participating in the resumption of the CEOs Brazil and USA Forum, in which measures to facilitate trade between the countries were presented.

Our co-founders also kept up their intense institutional activities. Pedro Passos is a member of the board of Iedi (Instituto de Estudos para o Desenvolvimento Industrial) and the CNI's MEI (Mobilização Empresarial pela Inovação) Business Leaders Committee. Guilherme Leal is part of the B Team, a global group of leaders for social, environmental and economic transformation. He is an associate curator of the Instituto Ethos and, since 2018, has been on the board of the UN Global Compact, the highest body responsible for determining the initiative's strategies and policies. See the list of the main organisations with which we are connected on pages 134 - 136

About the report



About the report

Our main performance highlights are presented in this Natura 2020 Annual Report and set forth our path towards positive impact in accordance with the organisation's 2050 Vision and the priorities selected for the coming decade, defined in the Natura 2030 Vision and the Natura &Co Commitment to Life. Other important references for the definition of the content of this publication are our materiality matrix (further information ahead), the principles of the Global Compact, from the United Nations Organisation (UNO), an initiative to which we are signatories, in addition to the Sustainable Development Goals (SDGs). **GRI 102-46**

Aligned with the Global Reporting Initiative (GRI) guidelines, a methodology for communicating sustainability that we have adopted since 2001, this report was prepared in accordance with the "Comprehensive" option of the GRI Standards version.

Good practices that are references for the report

GRI since 2001

Global Compact Principles

Sustainable Development Goals

Period covered

January 1 to December 31, 2020

GRI 102-50

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.

The scope of the report is the Natura brand, including the operations in Brazil and Hispanic America. The financial data in this report correspond to Natura Cosméticos, which encompasses the Natura brand and its subsidiaries, The Body Shop and Aesop. The Management Report, published in the March 5, 2021 edition of the newspaper Valor Econômico, takes into account the consolidated economic-financial information of the Natura &Co group, which in addition to the three brands, includes Avon. Also as part of the results disclosure process, Natura &Co published a consolidated annual report. Some of the information in the Natura report, in particular related to governance and risk management, takes into account this corporate vision. When this is the case, it is clearly indicated in the text. **GRI 102-45**

Corrections or adjustments to calculation bases and measurement techniques are also indicated by means of notes to the corresponding data.

See the list of information in the GRI Content Summary, which only presents disclosures that are material for the integrated management of the business. 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 102-48, 102-49**

The disclosures in the 2020 Natura Annual Report are monitored by the company's Marketing, Innovation and Sustainability and the Media, Content and Communication areas, by means of the Communication and Creation management area. The document was submitted to external assurance, conducted by PwC. The external assurance of the report is aligned with the principles of transparency and with good market practices. **GRI 102-32, 102-56**

Our materiality

GRI 102-40, 102-42, 102-43, 102-47

Listening to and exercising dialogue with our stakeholders are inherent to our Essence and the engagement of our relationship network is an ever more important practice. This is an ongoing process that does not have a designated frequency. It occurs whenever necessary to formulate strategic projects involving our ecosystem. Processes involving collective participation in 2020 are described throughout the report, especially in the construction of the company's management by causes and the definition of the priorities for each cause.

Our materiality process was undertaken formally in 2014, when we constructed the 2050 Vision. This was when we defined the purpose of generating positive impact and involved representatives of our main stakeholder groups. The process involved responses from more than 4,200 online questionnaires, 40 interviews conducted in person and by telephone and a multistakeholder discussion panel with 18 participants.

The cross referencing of the questions considered to be priorities by the different groups (external axis) with Natura strategy and the 2050 Vision, under elaboration at that time, resulted in the list of material topics. Natura's Executive Committee (Comex) was responsible for final approval.

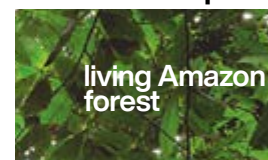


Initially 20 topics were established, six of which were prioritised as material: water, education for the development of employees and consultants, climate change, waste, transparency and product origin and the valuing social biodiversity (further information in the 2014 Annual Report). Based on what was learned in the first years of the 2050 Vision and attentive to trends and the global context, in 2018 the decision was taken to review the materiality matrix and include two more topics: diversity and equality and generation of work and income.

In 2019, Natura grouped the material topics in three causes: The Living Amazon Forest; More Beauty, Less Waste; and Every Person Matters. The cause management model developed a theory of change for each one of them, about which key stakeholders were consulted and in which they participated actively (further information from page 55).

With the recent changes we have undergone, including the formalisation of the Natura &Co group and the arrival of the other brands, we plan to undertake a new round of consultations with the main stakeholders to review our materiality.

The material topics and our causes



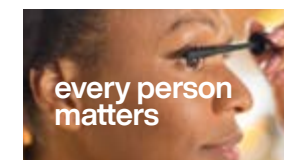
Social biodiversity

- Climate change
- Education
- Work and income
- Product transparency
- Water
- Waste



Waste

- Climate change
- Water
- Work and income
- Product transparency



Work and income

- Education
- Equality and diversity

Description of topics

GRI 102-43, 102-44, 102-46, 102-47, 103-1

Material topic	Description	Where it occurs [103-1]	Related aspects and disclosures	Correlation with the SDGs
Water	Relative reduction of water consumption and pollution throughout the value chain and neutralisation of water impact.	<ul style="list-style-type: none"> _Water sources and environment _Supplier communities _Operational units _Society in general _Consumers (use and post-consumer disposal) 	<ul style="list-style-type: none"> _Water GRI 303-1, 303-2, 303-3, 303-4 and 303-5	SDG 6. Clean water and Sanitation
Diversity and equality	Progress in promoting equality in the work environment, in particular concerning gender and women's participation in leadership	<ul style="list-style-type: none"> _Employees 	<ul style="list-style-type: none"> _Diversity and equality of opportunities GRI 405-1 and 405-2	SDG 5. Gender equality SDG 8. Decent work and economic growth SDG 10. Reduced inequalities
Education for the development of employees and consultants	Development of the consultant network and employees, including measures to promote improvements in public education. Support for the development of Natura consultants and supplier communities	<ul style="list-style-type: none"> _Natura Beauty Consultants _Employees _Instituto Natura _Society in general 	<ul style="list-style-type: none"> _Indirect economic impacts; _Training and education 	SDG 4. Quality Education SDG 5. Gender equality SDG 8. Decent work and economic growth
Generation of work and income	Support for the development of Natura consultants and supplier communities	<ul style="list-style-type: none"> _Natura Beauty Consultants _Supplier communities 	<ul style="list-style-type: none"> _Indirect economic impacts; GRI 203-1 and 203-2	SDG 1. No poverty SDG 3. Good health and well-being SDG 5. Gender equality SDG 8. Decent work and economic growth
Climate action	Reduction in greenhouse gas emissions throughout the value chain and neutralisation by means of projects that drive social benefits	<ul style="list-style-type: none"> _Suppliers _Freight haulage operators _Operational units _Environment 	<ul style="list-style-type: none"> _Economic performance _Emissions. GRI 201-2, 305-1, 305-2, 305-3, 305-4, 305-5 and 305-6	SDG 12. Responsible consumption and production SDG 13. Climate action
Waste	Development of lower environmental impact packaging that promotes conscious consumption	<ul style="list-style-type: none"> _Product conception _Operational units (zero dejects) _Freight haulage operators _Recyclable material cooperatives _Consumers (post-consumer disposal) _Environment 	<ul style="list-style-type: none"> _Materials _Waste _Products and services GRI 301-2, 301-3, 306-1, 306-2, 306-3, 306-4 and 306-5	SDG 12. Responsible consumption and production
Transparency and product origin	Increased visibility of business practices and product origin.	<ul style="list-style-type: none"> _Supplier chain _Supplier communities _Operational units _Corporate management _Consumers 	<ul style="list-style-type: none"> _Environmental assessment of suppliers _Supplier assessment for labour practices _Supplier assessment for human rights _Supplier assessment for impacts on society _Product and service labelling _Products and services GRI 102-9, 308-1, 414-1 and 417-1	SDG 8. Decent work and economic growth SDG 12. Responsible consumption and production SDG 16. Peace, justice and strong institutions
Valuing social biodiversity	Promoting sustainable businesses by means of use of products and services mainly from the Pan-Amazon region.	<ul style="list-style-type: none"> _Supplier chain / _Supplier communities _Operational units _Corporate management _Consumers / _Product conception _Supplier communities _Procurement policies _Consumers / _Pan-Amazon region 	Economic performance <ul style="list-style-type: none"> _Indirect economic impacts; _Biodiversity / _Local communities _Child labour / _Forced or slave labour _Supplier assessment in human rights _Grievance and complaint mechanisms concerning human rights / _Products and services GRI 201-1, 201-2, 203-1, 203-2, 304-1, 304-2, 413-1, 408-1, 409-1, 414-1 and 103-2	SDG 1. No poverty SDG 8. Decent work and economic growth SDG 9. Industry, innovation and infrastructure SDG 15. Life on land



The GRI SDG Mapping Service verified that the disclosures included in the Content Summary are correctly mapped against the SDGs (Sustainable Development Goals). This verification was conducted in the Portuguese version of this report.

GRI Content Summary GRI 102-55

GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 101: Foundation 2016	GRI 101 no disclosures				

General disclosures

Organizational profile

GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 102: General disclosures 2016	102-1 Name of organization	15			
	102-2 Activities, brands, products and services	15			
	102-3 Location of organization's head office	15			
	102-4 Location of operations	15			
	102-5 Ownership and legal form	123			
	102-6 Markets served	15			
	102-7 Scale of organization	15, 34, 140			
	102-8 Information on employees and other workers	15			8
	102-9 Supply chain	116, 117			
	102-10 Significant changes in the organization and its supply chain	There were no significant changes in location, operations and supplier chain.			
	102-11 Precautionary principle or approach	48			
	102-12 External initiatives	135, 162			
	102-13 Membership of associations	135, 162			

Strategy					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 102: General disclosures 2016	102-14 Statement from senior decision maker	7, 9			
	102-15 Main impacts, risks and opportunities	131			
Ethics and integrity					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 102: General disclosures 2016	102-16 Values, principles, standards and norms of behaviour	3, 148		16	
	102-17 Mechanisms for advice and concerns about ethics	132, 133		16	
Governance					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 102: General disclosures 2016	102-18 Governance structure	123			
	102-19 Delegating authority	123			
	102-20 Executive-level responsibility for economic, environmental, and social topics	123			
	102-21 Consulting stakeholders on economic, environmental and social topics	123		16	
	102-22 Composition of the highest governance body and its committees	124, 127		5, 16	
	102 -23 Chair of the highest governance body	123		16	
	102-24 Evaluating the highest governance body's performance	123, 125		5, 16	
	102-25 Conflicts of interest	All the decisions about the operations are submitted to management in accordance with the competencies established in the by-laws. In the event of a possible conflict of interest between the subject in question and any member of our decision making bodies, we comply with the pertinent Corporate Legislation. The respective member should abstain from voting and the decision should be left to the other members for whom the question does not present a conflict. Further information may be found in our Reference Form .			16

GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 102: General disclosures 2016	102-26 Role of highest governance body in setting purpose, values and strategy	123, 125			
	102-27 Collective knowledge of highest governance body	125			
	102-28 Evaluating the highest governance body's performance	125			
	102-29 Identifying and managing economic, environmental and social impacts	125		16	
	102-30 Effectiveness of risk management processes	128			
	102-31 Review of economic, environmental and social topics	It is the function of the Executive Committee and the Board of Directors to monitor performance of the Sustainability Vision, in which Natura's main socioenvironmental and business interests are addressed. However, there is no pre-established time frame for this to take place.			
	102-32 Highest governance body's role in sustainability reporting	164			
	102-33 Communicating critical concerns	The assessment of quarterly performance reports and the Natura &Co annual management report, which cover Natura's performance, are analysed by board members. These documents contain the main relevant socioenvironmental indicators. Board members also analyse the definition and review of strategic planning, expansion projects and investment programmes, risk management and the definition of the employee profit share payouts.			
102-34 Nature and total number of critical concerns	The assessment of quarterly performance reports and the Natura &Co annual management report, which cover Natura's performance, are analysed by board members. These documents contain the main relevant socioenvironmental indicators. Board members also analyse the definition and review of strategic planning, expansion projects and investment programmes, risk management and the definition of the employee profit share payouts. Read more on page 131.	The critical questions that are not described are related to strategic information that is reserved for senior management and the Board of Directors.			

GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 102: General disclosures 2016	102-35 Remuneration policies	Our senior management remuneration policy and practices are set forth in item 13 of our Reference Form			
	102-36 Processes for determining remuneration	Our senior management remuneration policy and practices are set forth in item 13 of our Reference Form			6
	102-37 Stakeholders' involvement in remuneration	Our senior management remuneration policy and practices are set forth in item 13 of our Reference Form		16	
	102-38 Annual total compensation ratio	141			
	102-39 Percentage increase in annual total compensation ratio		Natura does not disclose this, considering information about remuneration to be confidential.		

Stakeholder engagement

GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 102: General disclosures 2016	102-40 List of stakeholder groups	165			
	102-41 Collective bargaining agreements	Collective bargaining negotiations are coordinated by the Human Resources area and are aligned with the standards and limits determined by local legislation. 100% of the employees are covered. Read more on page 140.		8	
	102-42 Identifying and selecting stakeholders	165			
	102-43 Approach to stakeholder engagement	165, 166			
	102-44 Key topics and concerns raised	37, 82, 146, 166			

Reporting practice

GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 102: General disclosures 2016	102-45 Entities included in the consolidated financial statements	164			
	102-46 Defining report content and topic boundaries	164, 166			
	102-47 List of material topics	165, 166			
	102-48 Restatements of information	164			
	102-49 Changes in reporting	There were no changes in the material topics or scope. We updated the topic Waste (2020). 164			
	102-50 Reporting period	164			
	102-51 Date of most recent report	2019			
	102-52 Reporting cycle	Annual			
	102-53 Contact point for questions regarding the report	164			
	102-54 Claims of reporting in accordance with the GRI Standards	This report was prepared in accordance with the GRI Standards "Comprehensive" option.			
	102-55 GRI Content Index	167-181			
	102-56 External assurance	164			

Economic performance

GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	24, 129			
	103-3 Evaluation of management approach	24, 129			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	26		8, 9	
	201-2 Financial implications and other risks and opportunities due to climate change	129		13	7, 8, 9
	201-3 Obligations of the defined-benefit and other pension plans	145	Not applicable. This disclosure has been discontinued since 2018 because the topic does not impact the Natura business significantly.		
	201-4 Financial assistance received from government	145	Not applicable. This disclosure has been discontinued since 2018 because the topic does not impact the Natura business significantly.		7, 8, 9

Indirect economic impacts					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	38, 79, 111, 115, 121			
	103-3 Evaluation of management approach	38, 79, 111, 115, 121			
GRI 203: Indirect economic impacts 2016	203-1 Investments in infrastructure and services supported	79, 80, 81, 111, 115, 121, 161		5, 9	1, 7, 8, 9
	203-2 Significant indirect economic impacts	38, 79		1, 3, 8	
Procurement practices					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	116			
	103-3 Evaluation of management approach	116			
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	116		8	
Anti-corruption					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	148, 149			
	103-3 Evaluation of management approach	148, 149			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	148		16	10
	205-2 Communication and training in anti-corruption policies and procedures	148		16	10
	205-3 Confirmed cases of corruption and actions taken	149		16	10
Anti-competitive behaviour					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	150			
	103-3 Evaluation of management approach	150			
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	150		16	

Materials					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	85, 90, 91			
	103-3 Evaluation of management approach	85, 90, 91			
GRI 301: Materials 2016	301-1 Materials used by weight or volume		Not applicable. This disclosure has not been reported since 2018 because the real impact of this topic for Natura is reflected in the disclosures GRI 301-2 and GRI 301-3.	8, 12	7, 8, 9
	301-2 Recycled input materials used	87		8, 12	7, 8, 9
	301-3 Reclaimed products and their packaging materials	91, 157		8, 12	7, 8, 9
Energy					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	151, 153, 154			
	103-3 Evaluation of management approach	151, 153, 154			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	151, 152, 153		8, 12, 13	7, 8, 9
	302-2 Energy consumption outside of the organization	151, 152, 153		8, 12, 13	7, 8, 9
	302-3 Energy intensity	153		8, 12, 13	7, 8, 9
	302-4 Reduction of energy consumption		Not applicable. This disclosure has been deemed not applicable since 2018 because in relation to energy Natura is focused on reducing energy intensity and diversifying renewable sources.	8, 12, 13	7, 8, 9
	302-5 Reductions in energy requirement of products and services		Not applicable. This disclosure has been deemed not applicable since 2018 because in relation to energy Natura is focused on reducing energy intensity and diversifying renewable sources.	8, 12, 13	7, 8, 9

Water and Effluents					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			7, 8, 9
	103-2 Management approach and its components	154			7, 8, 9
	103-3 Evaluation of management approach	154			
GRI 303: Water and Effluents 2018	303-1. Interactions with water as a shared resource	154		6, 12	7, 8, 9
	303-2 Management of water discharge-related impacts	155		6	7, 8, 9
	303-3 Water withdrawal	154		6, 8, 12	7, 8, 9
	303-4. Water discharge	155		6	7, 8, 9
	303-5. Water consumption	154		6	7, 8, 9

Biodiversity

GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	73			
	103-3 Evaluation of management approach	73			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	157		6, 15	7, 8, 9
	304-2 - Significant impacts of activities, products, and services on biodiversity		Not applicable. This disclosure was discontinued from 2018 because for Natura biodiversity has a more relevant impact on its supplier chain, which is already monitored.	6, 15	7, 8, 9
	304-3 - Habitats protected or restored		Not applicable. This disclosure was discontinued from 2018 because for Natura biodiversity has a more relevant impact on its supplier chain, which is already monitored.	6, 14, 15	7, 8, 9
	304-4 - IUCN Red List species and national conservation list species with habitats in areas affected by the operations of the organisation	158		6, 15	7, 8, 9

Emissions

GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	92			
	103-3 Evaluation of management approach	92			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	94, 95		3, 13, 15	7, 8, 9
	305-2 Energy Indirect (Scope 2) GHG emissions	94, 95		3, 12, 13, 15	7, 8, 9
	305-3 Other indirect (Scope 3) GHG emissions	94, 95		3, 12, 13, 15	7, 8, 9
	305-4 GHG emissions intensity	94		13, 15	7, 8, 9
	305-5 Reduction of GHG emissions	95		13, 15	7, 8, 9
	305-6 Emissions of ozone-depleting substances (ODS)	151		3, 12	7, 8, 9
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	151		3, 12, 15	7, 8, 9

Waste

GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	85, 90, 91, 156			
	103-3 Evaluation of management approach	85, 90, 91, 156			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	156		3, 6, 12	7, 8, 9
	306-2 Management of significant waste-related impacts	156		3, 6, 12	
	306-3 Waste generated	156		3, 6, 12, 15	
	306-4 Waste diverted from disposal	156		3, 12	
	306-5 Waste directed to disposal	156, 157		6, 12	7, 8, 9

Environmental compliance					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	158			
	103-3 Evaluation of management approach	158			
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	158		16	7, 8, 9

Supplier environmental assessment					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	116			
	103-3 Evaluation of management approach	116			
GRI 308: Environmental assessment of suppliers 2016	308-1 New suppliers that were screened using environmental criteria	117, 160			7, 8, 9
	308 -2 Negative environmental impacts in the supply chain and actions taken	160			

Employment					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	98, 99, 142, 143			
	103-3 Evaluation of management approach	98, 99, 142, 143			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	142		5, 8, 10	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	143		5, 8	
	401-3 Parental leave	141		5, 8	

Occupational health and safety					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	143, 144, 145			
	103-3 Evaluation of management approach	143, 144, 145			
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system		Not applicable. This topic does not impact Natura's business significantly. This aspect is mature in the company, which opted to only disclose the indicators that portray its management performance in this respect.	8	
	403-2 Hazard identification, risk assessment and incident investigation	144, 145		3, 8	
	403-3 Occupational health services		Not applicable. This topic does not impact Natura's business significantly. This aspect is mature in the company, which opted to only disclose the indicators that portray its management performance in this respect.	3, 8	
	403-4 Worker participation, consultation, and communication on occupational health and safety.		Not applicable. This topic does not impact Natura's business significantly. This aspect is mature in the company, which opted to only disclose the indicators that portray its management performance in this respect.	8, 16	
	403-5 Worker training on occupational health and safety		Not applicable. This topic does not impact Natura's business significantly. This aspect is mature in the company, which opted to only disclose the indicators that portray its management performance in this respect.	8	
	403-6 Promotion of worker health	143		3	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Not applicable. This topic does not impact Natura's business significantly. This aspect is mature in the company, which opted to only disclose the indicators that portray its management performance in this respect.	8	
	403-8 Workers covered by an occupational health and safety management system	143		8	
	403-9 Work-related injuries	145		3, 8, 16	
	403-10 Work-related ill health	145		3, 8, 16	

Training and education					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	99			
	103-3 Evaluation of management approach	99			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	100		4, 5, 8, 10	
	404-2 Programs for upgrading employee skills and transition assistance programs	Regarding lay-offs resulting from restructuring we provide employees with a set of special conditions to assist in career transition. Read more on pages 99 and 100.		8	
	404-3 Percentage of employees receiving regular performance and career development reviews	102, 143		5, 8, 10	

Diversity and equal opportunity					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	102, 141			
	103-3 Evaluation of management approach	102, 141			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	109, 110		5, 8	
	405-2 Ratio of basic salary and remuneration of women to men	110, 141		5, 8	

Non-discrimination					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	150			
	103-3 Evaluation of management approach	150			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	150		5, 8	6

Freedom of association and collective bargaining					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	145			
	103-3 Evaluation of management approach	145			
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	145		8	3, 6
Child labour					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	149			
	103-3 Evaluation of management approach	149			
GRI 408: Child labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	149		8, 16	1, 5
Forced or compulsory labour					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	149			
	103-3 Evaluation of management approach	149			
GRI 409: Forced or compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	149		8	1, 5
Rights of indigenous peoples					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	79, 150			
	103-3 Evaluation of management approach	79, 150			
GRI 411: Rights of indigenous peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	79, 150			1, 2

Local communities					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	79, 82, 115			
	103-3 Evaluation of management approach	79, 82, 115			
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs				
	413-2 Operations with significant actual and potential negative impacts on local communities	79, 115		1	

Supplier social assessment					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	116			1,2,4,5
	103-3 Evaluation of management approach	116			1,2,4,5
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	116, 160		5, 8, 16	
	414-2 Negative social impacts in the supply chain and actions taken	160		5, 8, 16	

Public policies					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	149			
	103-3 Evaluation of management approach	149			
GRI 415: Public policy 2016	415-1 Political contributions	149		16	10

Consumer health and safety					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	48			
	103-3 Evaluation of management approach	48			
GRI 416: Customer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	48, 161			7, 8, 9
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	161		16	7, 8, 9
Marketing and labelling					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	47			
	103-3 Evaluation of management approach	47			
GRI 417: Marketing and labelling 2016	417-1 Requirements for product and service information and labelling	47, 49, 161		12	7, 8, 9
	417-2 Incidents of non-compliance concerning product and service information and labelling	161		16	7, 8, 9
	417-3 Incidents of non-compliance concerning marketing communications		Not applicable. This disclosure has been discontinued since 2018 because the topic does not have a significant impact on Natura's business	16	
Socioeconomic compliance					
GRI Standard	Content	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	166			
	103-2 Management approach and its components	150			
	103-3 Evaluation of management approach	150			
GRI 419: Socioeconomic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	150		16	

(A free translation of the original in Portuguese)

Natura Cosméticos S.A.
Independent auditors' limited assurance
report on sustainability information
disclosed in the 2020 Annual Report
December 31, 2020



(A free translation of the original in Portuguese)

Independent auditors' limited assurance
report on sustainability information
disclosed in the 2020 Annual Report

The Board of Directors and Shareholders
 Natura Cosméticos S.A.
 São Paulo - SP

Introduction

We have been engaged by Natura Cosméticos S.A. ("Company" or "Natura") to present our limited assurance report on the compilation of the sustainability information disclosed in the 2020 Annual Report of Natura for the year ended December 31, 2020.

Responsibilities of the management of the Company

The Company management is responsible for the preparation and fair presentation of the sustainability information disclosed in the 2020 Annual Report according to the Global Reporting Initiative standards (GRI-STANDARDS) and for such internal control as it determines is necessary to enable preparation of such information free from material significant misstatement, whether due to fraud or error.

Independent auditor's responsibility

Our responsibility is to express a conclusion on the sustainability information disclosed in the 2020 Annual Report, based on the limited assurance engagement carried out in accordance with the Technical Communication CTO 01 - "Issuance of Assurance Report 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 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 we comply with ethical requirements, including independence requirements, and fulfillment of other requirements provided for in those standards, including as to 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 procedures concerning the fulfillment of ethic requirements, professional standards and legal and regulatory requirements applicable thereto.

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Natura Cosméticos S.A.

Additionally, the referred standards require the work to be planned and performed in order to obtain limited assurance that the sustainability information disclosed in the 2020 Annual Report, taken as a whole, is free of significant misstatements.

A limited assurance engagement conducted in accordance with NBC TO 3000 and ISAE 3000 mainly consists of inquiries of management and other professionals of the entity involved in the preparation of 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 make him to believe that the information taken as a whole may present significant misstatements.

The procedures selected were based on our understanding of the aspects related to compilation and presentation of the sustainability information included in the 2020 Annual Report, other circumstances of the engagement and our analysis of the areas in which significant misstatements might exist. The following procedures were adopted:

- (a) planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal controls systems that were used to prepare the sustainability information disclosed in the 2020 Annual Report of the Company;
- (b) understanding the calculation methodology and the procedures adopted for compilation of the indicators through interviews with 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 sustainability information included in the 2020 Annual Report;
- (d) comparing the financial indicators with the financial statements and/or accounting records.

The limited assurance engagement also included tests to assess compliance with the guidelines and criteria of the Global Reporting Initiative (GRI-STANDARDS) applicable to the preparation of the sustainability information disclosed in the 2020 Annual Report.

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 are substantially less detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion on the sustainability information included in the 2020 Annual Report. Consequently, we are not able to obtain reasonable assurance that we would become aware of all the matters that might be identified in an assurance engagement, the objective of which is the issue of an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the information included in the 2020 Annual Report. Therefore, we do not express an opinion on this information.

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Natura Cosméticos 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.

The preparation and presentation of sustainability indicators followed the GRI- STANDARDS and therefore do not aim at assuring compliance with laws and social, economic, environmental or engineering regulations. Such standards require, however, the presentation and disclosure of any failures to comply with those regulations in case of significant sanctions or penalties. Our assurance report should be read and interpreted in this context, inherent to the selected criteria (GRI- STANDARDS).

Conclusion

Based on the procedures performed, described herein, no matter has come to our attention that causes us to believe that the sustainability information included in the 2020 Annual Report of Natura has not been compiled, in all material respects, in accordance with the guidelines of the Global Reporting Initiative standards (GRI-STANDARDS).

São Paulo, May 27, 2021

PricewaterhouseCoopers
Audidores Independentes
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