

## Social Regeneration: what it is and how we apply it

GRI 3-3

"Social Regeneration" is a material topic for Natura &Co Latin America's management. Positive impacts on communities involved in the actions and projects developed by Natura are: increases in income and improvements in education, diversity, health and well-being. In parallel, the company monitors potential negative impacts that could arise, such as not achieving a living income and the risk of violations of human rights in the supply chain: harassment, discrimination, minors' and community rights, and the right to a healthy environment.

We adopt policies and practices that go beyond legal requirements. We participate in key social initiatives and pursue a leadership role in the sector, defending actions and public policies aligned with the company's positioning.

**The Sustainability and Institutional and Government Relations areas are responsible for managing this topic.** Stakeholder engagement, involving advocacy, communication, participation and cooperation provided support for Natura's actions and helped inform about the effectiveness of these measures.

## Commitment to Life: *target updates in Latin America*

The review of the Commitment to Life resulted in a focus on Latin America, underscoring the force the region represents for our businesses, especially after the arrival of Avon. Currently, the group brands operate in 14 Latin American countries, accounting for 76.5% of Natura &Co net revenue and 66% of its employees. We understand that the business unit's potential for impact – and responsibility – should be leveraged by more ambitious targets.

### What we changed

We evolved in the specificity of some commitments, and we recalibrated and added some targets to make them more challenging. We approved our short-term Net Zero targets in accordance with the SBTi (Science Based Targets initiative) and took an important step towards regeneration with specific commitments to certify Natura &Co ingredients.

In 2023, we increased the number of metrics to monitor our progress towards the vision 2050 from 31 to 37. See some of the new commitment and target highlights (further details in the full version of the updated document, available [here](#)):

## Address the Climate Crisis and Protect Biodiversity

Adjustments in the carbon targets to adapt to the premises defined by the SBTi (Science Based Targets initiative). As a result, the 2030 commitment becomes reduce net scope 1 and 2 greenhouse gas emissions by 90% and decarbonize 42% of our value chain for scope 3 emissions; prioritizing the acquisition of credits from projects in the Amazon, especially involving agro-extractivist communities.

## Defend Human Rights and Be Human-kind

- Reach 25% black people in management positions in Brazil by 2025 and 30% by 2030;
- Increase the Beauty Consultant HDI by 10%.

## Embrace Circularity and Regeneration

- Increase purchases of Amazonian social bioeconomy inputs fourfold compared with 2020;
- Generate BRL 4 in positive socio-environmental impact for each BRL 1 in revenue.

The renewal of the Commitment to Life launch event on September 5, 2023, at the venue Casa Natura Musical, in São Paulo, Brazil.



# Our targets in Latin America

Indicator	Commitment	Target deadline	Natura &Co Latin America 2023 Status
<b>Climate Transition</b>	Net zero emissions, reaching 1.5°C in line with SBTi criteria in our own installations (90% reduction in scopes 1 and 2 by 2030) before the UN commitment	2050	-37% reduction (Reduction vs 2020 baseline ).
	42% reduction in greenhouse gases throughout our value chain (scope 3), enhancing engagement with our suppliers and consumers	2030	-29% reduction.
	Adopt the Science Based Targets initiative, SBTi, for all the companies, scopes 1, 2 and 3	2023	The holding company's short-term science-based targets were approved in 2023 and cover our Natura &Co Latin America operation, affirming alignment with the 1.5°C target.
	Continue offsetting 100% of the remaining Natura &Co Latin America emissions, acquiring at least 50% carbon credits from the Amazon, as a priority from agro-extractivist communities	2030	33%
<b>Protect the Amazon</b>	Contribute to the protection and/or regeneration of 3 million ha of Amazon forest (from 2 million ha in 2020)	2030	2.2 million hectares.
	Increase to 45 agro-extractivist sourcing communities (from 34 in 2020)	2030	44 communities
	Contribute to the bioeconomy using innovation to develop 55 Amazonian biodiversity ingredients (from 39 in 2020)	2030	44 ingredients
	Increase purchases of Amazonian social bioeconomy inputs fourfold compared with 2020	2030	BRL 35.31 million.
	Double the funds shared with our communities (compared with 2020)	2030	BRL 42.82 million.
	Engage 20 million people per year in actions linked with the Living Amazon Forest Cause	2030	62 million people.
<b>Biodiversity</b>	Work towards getting countries to cooperate with each other to establish harmonized rules for access and benefit sharing, in particular regarding traditional peoples and communities	2030	The commitment to promote a multilateral mechanism related to ABS (Access and Benefit Sharing) is already expressed in our Biodiversity Policy relaunched recently. We are mapping partnering organizations.
	Assess and report our impacts and dependencies regarding global biodiversity by 2025, based on recognized international standards	2025	In 2023, Natura &Co Latin America initiated its journey to map and report on the nature-related risks and dependencies of its businesses, employing Task Force on Nature-Related Financial Disclosures (TNFD) methodology.
	Have 100% of our critical supply chains free from deforestation and conversion of native vegetation, with independent verification, by 2030	*	The methodology for this recent commitment will be defined in 2024, and we will seek strategic partners to implement independent verification. *Final deadline: by 2025 for direct purchases of palm, soy, paper, and alcohol. ** final deadline by 2030 for direct purchases of palm, soy, paper, alcohol and cotton  Further information in the <a href="#">Databook Latin America</a> .

Indicator	Commitment	Target deadline	Natura &Co Latin America 2023 Status
<b>Our People</b>	50% of women occupying senior leadership positions at Natura &Co by end of 2023	-	50.5%.
	Equitable salary: eliminate non-justifiable salary differences from 2023	-	-0.8%.
	Equitable salary: eliminate non-justifiable salary differences from 2023.	-	-0.11% <sup>1</sup> .
	Increase under-represented groups to 30% at management levels	2030	In 2023, the mapping of data to define under-represented groups was begun. These will include black and indigenous people, LGBTQIAP+, the disabled and others, in accordance with the local context.
	Reach 25% black people in management positions in Brazil by 2025 and 30% by 2030;	2025 2030	12.14%. In Brazil, efforts are concentrated on increasing inclusion and promoting the advance of the black population, with represents the majority of the population, and to achieve greater coverage for racial self-declaration.
	At the minimum, a living wage for all employees from 2023	-	100% <sup>2</sup>
<b>Our broader network</b>	Increase the consultants' human development index by 10%	2030	Further information from page 92, Relationship Selling.
	Improve social progress in agro-extractivist communities, generating measurable impacts in a living wage, health and well-being, education and civic awareness	2030	Beginning in 2024, we will customize the Community Social Progress Index (IPS).
	Encourage and facilitate public participation in our network, as a priority in the causes related to the Amazon, education, women's health and violence against women and girls	2030	Further information on pages 161 to 164 and on page 127.
	Promote the human rights of our agro-extractivist communities, including indigenous and traditional peoples	2030	In addition to UEBT certification, we published the review of the Social-Biodiversity Policy, which includes clear guidelines on relations with traditional and indigenous communities. Further information on page 141.
<b>Human Rights</b>	Certification and/or full traceability for critical supply chains	2025	In 2022 we approved and published specific policies for each one of the materials considered critical for Natura &Co ( <a href="https://www.naturaeco.com/cadeias-de-suprimento-criticas-politicas/">https://www.naturaeco.com/cadeias-de-suprimento-criticas-politicas/</a> ).
	Full certification – palm oil	2025	87.5%.
	Full traceability - Mica	2025	98.5%.
	Full certification - Paper	2025	80%.
	Full certification - Alcohol	2025	78.8%.
	Full traceability – Soy	2025	86.7%.
	Full traceability – Cotton	2025	92.6%.
Traceability and/or full certification for critical supply chains in Latin America (including deforestation and free from conversion)	2030	The expansion of monitoring of critical chains for Latin America will be defined in 2024. Further information in the <a href="#">Databook Latin America</a> .	

<sup>1</sup>Data reflects the results of our annual pay equity study. For more information on the methodology, see pages 90 and 91 [here](#).

<sup>2</sup>The parameter comprehends the necessary income for a person to be able to meet basic needs such as food, rent, health, education, and among others. The calculation takes into account guaranteed payments and food vouchers. All employees with regular contracts in the base year 2023 are taken into account, except interns and young apprentices.

Indicator	Commitment	Target deadline	Natura &Co Latin America 2023 Status
<b>Human Rights</b>	Advance the process of identifying, preventing and mitigating human rights risks in the operations and the entire supply chain by 2027; ensure engagement with stakeholders who are affected, promoting reparations and using our influence for positive impact	2027	Based on the foundations of our declaration of human rights, in 2023 we started to improve our approach in line with the United Nations Guiding Principles on Business and Human Rights. Active engagement with stakeholders is essential in these efforts, promoting access to reparations, and harnessing our influence for positive change. To bolster our efforts, we are developing a dynamic in-house risk mapping exercise with specific assessments of blind spots identified. We are making progress in the identification of the main risks of impacts to human rights and the prevention and mitigation of these risks in our value chain.
<b>Packaging Circularity</b>	50% of all the plastic in our packs must have recycled content (in weight)	2030	13.1%
	Packaging materials will be 100% reusable, refillable, recyclable or compostable.	2030	87.8%
	Offer collection schemes in the main markets in which suitable recycling infrastructure does not exist	2030	We understand that recycling effectively occurs when we ally product design with existing quality local infrastructure to guarantee the adequate collection, sorting and treatment of the waste. In 2023, we initiated a mapping exercise that will help us to start strengthening local recycling chains and enable adequate collection and disposal systems where they do not exist.
<b>Formula circularity</b>	95%+ natural or renewable ingredients for Natura	2030	94.8%.
	95%+ biodegradable formulas	2030	97.1%.
	100% of new formulas to have lower environmental footprints, measured by life cycle analysis (LCA)	2030	In line with the strategy of our holding company, in the last two years we have developed an internal Life Cycle Assessment (LCA) tool. In 2023, this underwent a testing and learning phase which enhanced our data base for improved assessment of the environmental impact of local value chains.
<b>Regeneration</b>	Work in partnership to build awareness, capability and regenerative solutions which transform systems and deliver positive environmental and social impact, enabling life to thrive	2030	In our regeneration journey, we are reviewing the company's vision, taking into consideration social and environmental perspectives, a process which should extend throughout 2024. Moreover, as part of this process, in 2023 we undertook an alignment process with the UEBT for Regenerative Certification, derived from Ethical Sourcing Certification. We also prepared two case studies using the new methodology (Palm Oil and Brazil nut AF5). We are validating the methodology, with a view to beginning to apply it in 2024. To strengthen our commitment to protect biodiversity, Natura is participating in the development of the UEBT regenerative module. This module underwent a pilot test in two supply chains in 2022 and 2023. BRL 2.7 (according to the IP&L calculation). Further information in the Databook Latin America.
	30% of the main ingredients supplied by the communities/smallholders that employ regenerative practices (verified/certified by external third-parties)	2030	
	100% of the volume of at least two of the main commodities in our business produced using regenerative practices	2030	
	100% of communities/small producers to adopt ethical biotrade and regenerative practices to produce our key ingredients	2030	
	Generate positive socio-environmental impact of BRL 4 for each BRL 1 of reported revenue	2030	