

Environmental and Social Review Summary (ESRS) Natura SLB (15124-01) – Brazil

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1. General Information of the Project and Overview of Scope of IDB Invest’s Review

Natura Cosméticos (the “Client”, the “Company” or “Natura”) is a Brazilian cosmetics and personal care Company that belongs to Natura & Co (the “Holding”), which is the largest beauty and personal care manufacturer in Latin America, focused on developing and manufacturing cosmetics, fragrances, and toiletries (“CFT”) products. The Company is requesting funds to release a Sustainability Linked Bond (“SLB”), whose resources will be used to: i) develop and source of new bioingredients from the Amazon Biome and Research & Development (R&D) investments; ii) enhance Natura’s manufacturing/distribution facility in Cajamar, State of Sao Paulo, including a new processing area (1,000m²) within the facility’s footprint; and iii) purchase of equipment (e.g. specialized tools and molds for product line updates) (all together the “Project”).

The Project has been conceived under the Debt Capital Markets Program (“12103-01” or “DCM”) approved in 2017 by IDB Invest, which seeks to support private sector issuers¹ in accessing Debt Capital Markets financing through: i) partial credit guarantees (“PCGs”); and ii) debt securities².

The Project’s Environmental and Social Due Diligence (“ESDD”) included a documentation review of Natura’s: i) sustainable strategy, ii) environmental, occupational health and safety (“EHS”) aspects; iii) Human Resources (“HR”) policies; iv) environmental and social (“E&S”) manual of procedures and protocols, including emergency preparedness and response plans; and water, energy, waste, and hazardous management procedures; v) Code of Ethics (“CoE”) and Conduct (“CoC”), vi) worker grievance mechanism system, vii) occupational health and safety (“OHS”) key performance indicators (“KPIs”); viii) manuals on good manufacturing and logistics operations practices, and ix) environmental licenses and permits, including Terms and Conditions (“T&Cs”) for water intake and discharge, waste management and supply chain management protocols.

2. Environmental and Social Categorization and Rationale

In accordance with IDB Invest’s Environmental and Social Sustainability Policy, the Project was classified under Category B as it may generate impacts and risks related to: i) traceability and implementation effectiveness of the E&S requirements underlying Natura’s supply chain procurement policies, including certification of high-risk commodities; ii) labor and OHS issues

¹ Private sector issuers include corporates, financial intermediaries, special purpose vehicles, and any other entity eligible to receive financing in accordance with IDB Group policies.

² Debt securities are debt instruments issued by corporates, financial institutions, subnational entities, included among others: bonds, notes, debentures, certificates, commercial paper that are traded in the capital markets.

regarding workers in the production lines and logistics; iii) resource efficiency and pollution prevention and control, including point source air emissions, ambient air quality, odor, noise, wastewater, and solid and hazardous waste management; iv) community health and safety, including road safety risks due to transport of workers and manufactured products; and v) stakeholder engagement and gender-based violence (“GBV”). These impacts and risks are estimated to be of medium and medium-high intensity, will be limited to the Project’s location and may be mitigated by readily available management measures that can feasibly be implemented in the context of the proposed transaction.

The Performance Standards (“PS”) triggered by the Project are: i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; ii) PS2: Labor and Working Conditions; iii) PS3: Resource Efficiency and Pollution Prevention; iv) PS4: Community Health, Safety, and Security; and v) PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

3. Environmental and Social Context

3.1 General characteristics of the Project’s site

In Brazil, the Company has: i) 2 factories in Cajamar, São Paulo State and Benevides, Para State; ii) 2 research and development (“R&D”) offices in São Paulo and Manaus; iii) 11 Distribution Centers (“DC”) spread across the country; iv) 90 Company-owned shops as well; and v) 446 franchise shops³. Natura’s Cajamar Manufacturing Plant is located in the city of Cajamar, São Paulo, in an industrial zone. The factory is surrounded by other industrial facilities and areas with some vegetation cover. The nearest residential area is sited at approximately 450 m from the facility. Access to the site is provided by a modern dual carriage road (Anhanguera Motorway – SP330).

3.2 Contextual risks

The relevant contextual risks for Project’s infrastructure (Cajamar Factory) are: i) potential access blockages to the industrial site during transportation sector strikes; and ii) climate change impacts, particularly linked to heat waves and extreme weather events.

The risk and impact materiality assessment performed by the Holding identified risks related to climate (“Climate Action”) as critical across all stakeholders and brands. Physical risk exposure includes extreme weather events and extreme temperature. The assessment also identified some environmental risks associated with the supply chain, raw materials, and biodiversity. Natura’s exposure to transition risks includes consumer preferences and behavior, regulations, government and collaboration, reputation, and stakeholder expectations.

The Client has defined a strategy to address climate action needs including: i) achieving net zero emissions, aligning with the Science Based Target Initiative (“SBTI”) 1.5°C criteria, and ii) setting science-based targets for scopes 1, 2, and 3 emissions for the short-term. The pathway includes

³ The franchise shops are called “Aqui tem Natura”. Data from 2020.

becoming Net Zero by 2050 and reducing absolute emissions by 42% by 2030, in line with the scenario of 1.5°C approved by the SBTi.

To reduce Greenhouse Gas (“GHG”) emissions the Client is committed to: i) promote nature regeneration to combat deforestation and biodiversity loss; ii) stimulate social regeneration by defending human rights and combat social inequality; iii) address circularity and sustainability in the design of the products, promote sustainable supply, manage water resources, reduce the use of disposable plastic and drive innovation, and iv) enhance value distribution through the promotion of diversity and inclusion, prioritizing employees health and wellbeing.

4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks

4.1.a E&S Assessment and Management System

The Company follows national environmental licensing regulations. Valid environmental permits have been obtained for some installations, which cover existing operations, expansion projects, wastewater treatment plants, composting and water abstraction.

The Holding has 48% of its sites certified under the ISO 14001 Norm on Environmental Management Systems (“EMS”), including The Cajamar industrial Plant in São Paulo. All manufacturing sites have their own EMS, even though some are not certified at present.

4.1.b Policy

Natura updated its Sustainability Strategy in 2023 (Commitment to Life – C2L⁴), which is structured across three pillars, namely: i) environment, biodiversity, and climate transition; ii) human rights, diversity, and inclusion; and iii) regeneration and circularity. A sustainability roadmap, with targets and KPIs (related to energy and water consumption, efficiency, and waste and wastewater production), has been defined. Natura has an environmental and OHS policy defining its commitment towards: i) the reduction of natural resource usage, ii) its adherence to Brazil’s legal and regulatory requirements, iii) the establishment of annual monitoring of environmental targets, iv) the development of site-specific E&S management programs, and v) the protection of workers, facilities, and the environment.

4.1.c Identification of Risks and Impacts

The Cajamar facility is in the State of Sao Paulo within a designated industrial zone. The industrial plant adheres to all applicable Brazilian E&S legal and regulatory requirements. The Terms and Conditions (“T&Cs”) of the environmental licenses (required to secure water intakes) and discharge permits from local authorities, including the Environmental Company of the State of São Paulo

⁴ In 2020, Natura, as part of the Natura &Co group, committed to Vision 2030, also known as “Commitment to Life”, which has a series of commitments and actions – within a 10-year period – to address some of the most urgent issues in the world: i) tackling the climate crisis and protecting the Amazon, ii) ensuring equality and inclusion, and iii) shifting our business towards circularity and regeneration.

("CETESB") and the Department of Water and Electricity ("DAEE") have been obtained and will be updated as per the proposed expansion. Regulatory compliance is done through annual inspections conducted by these authorities.

The Company has a risk assessment matrix and maintains a risk management structure to identify and evaluate potential E&S risks and impacts and to mainstream resource consumption efficiency across its manufacturing operations. This encompasses a broad spectrum of considerations, including, but not limited to, air emissions and ambient noise, wastewater discharges, solid and hazardous waste management, spill containment protocols, explosion, fire incidents, and consumption of resources such as drinking water, electricity, chemical substances, carton packaging, and fuels like liquefied petroleum gas ("LPG") and ethanol. Material risks and impacts are properly identified and assessed through documented EHS procedures and are periodically reviewed and updated when operational or legislative changes occur.

4.1.c.i Direct and indirect impacts and risks

The main negative impacts of the Project include, among others: i) potential traffic accidents during goods transportation; ii) soil or water (including groundwater) pollution through solid waste or industrial effluents; iv) generation of noise during work or operations; v) occurrence of accidental spillages of effluent or hazardous products; vi) damage to personnel or property due to fires; and vi) occupational accidents during construction works or operations. Positive impacts comprise, among others: i) economic integration of vulnerable communities, particularly in the Amazon Region; ii) biodiversity protection through the prevention of land use change in forested areas; iii) increased opportunities for minorities; and vi) promotion of gender equality through direct sales and Company recruitment.

4.1.c.ii Analysis of alternatives

The use of proceeds will be mostly directed to the acquisition of equipment and Research and Development ("R&D") needs. Physical interventions are planned at the existing Cajamar Manufacturing Plant, within the existing industrial site. For this reason, no evaluation of Project alternatives took place.

4.1.c.iii Cumulative impact analysis

Even though the environmental legislation in effect in Brazil does not require cumulative impact assessments to be conducted for this type of Project, a quick analysis showed that the incremental impacts generated by other projects on the Project's area of influence will be minimal. Therefore, no cumulative impact mitigation plan is needed.

4.1.c.iv Gender risks

In Brazil, gender equality was consolidated under the 1988 Constitution, which establishes that men and women are equal in their rights and obligations and prohibits differences in salary, role, and hiring based on sex, marital status, age, and color. However, there still remain challenges to reach

equity. In 2023 Brazil was placed in the 57th position in a study that measured gender equality in 146 countries⁵, which showed that there is still a lot to do to achieve gender equality in the country. One of the main challenges is combating violence against women, which continues to be a problem in the country: in Brazil, there 3,999 cases of women killed in 2020 and 3,878 cases in 2021. Of these, femicide was confirmed in 1,354 cases in 2020 and 1,341 cases in 2021⁶.

In order to address gender risks, the Company has a Declaration of Human Rights that establishes gender equity and economic empowerment of women. The Company's Code of Conduct establishes zero-tolerance commitment with respect to discrimination based on gender, race, social class, nationality, religion, disability, pregnancy, marital status, physical health or mental, union membership, affiliation politics, age, retirement, sexual orientation, ethnicity, or other legally protected characteristics.

Natura has made significant progress in achieving equality gender in leadership positions: in 2023, almost 50% of its senior team were women. The Company is also addressing the gender pay gap. In its Sustainability Strategy called "Commitment to Life", starting 2023, Natura has committed to eliminate such wage gap.

Natura works with consultants, mostly women, that sell its products based on a "direct selling" approach. In the context of direct selling, particularly in a sector predominantly made up of women who generally are in contact with strangers, various risks related to human rights may arise, including issues of security, violence, and coercive control. To discuss these risks and improve their commitment with women's rights and human rights, the Client established partnerships with external consultants to conduct a comprehensive assessment that includes: i) benchmarking with competing companies to identify best practices and areas for improvement; ii) assessment of current commercial controls and security mechanisms due diligence; and iii) providing recommendations to strengthen the business-driven due diligence efforts. Furthermore, the Company is establishing a solid framework for human rights governance to promote accountability within the Holding and improve the data recording and management. This involves naming sponsors and business unit implementers to integrate the human rights considerations in business functions, improving the resources to apply significant changes and ensure the safety and well-being of all individuals involved in our direct selling operations.

The Company is also working to eliminate Gender-Based Violence. In this sense, through partnerships with organizations like "Her Respect", the Client is analyzing and preventing any gender-based violence in its supply chain.

Natura provides education, training, and interventions that empower women and protect their rights and dignity.

⁵ 2023 Global Gender Gap Index.

⁶ Brazilian Public Security Forum.

4.1.c.v Climate change exposure

The Company assessed its overall exposure to climate change and identified its vulnerability to the following events: i) extreme weather (floods, fires, storms, torrential rain, winds, and tornadoes) that can disrupt operational continuity and production, generate damage to its facilities and can disrupt distribution, and logistics supply chains; ii) extreme temperatures that can affect the transportation, storage or use of some products and that have the potential to damage stock or their functionality; iii) drought that may generate negative human impacts. As an associated risk, it also found an increase in the costs of resilience to climate in facilities, basically in the adoption of adaptation measures and the payment of insurance premiums.

Management measures adopted by the Company to counteract this situation include: i) based on a climate risk evaluation at the Ecoparque plant in Benevides, Brazil, performed in 2023 to identify any necessary preventative measures to reduce risks associated with extreme high temperatures, Natura has been implementing adaptation actions in plants and distribution centers, including increasing the use of air conditioning, natural ventilation, and applying thermal paints; ii) while Natura does not have direct operations in areas that have been identified as exposed to high or very high water-stress, the Client monitors water levels and the potential for water-related scarcity issues; and iii) in relation to fire risk, Natura has established firebreaks around its key facilities and implements technical monitoring and fire brigade training activities.

The climate change exposure assessment for the Cajamar Factory in São Paulo, showed a moderate exposure to heatwaves, droughts, and severe weather. Given the average altitude of the city (734 meters above sea level), flooding was not considered a significant risk. Therefore, adaptation management measures for factory include actions to control the effects of heatwaves, water resources monitoring, and emergency preparedness as reported.

Based on an analysis conducted in accordance with the IDB Group's Paris Alignment Implementation Approach, the proposed transaction is considered to be aligned with the Paris Agreement.

4.1.d Management Programs

Natura possesses and Integrated Management System and has implemented comprehensive management programs and Standard Operating Procedures ("SOP") for its Cajamar facility, in compliance with Brazilian legal and regulatory requirements and aligned with best interational practices. As a part of its ESMS, the Company adheres to the Brazilian Regulatory Norms ("NR") of the Ministry of Labor, and international management standards, including ISO 9001 (quality standard) and ISO 14001 (environmental management system standard). Natura has also established a robust OHS Management System ("OHSMS") within its operations, based on ISO 45001 (standard for health and safety). The OHSMS encompasses hazard and risk analysis, inspections, emergency response plans/training, and contractor management. Mandatory E&S Management Plans ("ESMP") are also in place as defined by the T&C of environmental permits and include management and monitoring plans for wastewater discharge, solid and hazardous wastes, air emissions and ambient air quality, and surface water and groundwater intake.

4.1.e Organizational Capacity and Competency

The Company has a well-structured EHS organigram designed to integrate E&S good practices into its operations. The Chief Sustainability Officer (“CSO”), who reports directly to the Chief Executive Officer (“CEO”) and the Board of Directors, ensures E&S considerations are integrated into high-level decision-making. Under the CSO, the Sustainability Team oversees initiatives, policies, and programs, with Directors of Environmental and Social Sustainability managing environmental impact reduction, social responsibility, and community engagement.

The Head of Manufacturing, Quality, Safety, and Environment is responsible for EHS in the manufacturing sections and is supported by managers, coordinators, analysts, and technicians specialized in quality, OHS, workplace risk management, water and wastewater, and environmental licensing. The community relations manager, part of the sourcing department, handles stakeholder engagement with Amazon rainforest suppliers and manages Natura's geographic information system (“GIS”). Cross-functional committees and working groups, along with regular training sessions, ensure employees are well-versed in the company's E&S policies and practices.

4.1.f Emergency Preparedness and Response

In compliance with Brazilian laws, the Company has adopted and implemented mandatory Emergency Response Plans (“PAE” and “PGR”) and a Preliminary Risk Analysis (“PRA”) for Occupational Hygiene. The PAE undergo regular updates and features streamlined formats to enhance emergency management, including a structured schedule for drills and preventive evaluation mechanisms. The overarching objective of the PAE is to identify emergencies, prioritize the safety and well-being of employees and emergency responders, and facilitate knowledge dissemination within emergency response teams. Each plan delineates staff responsibilities, outlines first aid procedures, mandates routine inspections, and actionable plans for addressing emergencies as they arise.

The Cajamar facility has a comprehensive fire-fighting plan in place, encompassing monitoring and surveillance systems, strategically placed observation points, necessary Personal Protective Equipment (“PPE”), designated critical points, fire brigade maps, criticality maps outlining structures, and a detailed emergency plan outlining personnel and available resources.

4.1.g Monitoring and Review

As part of Natura’s Integrated Management System, a set of EHS KPIs have been defined, including: i) Loss-Time Accidents (“LTA”) Rate; ii) work-related injuries; iii) average hours of training; iv) electricity consumption; v) ethanol, water, and wastewater discharges; vi) waste generated, recycled, and circularity ratios; and vii) GHG emissions.

As required by the environmental licenses’ T&Cs, Natura monitors the implementation effectiveness of its ESMPs. Internal guidelines set forth criteria for quality and quantity in EHS monitoring, investigation of non-compliances, and the formulation of preventive and corrective action plans in case of deviations. Scheduled inspections conducted by Natura’ EHS team across all Company’s manufacturing operations are reported to senior management for review. Mechanisms of

continuous improvements are in place, including the prevention of loss-time injuries and health problems related to work, which are monitored periodically.

4.1.h Stakeholder Engagement

Natura does not have yet a Stakeholder Engagement Plan (“SEP”), since the Cajamar plant is relatively isolated and does not have neighboring communities within a radius of 0.5 km. The Company, however, has established a process to receive external grievances, with its Compliance Department screening them. This system enables stakeholders to remain anonymous, and complaints can be submitted through grievance channels, over the phone, or via the Internet. Natura will, therefore, develop a corporate SEP and a Communication Plan to strengthen communication with neighboring communities, particularly in emergency situations.

4.1.i External Communication and Grievance Mechanisms

To raise doubts, questions or report suspected violations of the Client’s Code of Conduct or internal policies, the Company has the so-called Natura &Co Ethics Line (“LEN”), a global and independent channel, available 24 hours a day, all the days of the week, that is managed by specialized company. The LEN manages grievances captured via the website or by free call in the language of the country where it was generated. The mechanism ensures accessibility in an anonymously or identified way and guarantees complete security and confidentiality.

All contacts are recorded, and complaints are investigated with impartiality and confidentiality by the Ethics & Compliance Sector. An integrated approach with other functions is adopted to ensure that all matters are handled by experts, consistently, coordinated and escalated appropriately. The Holding does not tolerate any form of retaliation against those who share a concern, raise doubts or report suspected violations of the Code of Conduct or internal policies.

All complaints are investigated according to internal protocol and confirmed cases are deliberated in the Remediation Committee. Cases classified as serious or very serious, are addressed for discussion by the Latin America Ethics Committee. Channel indicators are reported quarterly to the Ethics Committee, the Audit Committee and the leadership committees organized by the Business units.

4.1.j Ongoing Reporting to Affected Communities

The Client will prepare a SEP and a Communications Plan to strengthen communication with neighboring communities.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

As of June 2024, Natura employed 4,500 workers at the Cajamar facility, including contracted workers from administrative and industrial areas. 53% of the workforce are women, 46% are men, and 1% is non-declared. 23% of the employees are blue-collar⁷ workers.

4.2.a.i Human Resources Policies and Procedures

Natura has a Human Resources (“HR”) policy and several procedures, which determine working conditions as well as OHS procedures, that are readily available to its workers. The latter define aspects related to career development, talent attraction, recruitment, training, compensation, salary adjustment, benefits, flexible and extra hours, social responsibility, and grievance mechanisms, among others.

The contents of the HR policy are shared with new employees during their induction process. The Company maintains a Code of Conduct (“CoC”) and a Supplier Code of Conduct (“SCoC”) applicable to all employees, contractors, and third-party suppliers. These documents, disclosed in Natura’s website⁸, define the Company’s commitments regarding the compliance with Brazilian labor regulations; foster a culture of non-discrimination and zero-tolerance towards harassment and the use of child or forced labor; and include provisions to manage conflicts of interest transparently and actively engage with community service initiatives.

4.2.a.ii Working Conditions and Terms of Employment

The Client is committed to ensuring fair and equitable standards for wages, benefits, and health and safety working conditions. It promotes a positive employer-worker relationship and initiatives to retain and motivate the workforce. The duration of work, breaks, overtime, annual and sick leave, and maternity leave adhere to Brazilian labor regulations (“CLT”⁹) and collective bargaining agreements (“CBA”). The standard workweek is 40 hours, not exceeding 10 hours daily (including overtime). Employees are entitled to 30 days of annual leave, at least one full weekly rest day, mandatory 1-hour breaks for meals, and 15-minute breaks during the day. Sick leave is permitted with a doctor’s assessment, and for absences up to 15 days due to illness, workers are covered by the Federal Social Security Program (“INSS”).

4.2.a.iii Workers’ Organizations

The Company does not restrict the worker’s freedom of association, and its management encourages workers to establish a worker committee to discuss labor aspects of their operations.

⁷ Workers that have jobs a non-office setting (construction site, production line, driving etc.).

⁸ <https://ri.naturaeco.com/en/a-natura-co/the-group/g-governance/policies-and-bylaws/>.

⁹ Brazil. Decree N° 5452/1943. Labor Law Consolidation.

This provision is well defined in Natura's HR policy and communicated to every worker during the induction sessions.

4.2.a.iv Non-discrimination and Equal Opportunity

Forced or child labor, harassment, and discrimination are treated as crimes under Brazilian law. Therefore, Natura's CoC prohibits forced or child labor, and any type of harassment. Workers are encouraged to report any situation of harassment, discrimination, violations of legislation, and misconduct through the Company's Ethical Channel. The hiring process and promotion follow well-established policies based on merit and competencies.

4.2.a.v Retrenchment

The acquisition of Avon Products by Natura in 2020 will lead to the closure of the Avon plant by the end of 2025. This will impact 200 positions, predominantly held by blue-collar workers. Immediately after the acquisition (in 2021), Natura initiated a comprehensive retrenchment plan known as the "Trilhas Project". This plan encompasses various measures, such as pre-communication efforts, workshops to facilitate smooth transitions to new employment opportunities, support for entrepreneurial endeavors, retirement planning assistance, psychological support services, and more. The Company also foresees new dismissals while implementing cost efficiency strategy. Therefore, Natura will develop a retrenchment plan based on: i) best international practices; ii) the requirements set forth in the Brazilian legislation; and iii) the agreements reached with the worker unions.

4.2.a.vi Grievance Mechanism

Natura's worker grievance system is coordinated by the Compliance team and defined by the company's CoC and a Global Whistleblowing Policy. The system allows anonymous internal and external complaints and is accessible via hotline and website¹⁰. The grievance system is managed by an external independent firm under the Compliance team management. However, the number and issues of the grievances submitted are not disclosed.

4.2.b Protecting the Workforce

The Client adheres to the Brazilian regulations, which require 18-years old as the minimum age for employment. The Company states its views and commitments against forced and child labor in its CoC. Contractors and suppliers must adhere to Natura's Code of Conduct, Supplier Code of Conduct and respect the labor standards and practices of the Company.

4.2.c Occupational Health and Safety

The Company has an OHS management protocol alongside a proactive preventive program, which encompasses comprehensive training, risk analysis, and accident documentation reports. The

¹⁰ 0800 892 0958 and naturaeco@ethics.com, respectively.

Cajamar facility is managed in accordance with the ISO 45001 Standard on Occupational Health and Safety and is covered by a Preliminary Risk Analysis for Occupational Hygiene (“APRHO”), safe chemical handling practices, proper utilization of personal protective equipment (“PPE”), and efficient waste management and disposal techniques.

In 2023, the Cajamar facility maintained a Lost-Time Injury Frequency Rate (“LTIFR”) of 0.30 injuries per million hours worked, which is slightly above the Occupational Safety and Health Administration (“OSHA”) Industry data for cosmetics, beauty supplies, and perfume store in 2022, which was 0.22. The Company has OHS programs compliant with Brazilian Legislation (Portaria 3214/78¹¹), and the Brazilian Regulatory Norms (“NR”) of the Ministry of Labor. Procedures for occupational contexts, including working in confined spaces, performing tasks at heights, executing hot work, and maintaining electrical infrastructure are in place. The Company monitors workers’ exposure to hazards in the workplace under its mandatory workplace risk prevention program (“PPRA”).

4.2.d Provisions for people with disabilities

In Brazil, Natura has an affinity collective for the inclusion of Disabled People (“DP”), called Efficient. This affinity collective, formed by volunteers from all levels of the organization and with the participation of senior leadership as sponsors, contributes to enrich literacy, awareness, mobilization actions and review of the strategy to incorporate developments to include DPs. The Client established a commitment to include 6.2% of people with disabilities in the workforce in Brazil, which was achieved and surpassed in 2023. Currently the percentage of DP has reached 6.25% of the workforce.

4.2.e Workers Engaged by Third Parties

High-risk suppliers must comply with labor and working conditions requirements of the Brazilian legislation (if the good or services are produced in Brazil). Compliance of producers of agro-forestry and non-timber forest products in the Amazon is monitored regularly by Natura, the supplier cooperatives, and the external certification auditor (IBD¹²).

By 2025, all high-risk suppliers will be independently certified with standards that include labor protections. All other suppliers will be certified by 2030.

4.2.f Supply Chain

Natura developed a Providers Code of Conduct, that requires each provider to comply with; i) the terms of employment; ii) the sustainability guidelines of the Company; and iii) Natura’s ethics and integrity procedures. In addition to requesting compliance and formally agree with its Providers Code of Conduct, the Company performs due diligence and regularly evaluates the performance of goods and service providers.

¹¹ Portaria MTB N° 3214/1978. Approves the Regulatory Standards - NR - of Chapter V, Title II, of the Consolidation of Labor Laws, relating to Occupational Safety and Medicine.

¹² IBD is the entity with authority in Brazil to audit and certify compliance with the Union for Ethical BioTrade (“UEBT”) Standard (www.ibd.com.br).

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

The Natura facility in Cajamar relies on the local power grid for its operations, with an average annual consumption of 32,000 MWh (2023). Additionally, the Company utilizes various fuel sources, consuming 115,000 kg of liquid petroleum gas (“LPG”), 95,000 liters of diesel, and 2,795,000 liters of ethanol, annually. The primary water supply for processes and services at Natura comes from groundwater, for which the Department of Water and Energy (“DAEE”) has authorized an intake of 3,200 m³ per day.

4.3.a.i Greenhouse Gases

Natura’s GHG emissions inventory covers scopes 1, 2, and 3 in accordance with the GHG Protocol¹³. An independent third-party entity regularly audits the inventory. In 2023, Scope 1 emissions reached 22,811 t CO₂ equivalent, Scope 2 emissions¹⁴ 24,778 t CO₂ equivalent and Scope 3 emissions 905,881 t CO₂ equivalent. When compared to the baseline emissions from the year 2020, Scope 1 and 2 emissions increased 7.65%, but Scope 3 emissions decreased 37.52%. The Client will continue to implement its decarbonization strategy in order to comply with the established target of reaching Net Zero emissions by 2050 and reducing absolute emissions by 42% by 2030.

4.3.a.ii Water Consumption

In 2023, water consumption reached 203,634 m³. Natura has implemented water-saving initiatives, such as harvesting rainwater and reusing water rejected from the osmosis process at its Cajamar facility. As a part of its resource efficiency targets, the Company anticipates a 7% reduction in water usage in its manufacturing processes by the end of 2024.

4.3.b Pollution Prevention

Natura has a comprehensive air emissions program designed to ensure compliance with national regulatory standards¹⁵. The program includes emission reduction targets including GHGs and other pollutants. The Company air emissions monitoring program shows that NO_x, SO_x, and particulate matter (“PM”) emissions are in compliance with WBG EHS Guidelines¹⁶.

Natura also employs cleaner production techniques to minimize emissions during manufacturing processes and is participating in the carbon offset programs to offset its remaining carbon footprint.

¹³ <https://ghgprotocol.org/>

¹⁴ Market-based emissions.

¹⁵ Such as the CONAMA Resolution N° 382/2006 that establishes the maximum emission limits of atmospheric pollutants per type of fixed sources and pollutant and the limits by type of fuel and purpose of use; and the CONAMA Resolution N° 436/2011, that establishes the maximum emission limits for air pollutants for fixed sources installed or with an application for an installation license prior to January 2, 2007.

¹⁶ World Bank Group. Environmental, Health and Safety General Guidelines. 2007.

Regarding noise emissions, the Client complies with national occupational regulatory standards, namely NR 7¹⁷ and 15¹⁸, which define protocols for ensuring the protection of workers. As part of its OHSMS, Natura has implemented a Hearing Protection Program and conducts annual assessments in accordance with the T&Cs outlined in environmental licenses.

4.3.b.i Wastes

The Company has a corporate solid waste management plan (“PGRS”) and implements comprehensive waste management practices in its operations. Key aspects include: i) efficient production processes to minimize waste generation; ii) recycling programs ensuring that materials such as paper, plastic, glass, and metals are recycled, iii) circular economy initiatives, promoting the reuse of materials and encouraging the return of empty product containers for recycling or refilling; iv) waste generation tracking, to identify areas for improvement and measure progress; and (v) innovation in packaging, focusing on using sustainable materials, such as recycled or biodegradable plastics. The Company also adheres to national and state requirements, including the waste transport manifest (“MTR”) and the national solid waste policy¹⁹ (“PNRS”) provisions.

The Company operates a wastewater treatment plant (“WWTP”) at its Cajamar facility and treats 100% of the effluent generated by its manufacturing process. The factory has a primary effluent treatment unit, with pre-treated effluents directed to the wastewater treatment plant. In 2023, the total volume of treated effluent reached 193,000 m³. Treated effluents are reused in the osmosis process and subsequently released into surface water. All measured parameters of the WWTP comply with local environmental regulations²⁰. Although local requirements are less stringent than the standards defined in the WBG EHS Guidelines, a technical report developed by a third party (January 2024) demonstrated that the levels of total suspended solids, nitrogen, phosphorus, oil and grease, coliform bacteria, and pH are within the indicative values for treated sanitary sewage discharges of these guidelines.

4.3.b.ii Hazardous Materials Management

The Client handles some hazardous materials (diesel for generators, ethanol for boilers, and various chemicals) throughout the production process. To ensure they are appropriately handled and stored, the management and storage of these materials must adhere to the Company's established procedures. For instance, hazardous materials are stored in tanks covered by a fire-fighting system; all tanks have a secondary containment basin (able to contain 110% of the volume) and a system for recovery in case of leaks; they must undergo inspection and maintenance by qualified teams periodically; they all possess a risk identification matrix, warning signs, access control, emergency kits and showers are place; the area where they are located is fenced off, has safety signs, instruction for truck filling and training for workers, and firefighting equipment; and all areas must have a Fire

¹⁷ Labor Ministry Regulatory Norm N° 7, that determines the implementation of the Operational Health Medical Control Program (PCMSO) in companies to prevent occupational diseases and accidents at work.

¹⁸ Labor Ministry Regulatory Norm N° 15, which establishes the activities that must be considered unhealthy, generating workers the right to additional hazard pays.

¹⁹ Law N° 12305/2010, that establishes the National Solid Waste Policy.

²⁰ The CONAMA Resolution N° 430/2011, that sets forth the conditions and standards for releasing effluents.

Department Inspection Certificate (“AVCB”) and an associated inspection report. Classified areas to handle hazardous materials have access control and comply with State requirements²¹.

Other hazardous materials are managed by means of the Solid Waste Management Plans and disposed of safely by licensed waste management companies.

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

The Cajamar facility is located in the industrial zone of Cajamar city, and it is accessed by the Anhanguera Motorway. From the north and east sides, the facility is isolated by vegetation cover and protected areas (e.g., Property’s Legal Reserve) and no communities can be found. On the south side of the facility, low-median income communities are separated from the plant by a 0.5 km buffer zone. The company's PAE incorporate contingency procedures that integrate emergency protocols. Notably, recent initiatives have established collective emergency response systems involving neighboring industries. These systems entail information dissemination, assistance, and collaboration with local authorities and neighboring communities (i.e., Mutual Aid Plan - PAM). Natura will review and update its PAM to: i) guarantee that neighboring communities are properly communicated in case of emergency situations, and ii) verify if control measures are consistent with Good International Industry Practices (“GIIP”), including the WBG EHS Guidelines.

4.4.a.i Infrastructure and Equipment Design and Safety

The Company employs a third-party fleet of trucks for transporting the products from its Cajamar facility to its distribution hub, and for commuting workers from the Sao Paulo metropolitan area to the facility. The Company relies on the contractors' maintenance schedules for fleet upkeep and conducts regular OHS inspections on the vehicles. However, Natura lacks a comprehensive traffic and road safety management system for its logistics operations, that includes measures to assess and mitigate community health and safety risks along transportation routes, including GBVH issues. Therefore, the Client will develop its road safety policy and procedure in accordance with ISO 39001 (road traffic management standard), WBG General EHS Guidelines and Good Practice standards for Road Safety²².

The Cajamar facility has fire suppression systems and holds adequate Life and Fire Safety (“L&FS”) certifications, such as the Fire Department Inspection Certificate (“AVCB”). The Company has a simulations schedule, emergency brigades, and inspection and audit protocols to review and regularly assess the emergency response equipment's condition. Natura conducts several drills per year involving all plant personnel. Evacuation, search, and rescue, first aid, firefighting, and communication brigades are established. The Company has a mutual emergency assistance plan with nearby industries, consisting of a voluntary association between companies and public

²¹ São Paulo State Decree N° 63911/2018, that establishes the Fire Safety Regulations for buildings and risk areas in the State of São Paulo and provides related measures, and São Paulo State Complementary Law N° 1257/2015, that sets forth the state Fire and Emergency Protection Code and provides related measures.

²² The World Bank. Good Practice Note: Environmental and Social Framework for IPF Operations. Road Safety. First Edition, 2019.

authorities to increase safety against fire incidents. Given the separation between the industrial facility and neighboring communities it is unlikely that any contingencies will affect them. Nonetheless, a proper communications protocol will be established to warn local residents in case of relevant emergencies.

4.4.a.ii Hazardous Materials Management and Safety

Hazardous materials are managed as part of the PGRS. There is no exposure of these wastes to the neighboring communities.

4.4.b Security Personnel

The company has unarmed in-house personnel that carry out security tasks at all facilities. They perform their work in accordance with the instructions for security personnel, designed mainly to monitor entry to their facilities.

4.5 Land Acquisition and Involuntary Resettlement

The Project will not generate involuntary resettlement or economic displacement.

4.6 Biodiversity Conservation and Natural Habitats

4.6.a General

The Project will not interfere with natural or critical habitats. The Cajamar manufacturing plant in São Paulo state is an existing facility and there are no plans for significant footprint expansion. This facility was originally constructed on former modified habitat and complies with the natural habitat protection requirements of federal, state, and municipal legislation.

4.6.b Sustainable Management of Living Natural Resources

Natura purchases commercial agricultural products, some of which may originate in areas of concern for habitat conversion (palm oil, paper, ethanol, and to a lesser extent soy and cotton). The Company's goal is to have 100 percent of its supply chains traceable and free from deforestation and conversion of native vegetation, with certification against a credible production standard of high-risk origins by 2025 and all origins by 2030. Natura's Supplier Code also includes requirements for worker conditions, forced labor, living wages, and child labor, and its Procurement Policies include a list of credible standards for each product.

Sourcing of palm oil in Brazil and other origins is currently RSPO²³ mass-balance certified (98.5% in 2022 and 87.5% in 2023), but the Company is moving away from mass-balance certifications to full chain-of-custody traceability and certification. The Company is also in the process of supporting the establishment of oil palm agroforestry systems in the Amazon region with diverse native species composition rather than monoculture. The system can be used to restore degraded pasture in the

²³ Roundtable on Sustainable Palm Oil.

region, to extend over 40,000 hectares by 2035. This agroforestry system was developed over the past 15 years by Natura in collaboration with the Brazilian agricultural research agency (“EMBRAPA”) and the agricultural cooperative of Tomé-Açu (“CAMTA”). Oil palm produced in this agro-forestry system will be certified by RSPO and the Union for Ethical Biotrade Standard²⁴ (“UEBT”).

Natura also sources smaller volumes of active ingredients derived from agro-forestry products (cupuaçu, cacao), wild collection of non-timber forest products (acaí, patauá, andiroba, tucumã, castanha) and agricultural products cultivated at small scale (pataqueira, pripioca). Demand for these products generates value for standing forest conservation and promotes forest restoration on degraded lands. This is a well-established strategy for Amazon conservation. In total, Natura purchases plant products derived from 26 native species.

The Company sources from 51 communities principally in the Amazon Biome in Brazil (Pará, Amapá, Amazonas, Acre, Roraima, Mato Grosso), 3 Amazon communities in Colombia, Ecuador and Peru and 7 communities elsewhere in Brazil. Producers are community-based organizations and cooperatives whose members harvest products on private and public land. In some cases, this includes collection in federal and state-level multiple-use protected areas (IUCN²⁵ Category VI) that were established for the purpose of allowing sustainable forest product management as a strategy to support forest conservation. All products are traceable and certified against the Union for Ethical Biotrade Standard (“UEBT”), which is a code-compliant member of iSeal²⁶.

Principle 1 of UEBT prohibits the conversion of intact ecosystems from January 2014 onwards. Natura monitors compliance with this requirement using a GIS database that maps producers that sell into the supply chain. Currently this includes all members of cooperatives as well as most others that sell to the cooperative (or its members). Natura expects to register all sellers within the next year. This map is overlain with the PRODES²⁷ deforestation dataset generated by the Government of Brazil. Any deforestation detected within the geographic supply-shed of a cooperative is investigated by Natura to determine if it occurred on land from which the company is sourcing product. This includes private land owned by producers as well as other lands where they may collect. In the case of infraction, the producer is blocked from selling to the Company²⁸. Producers must also comply with the Brazilian Forest Code²⁹, which requires areas of permanent protection and legal reserves on private property, as well as all other relevant legislation related to protection of ecosystems, biodiversity, and protected areas.

Principle 3 of UEBT requires fair and equitable sharing of benefits derived from the use of biodiversity. This is accomplished via benefit sharing agreements with communities and payments

²⁴ Union for Ethical Biotrade Standard. <https://uebt.org/>.

²⁵ International Union for Conservation of Nature.

²⁶ iSEAL is an international non-profit organization that codifies best practice for the design and implementation of social and environmental standards initiatives. iSEAL Alliance members are leading organizations in social and environmental standard-setting and accreditation and are committed to compliance with iSEAL Good Practice. <https://www.isealliance.org>.

²⁷ The PRODES project carries out satellite monitoring of deforestation through clear-cutting in the Legal Amazon and has produced, since 1988, annual deforestation rates in the region, which are used by the Brazilian government to establish public policies.

²⁸ In some cases, non-compliance with the UEBT Standard can be remedied within fixed timeframes.

²⁹ Law N° 12651/2012 that sets up guidelines for the protection of native vegetation.

into the National Fund for Benefits Sharing, in compliance with Brazilian local legislation³⁰. Natura has advocated for harmonizing the rules on benefit sharing and access to Amazonian biodiversity with governments and civil society across Latin America, including the recent signing of the Belém Charter³¹ by the eight nations³² that comprise the Amazon Cooperation Treaty Organization.

Principle 6 of UEBT includes criteria for worker health and safety as well as to protect children's rights, including those to verify that minimum age for employment is 15 years old (or higher if defined by national law). Young workers³³ (between age 15 and 18) may perform light work that does not interfere with schooling or vocational orientation and training; family labor³⁴ is acceptable in some situations for agricultural activities if minimum criteria are adopted to protect the children; children below the minimum working age who accompany parents to the workplace must be protected, safe and supervised by an adult.

Compliance with the UEBT standard is achieved via three mechanisms. First, the requirements of the standard are communicated to the cooperative and directly verified with the producers that are registered with Natura; second, Natura verifies compliance of the cooperatives and a sample of producers on an annual basis; and third, the cooperatives and a sample of producers are audited annually by an independent body, IBD.

Natura's supply chain management team for agro-forestry and non-timber forest products in the Amazon operates under the direction of a Senior Supply Manager who reports directly to the VP for Americas. He is supported by a team of 18 supply managers, coordinators, and analysts. The team ensures compliance with UEBT certification requirements and monitors harvests, maps family-level producers in the supply chain, provides technical assistance on production methods, facilitates partnerships with government agencies and civil society organizations, supports community-level technical service centers, and conducts training classes and workshops on occupational safety (e.g., climbing and collecting at heights). In addition, Natura establishes long-term non-exclusive contracts with agro-forestry and non-timber forest product suppliers to promote fairness, stability, and re-investment.

³⁰ Law N° 13123/2015, that provides for access to genetic heritage, protection, and access to associated traditional knowledge and the sharing of benefits for the conservation and sustainable use of biodiversity and Decree N°8772/2016 that regulates it and provides for access to genetic heritage, protection, and access to associated traditional knowledge and the sharing of benefits for the conservation and sustainable use of biodiversity.

³¹ The Belém Charter was developed at the Amazon Summit that brought together heads of state and representatives of the 8 ACTO (Amazon Cooperation Treaty Organization) countries. The document proposes, among other things: i) the creation of an Amazon Alliance to Combat Deforestation; ii) public-private fund to finance greater ambitions to reduce deforestation and degradation at the jurisdictional level of public forests; iii) integration of actions, knowledge and data between scientists in the countries; iv) regional cooperation in combating deforestation and preventing the Amazon from reaching the point of no return, and v) a work plan on bioeconomy.

³² Brazil, Bolivia, Colombia, Ecuador, Guyana, Peru, Surinam and Venezuela.

³³ UEBT defines young workers as workers between 15 and 18 years of age, performing non-hazardous and age-appropriate work, in line with ILO Conventions 138 and 182.

³⁴ UEBT defines family labor for rural production as the cultivation or wild collection activities done by children to support family members, which consist of light, age-appropriate duties that give children an opportunity to develop skills.

4.7 Indigenous Peoples

The Project will not cause negative impacts to Indigenous Peoples.

4.8 Cultural Heritage

The Project will not interfere with any form of cultural heritage.

5. Local Access of Project Documentation

The documentation relating to the project can be accessed at the following link:
<https://www.natura.com.br/>.