

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

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

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

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

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

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

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

**Further information and details about the IP&L methodology [here](#).
Further information about IP&L performance [here](#).**