

## Value *chain management*

**GRI 2-6, 2-23, 2-29, 3-3**

Operating in the consumer goods and agro-industry sectors, we engage an extensive value chain, ranging from inbound and outbound logistics, operations, marketing, sales, services, infrastructure, human resources management through technology development, procurement, raw materials, suppliers, distribution to product and service use and end of life, sustainability, communications and institutional and government relations.

*The updating of our Commitment to Life includes targets for the entire ecosystem: reducing greenhouse gas emissions (scope 3) by 42% by 2030, increasing the purchase of Amazonian inputs fourfold compared with 2020 and critical chains free from deforestation and conversion of native vegetation.*



We have close, long-term relations with our suppliers, sharing the challenges and driving the organization's purpose throughout the value chain. These activities are guided by the [Natura &Co Declaration of Human Rights](#), which directs orientates the assessment of risks of violations throughout our supply structure, including agricultural and factory workers, local communities, women, minority groups, temporary workers, indigenous populations and NGOs. Additionally, we seek the certification and full traceability of critical chains, aimed at generating positive impact, as well as reducing and mitigating negative impact.

Our way of doing business also includes engaging our suppliers, in line with science-based targets (SBTi), in addressing climate change and the loss of biodiversity.

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In 2023, we spent BRL13.8 billion on purchases, with a chain of 7,665 suppliers, of whom 364 accounted for 80% of the amount spent. Analysis of the segmentation of strategic suppliers takes into account innovation, sustainability and risk. Natura &Co maintains close communication with critical suppliers, sharing strategies, future plans and good practices, and conducts an annual satisfaction survey

to enhance relations. Moreover, an ESG (Environment, Social and Governance) assessment was conducted with suppliers representing 80% of the total procurement spend, aimed at improving management of the chain based on sustainability criteria.

Our relations with the supply chain are oriented by the Supplier Code of Conduct, which sets forth guidelines that underpin the Natura &Co commitment to negotiating ethically with these partners. Adhesion to the rules and principles is mandatory for the group's supply chain. The subjects covered by the code include anti-corruption, sustainability, ethics and integrity, decent working conditions and best environmental practices.

The harmonized Global Procurement Policy requires that suppliers comply with all relevant policies and procedures, including the Supplier Code of Conduct. The organization recognizes the existence of risks associated with child labor and the exposure of young workers to hazardous working conditions in its value chain, as well as the risk of forced or compulsory labor in its global supply chain. For this reason, organizational policies are aligned with intergovernmental instruments such as the United Nations Guiding Principles on Business and Human Rights and the ILO Labor Standards, encompassing due diligence, application of the precautionary principle and respect for human rights, with emphasis on the non toleration of child and forced labor. Further information about this subject and critical chains in the [link](#).

**GRI 408-1, 409-1**

Verification of supplier adherence to the Global Code of Conduct is conducted through assessment, positive engagement and the promotion of continuous improvement via the Embrace Program.

### **Local suppliers GRI 204-1**

In 2023, 46% of Natura &Co Latin America purchases were from local suppliers, that is, ones located at less than 80 km from the operation, in accordance with criteria adopted by BCorp, among acquisitions made by the most important units - Cajamar (SP), Benevides (PA), Interlagos (SP, sold recently), Moreno (Argentina) and Celaya (Mexico). Specifically in the case of Natura in the region, there was an important increase in this figure, which rose from 49% in 2022 to 54% in 2023.

We prioritize relations with local suppliers, particularly in the acquisition of Amazonian biodiversity ingredients for Natura products. This involves working closely with agro-extractivist cooperatives, traditional peoples and communities, and family agricultural producers, establishing commercial relationships that include ethical supply and regenerative practices, guaranteed purchases, benefit sharing from the use of genetic heritage and traditional knowledge, as well as positive social and environmental impact. These practices are deemed fundamental for strengthening local cooperatives and associations, economic diversification and promoting the sustainable development of the company's regions of activity (further information in Ethical and responsible sourcing, on page 149).

In 2023, we worked on overcoming two major challenges identified and monitored in accordance with our supplier risk matrix. One of these is the dependence of some Avon suppliers in Latin American countries. In Argentina and Mexico, for example, there were suppliers that depended on the company to sustain and enable the continuity of their businesses. During the course of the year, we sought to introduce measures to ameliorate this situation, aimed at establishing healthier commercial relationships. Another factor requiring attention was logistics. We worked on preparing all our partnering freight operators to achieve the high quality and service levels adopted by Natura.

In 2023, we evolved in the global integration of procurement processes. In Waves One and Two of the Natura and Avon business combination in Latin America, the procurement area was focused on seeking cost synergies between the brands, transforming this operational integration into a driver to boost efficiency. By combining volumes from the same supplier for both brands, it is possible to economize and ensure higher standards in deliveries, quality and efficiency in the chain.

**Further information on local suppliers  
in the Databook Latin America.**



## Supplier socio-environmental assessment

### GRI 308-1, 308-2, 414-1, 414-2

Through the Global Supplier Approval Policy, launched in 2022, pertaining to responsible purchases, we established criteria for conducting audits in areas such as human rights, decent working conditions, diversity and inclusion and social responsibility. Upon identifying some frailty or non-conformance, we undertake remediation measures to help the supplier adapt. In cases where the contract must be interrupted, the company undertakes tracking measures aimed at protecting the partner's employees. In 2023, 219 audits were performed and 22.88% of new suppliers were screened for social and environmental criteria.

### GRI 308-1, 414-1

See details on our projects and indicators related to managing agro-extractivist communities and suppliers in the chapter Biodiversity and Nature (page 142).



## Embrace Program

### GRI 2-29, 308-1, 308-2, 414-1

We aspire to guarantee quality and long-lasting relationships with our suppliers, creating value for society and for the planet. By means of the Embrace Program, we develop our supply chain, as well as mobilizing it to promote sustainable practices. The program, which monitors supplier performance in an ethical and transparent manner, is based on six pillars: quality, service, innovation, competitiveness, capacity, and Commitment to Life. There is an annual award to celebrate the power of these relations, to thank suppliers for their efforts and their commitment to the value chain.

Suppliers in critical chains participate in specific events in which Natura &Co shares its strategy, plans for the future and best practices. **GRI 2-24**