



# Natura Cosméticos

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Disclosure Report

Date Submitted: November 15th, 2023



## Disclosure Materials

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire that B Lab deems relevant for public stakeholders, then, as a condition of their certification, the company must:

- 1) Be transparent about details of the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue
- 3) Demonstrate that management practices are in place to avoid similar issues from arising in the future, when necessary.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit and integrity of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to a background check by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

### B Lab's Public Complaints Process

Any party may submit a complaint about a current B Corp through [B Lab's Public Complaint Process](#). Grounds for complaint include:

- 1) Intentional misrepresentation of practices, policies, and/or claimed outcomes during the company's [certification process](#)
- 2) Breaches of the B Corp Community's core values as expressed in our [Declaration of Interdependence](#)

**This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.**



# Disclosure Questionnaire

## Industries and Products

	Yes	No
Please indicate if the company is involved in production of or trade in any of the following. Select Yes for all options that apply.		
Animal Products or Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Biodiversity Impacts	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<a href="#">Chemicals</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disclosure Alcohol	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Firearms Weapons	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Mining	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Pornography	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disclosure Tobacco	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Energy and Emissions Intensive Industries	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Fossil fuels Gambling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Genetically Modified Organisms	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Illegal Products or Subject to Phase Out	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<a href="#">Industries at Risk of Human Rights Violations</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Monoculture Agriculture	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Nuclear Power or Hazardous Materials	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Payday, Short Term, or High Interest Lending	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<a href="#">Water Intensive Industries</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tax Advisory Services	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## Outcomes & Penalties

	Yes	No
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Breaches of Confidential Information	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Bribery, Fraud, or Corruption	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company has filed for bankruptcy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Consumer Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Financial Reporting, Taxes, Investments, or Loans	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Labor Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Large Scale Land Conversion, Acquisition, or Relocation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Litigation or Arbitration - <a href="#">Civil Litigation</a> - <a href="#">Tax Litigation</a> - <a href="#">Labour Litigation</a> - <a href="#">Administrative infractions and penalties</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<a href="#">On-Site Fatality</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Penalties Assessed For Environmental Issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Political Contributions or International Affairs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Recalls	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Significant Layoffs	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Violation of Indigenous Peoples Rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## Practices

	Yes	No
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company prohibits freedom of association/collective bargaining	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Company workers are prisoners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Conduct Business in Conflict Zones	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Confirmation of Right to Work	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Does not transparently report corporate financials to government	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Employs Individuals on Zero-Hour Contracts	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<a href="#">Facilities located in sensitive ecosystems</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ID Cards Withheld or Penalties for Resignation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No formal Registration Under Domestic Regulations	<input type="checkbox"/>	<input checked="" type="checkbox"/>
No signed employment contracts for all workers	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Overtime For Hourly Workers Is Compulsory	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Yes	No
Payslips not provided to show wage calculation and deductions	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sale of Data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tax Reduction Through Corporate Shells	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers cannot leave site during non-working hours	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workers not Provided Clean Drinking Water or Toilets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<a href="#">Workers paid below minimum wage</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Workers Under Bond	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<a href="#">Other</a>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

## Supply Chain Disclosures

	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Child or Forced Labor	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Negative Environmental Impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Negative Social Impact	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>



# Disclosure Questionnaire Statement

## Disclosure Questionnaire Category: Industries at Risk of Human Rights Violations

<b>Topic</b>	Natura Cosméticos SA uses palm oil, mica, paper, ethanol, soy, cotton and carnauba materials to manufacture its products, which are commodities at risk of human rights violations in their supply chain.
<b>Summary of Issue</b>	<p>Natura Cosméticos SA uses the aforementioned materials in its products, while these commodities supply chains are at risk of Human Rights violations. From the products listed above, examples of negative impact are:</p> <ul style="list-style-type: none"><li>- Illegal mica mining directly contributing to the worst forms of child labour and environmental impact.</li><li>- Palm Oil plantations, directly contributing to deforestation, with evidence of severe human rights violations taking place on palm oil plantations, including child labour, sexual abuse, and unsafe working conditions.</li></ul>
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	The company recognizes that 100% of every supplier spend with these commodities can carry the risk of human rights violations, especially as they are present in Latin America, a region considered high risk in several topics related to Human Rights violations.
<b>Impact on Stakeholders</b>	<p>Various stakeholders can be at risk of human rights violations within the cosmetics industry's value chain. The risks are in the entire value chain, from raw material sourcing to production, distribution, and retail. Below are some specific key stakeholders that are identified in the company's supply chain and the potential human rights risks they may face:</p> <ol style="list-style-type: none"><li>1. Farm Workers and Agricultural Laborers:<ul style="list-style-type: none"><li>• Risk Areas: Exploitative labor practices, low wages, unsafe working conditions, exposure to harmful chemicals in agriculture.</li><li>• Examples: Farmworkers involved in the production of raw materials such as agricultural products.</li></ul></li><li>2. Factory Workers and Production Staff:<ul style="list-style-type: none"><li>• Risk Areas: Poor working conditions, lack of safety measures, low wages, excessive working hours, lack of job security.</li><li>• Examples: Employees working in manufacturing facilities involved in processing raw materials into cosmetics products.</li></ul></li><li>3. Supply Chain Workers:<ul style="list-style-type: none"><li>• Risk Areas: Unfair labor practices, inadequate wages, lack of job security, exploitation, unsafe working conditions.</li><li>• Examples: Workers involved in logistics, transportation, and other aspects of the supply chain.</li></ul></li><li>4. Local Communities:<ul style="list-style-type: none"><li>• Risk Areas: Displacement, environmental pollution, disruption of livelihoods.</li><li>• Examples: Communities residing near suppliers and production facilities or distribution centers.</li></ul></li><li>5. Women and Minority Groups:<ul style="list-style-type: none"><li>• Risk Areas: Gender-based discrimination, unequal pay, lack of opportunities for advancement, harassment.</li><li>• Examples: Female and minority workers at various stages of the supply chain.</li></ul></li><li>6. Consumers:<ul style="list-style-type: none"><li>• Risk Areas: Lack of product safety, misleading marketing, unethical sourcing practices.</li></ul></li></ol>

	<ul style="list-style-type: none"> <li>• Examples: Consumers may be indirectly affected if the products they buy are associated with human rights violations in the supply chain.</li> </ul> <p>7. Contract and Temporary Workers:</p> <ul style="list-style-type: none"> <li>• Risk Areas: Lack of job security, inadequate wages, absence of benefits, vulnerability to exploitation, unfair recruitment practices.</li> <li>• Examples: Workers hired on a temporary or contractual basis, often in manufacturing or distribution roles.</li> </ul> <p>8. Indigenous Populations:</p> <ul style="list-style-type: none"> <li>• Risk Areas: Displacement, loss of traditional lands, cultural insensitivity, lack of consultation in decision-making processes (FPIC), access and benefit sharing.</li> <li>• Examples: Indigenous communities residing near raw material extraction sites.</li> </ul> <p>9. NGOs and Activists:</p> <ul style="list-style-type: none"> <li>• Risk Areas: Threats, harassment, and legal challenges in response to advocacy and activism.</li> <li>• Examples: Non-governmental organizations and individuals advocating for human rights and environmental issues related to the cosmetics industry.</li> </ul> <p>10. Government Agencies and Regulators:</p> <ul style="list-style-type: none"> <li>• Risk Areas: Corruption, inadequate enforcement of labor and environmental regulations.</li> <li>• Examples: Agencies responsible for overseeing and regulating labor and environmental standards in our sector.</li> </ul>
<b>Management Practices</b>	<p>The company's Human Rights Statement, designed by Natura &amp;Co (Parent Company), applies to its entire value chain in more than 110 countries. The company has implemented traceability in supply chains with a goal to reach 100% traceability by 2025. In the last fiscal year,</p> <ul style="list-style-type: none"> <li>- 98.50% of the Palm Oil's supply chain traceability</li> <li>- 99.83% of Mica's supply chain traceability</li> <li>- 95.00% of paper's supply chain traceability</li> <li>- 99.56% of Ethanol's supply chain traceability</li> <li>- 99.00% of Soy's supply chain traceability</li> <li>- 87.00% of Cotton's supply chain traceability</li> <li>- 100% of Canauba's supply chain traceability (only by volume used by Natura)</li> </ul> <p>Furthermore, the company has implemented the following management practices to reduce risk of Human Rights Violations and Environmental Degradation in its supply chain:</p> <ul style="list-style-type: none"> <li>- Company has extended the management system set forth by the Union for Ethical BioTrade (UEBT) to all the natural ingredients and derivatives used by the Natura brand.</li> <li>- Internal Procedure System (PR 0983) - Verification of Suppliers through Socio &amp; environmental criteria</li> <li>- Palm Oil Policy</li> <li>- Human Rights Statement</li> </ul> <p><b>Commitments on the Topic:</b></p> <ul style="list-style-type: none"> <li>- Will not accept cotton of unknown cultivation origin in all its new product developments;</li> <li>- All cotton of high risk origin used by Natura &amp;Co in the development of new textile products will have to be certified by a third-party;</li> <li>- Certification will be required for the development of new Natura &amp;Co products containing paper;</li> <li>- No palm oil of unknown cultivation origin will be used by Natura &amp;Co in the development of new products by 2023;</li> <li>- Minimum RSPO MB certification will be required for the development of new Natura &amp;Co products by 2023;</li> </ul>

	- 100% traceability and/or third-party certification by 2025 (direct purchase of Palm, Mlca, Paper, Alcohol and cotton)
<b>Report</b>	<a href="#">- 2022 Sustainability Report (pg. 94-95)</a> <a href="#">- Palm Oil Procurement Policy</a> <a href="#">- Global Supplier Code of Conduct</a> <a href="#">- Human Rights Statement</a> <a href="#">- Commitment to Life (Vision 2030)</a> <a href="#">- Natura &amp;Co Critical Chains Policies</a>
<b>Management Comments</b>	<p><i>The company's traceability strategy is focused on raw materials and the company's controls involve the most significant and relevant raw materials in the company's portfolio, such as raw materials from critical chains and biodiversity ingredients. Therefore, it is not possible to establish traceability by products.</i></p> <p><i>In 2022, the following results for traceability of critical chains were reported in the company's 2022 Natura &amp;Co Latam Annual Report, pages 43 and 94. Regarding biodiversity ingredients, in 2022, we maintained relationships with 48 communities, with 41 located in the Pan-Amazon region. Additionally, we concluded 2022 with an impact on 10,636 families in total, and 9,120 in the Pan-Amazon region.</i></p> <p><i>These biodiversity ingredients have full traceability, so that we know in which community and how many families a specific ingredient is derived. For this tracking, in addition to internal control, Natura utilizes the ArcGIS system, an online geographic information system (GIS) software with an interactive platform that allows it to monitor Natura's Sociobiodiversity activities and data.</i></p>



# Disclosure Questionnaire Statement

## Disclosure Questionnaire Category: Other - Direct Sales model

<b>Topic</b>	The company has direct selling practices
<b>Summary of Issue</b>	<p>Natura is a brand owned by Natura Cosméticos S/A, one of the companies of Natura &amp;Co Group. Natura Cosméticos uses the Direct Sales model to distribute its products in Latin America. The company's goal in using this model is to promote entrepreneurship in all countries where it operates, always based on the effective sale of Natura brand products through its network of entrepreneurs.</p> <p>Direct selling is a method of selling products and services directly to consumers away from permanent retail premises, usually through self-employed consultants (independent contractors). Natura's direct sales businesses can be a single-level model (a consultant reselling directly to final consumers) or bi-level (where leader consultants provide support to a group of other consultants who run their own businesses).</p> <p>According to the company, a very large consultant network requires decentralized management. The direct selling model enables relationships and proximity between people in the network through small cells that maintain their connection to the company and the business. We believe in the potential of relationships and in the power of cosmetics to expand consciousness.</p>
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	In 2022 Natura had over 2 million Natura Beauty Consultants working in Brazil, Argentina, Chile, Colombia, Mexico, Peru, and Malaysia ( <a href="#">Integrated Report Natura &amp;Co Latin America 2022</a> - page 55). Currently, 300 thousand of Natura Beauty Consultants are multi-level structures and are only present in Mexico, which represents around 10% of Natura's brand revenue.
<b>Impact on Stakeholders</b>	<p>B Lab has flagged the direct selling industry for new standards development. Some stakeholder concerns for the industry are related to the similarities and confusion with illegitimate pyramid schemes. This business model might present risks such as reliance on independent consultants or representatives to sell the company's products on their behalf to the end consumers, allegations of unrealistic financial expectation setting to representatives, lack of transparency into the income levels and expenses for representatives, among others.</p> <p>Should the Standards Advisory Council determine specific performance requirements for companies in this industry, Avon Cosmetics Ltda and Avon International will be required to meet these standards. Once the new standards are available, the company will have one grace period of one recertification cycle to abide by those new standards. By then, if it is determined the companies are meeting the Direct Sales standards, B Lab will share their practices to address the risks flagged.</p>
<b>Management Practices</b>	<p>The group's business model and how it operates in Latin America can be found in more detail in the company's <a href="#">Integrated Report Natura &amp;Co Latin America 2022</a> (pages 26 to 32).</p> <p>- In 2022, the average income of the Natura consultant in Brazil increased by 17.55% compared with the previous year, and was BRL 9.7/hour, due mainly to the resumption of face-to-face sales and the adjustment in product prices</p>



	<p>(page 100),</p> <ul style="list-style-type: none"> <li>- The company has measured the Natura network's living conditions over the years and used the results to address strategies that improve the value the proposition we offer our consultants, their access to education, healthcare, and their rights (page 101),</li> <li>- Using the Natura Educational Credit program, consultants and their family members have access to an allowance to take technical, graduate, postgraduate, and language courses. Through the Natura Financing platform, which comprehends the stages of applying for and approval of educational credit, anyone can invest in the fund and contribute to the studies of the consultants and their families (page 101),</li> </ul> <p>The company requires that all of its beauty consultants when registering on the website to be eligible to become company representatives, accept and fully comply with the code of ethics applicable to companies and independent entrepreneurs and the code of ethics to ABEVD consumers. The Term of Conduct is in line with the company's commitment to ABEVD and WFDSA that stipulate good ethical practices for companies that use direct selling as their business model.</p> <p>Once standards for Direct Sales Practices are available, the company's practices will be reviewed to determine whether the company is sufficiently mitigating the risk related to the industry/practice.</p>
<b>Report</b>	<p><a href="#">More details about Natura's business model in our 2022 Annual Integrated Report</a></p>
<b>Management Comments</b>	<p>The company stated the following: "Natura did not consider the direct selling model as a business risk, it is a legitimate action based on the highest global ethical guidelines on relationship selling and aligned with the <a href="#">WFDSA (World Federation of Direct Selling Associations)</a> and its affiliates in each country. Furthermore, it is worth highlighting that Natura Cosméticos will commit to the B Lab's requirements after B Lab defines and publicly discloses the detailed standards related to this topic, which we will analyze before making any decision."</p> <p>"Direct selling industry is organized around associations spread out in all markets where we operate, with their own code of ethics, to which we strongly adhere, their own ethical committee and their own code certification process. All Direct Selling Associations (DSA) end up in the World Federation of Direct Selling Association (WFDSA), which has its own global Code of Ethics."</p> <p>The Pyramidal Systems impact the reputation of direct selling. To oppose the pyramid models, the Direct Selling Associations (DSAs) around the world have a very strict "Code of Ethics" which companies in the sector must sign and which ensure that the model is based on real sales and not as an illusion of "easy money". Natura &amp; Co has signed this code in all the countries where it operates and endeavor all its efforts to have a legislation against these practices and a self-regulation in the DSAs, willing for a transparent and trustable direct selling model worldwide, generating prosperity to the entrepreneurs and to the whole society, which is our ultimate goal, always complying with applicable legislation and regulation."</p>



# Disclosure Questionnaire Statement

## Disclosure Questionnaire Category: On-site fatality

<b>Issue Date</b>	January 2022
<b>Topic</b>	On site fatality of third-party contractor during a tree pruning activity.
<b>Summary of Issue</b>	<p>On 13th January 2022, an third-party employee from a contracted supplier had an accident while conducting a tree suppression activity in the forest area next to the main entrance of the company's corporate office in Sao Paulo, Brazil. At the moment the pine tree was cut down, the Safety Technician who was monitoring the activity, moved towards the tree fall projection zone . The tree hit the contractor on the head, back and left leg, which resulted in the person's death.</p> <p>Immediate causes:</p> <ul style="list-style-type: none"><li>• The TST (Occupational Safety Technician) remained close to the tree fall projection zone, within the work zone, when the tree was felled;</li><li>• The TST did not wear PPE Safety Helmets;</li><li>• The TST was positioned in a location that did not allow it to have unobstructed escape routes.</li><li>• There were no barriers or signs delimiting the tree fall projection zone;</li><li>• The TST made repeated use of the cell phone during the time they worked within the work areas;</li><li>• Gardeners J1 and J2 did not act to prevent TST safety deviations (staying in the work area, working without a safety helmet, using the telephone while working in the field); There was no effective isolation around the work area as established in the activity's procedure (only a zebra strip between two cones in the passage of the side parking lot where the PTA was located);</li><li>• The TST ran in an oblique direction to the falling tree, within the fall projection zone, after hearing the fall alert made by J2. Information about the stage of execution of the activity and its risks was not clear in the APR - Preliminary Risk Analysis.</li></ul> <p>The accident was reported to the Brazilian Government as required by law, via CAT - Work Accident Communication. The authorities have labeled the incident as a fatal work accident. Furthermore, Natura Cosméticos hired an independent external company, with expertise in accident analysis to conduct an additional analysis of the incident.</p>
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	1 fatality has been reported in the past 5 years.
<b>Impact on Stakeholders</b>	Fatality of a service provider operating on the company's corporate office premises. Fatalities have emotional, mental and financial implications to family members, friends and the workforce.
<b>Management Practices</b>	<p>Natura Cosméticos implemented the following management practices after the accident:</p> <ul style="list-style-type: none"><li>- Review of SHE risk control guidelines/procedures for contractors' operations</li><li>- Review of the risk analysis analysis and validation process (APR)</li><li>- Review of the flow of preparation/issuance and validation of work permits</li></ul>

	(PT) - Review of the ways of evaluating the operational performance of contractors (inspections, behavioral observations, task observations, etc.), depending on the critical risks of the tasks evaluated. - Establish/review a policy of consequences including recognition and discipline measures for safety behaviors - Disseminate safety culture as an organizational value for employees - Review the criteria for referring victims to reference hospitals according to the health situation assessed in first aid. - New policy for cell phone use.
<b>Report</b>	<a href="#">2022 Sustainability Report (pg. 131)</a>
<b>Related Incidents (Yes/No)</b>	No

# Disclosure Questionnaire Statement

**Disclosure Questionnaire Category: Facilities located in sensitive ecosystems**

<b>Topic</b>	Natura Cosméticos SA has a manufacturing facility titled Ecoparque located in the Amazon rainforest ecosystem.
<b>Summary of Issue</b>	<p>As a manufacturing company of cosmetic and personal care products, the company has a manufacturing facility located in Benevides (Pará State - Brazil), Northern region of Brazil, responsible for bar soap production. According to the company the manufacturing area represents 10% of the total Ecoparque area.</p> <p>The area is considered a sensitive ecosystem since it is located in the Amazon rainforest ecosystem and has a permanent protection area status according to the Pará State government, which established environmental conditions for the site.</p>
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	49% of the Natura Cosméticos's units are produced at the Ecoparque facility. Besides Natura Cosméticos' products, soap bars from The Body Shop's soap bars are also produced at this facility, but represent ~0.1% of the total annual production of the Ecoparque.
<b>Impact on Stakeholders</b>	Having facilities/operations near protected/sensitive ecosystems can potentially impact the flora, fauna and quality of the ecosystem (e.g. noise & light pollution from the facilities, spills, air/soil/water pollution from the company's operations).
<b>Management Practices</b>	<p>The company has incorporated environmental design strategies in order to mitigate the impact of the construction and operation of the manufacturing facility, such as energy efficient technologies, a geothermal system for air conditioning efficiencies, natural lighting, electric vehicles, pavement permeability to reduce water runoff, and filtering gardens for wastewater treatment.</p> <p>"According to the company: There are no high environmental risks with the manufacturing operations. The operation was developed to improve the positive impacts, such as the economic impact on the local communities. The company makes a significant contribution to the generation of employment and income, not only through the direct jobs created by the company but also through indirect employment opportunities connected in some way to the business.</p>
<b>Report</b>	<a href="#">2022 Sustainability Report (pg.13 &amp; pg.61)</a>



# Disclosure Questionnaire Statement

## Disclosure Questionnaire Category: Environmentally Intensive Industries

<b>Issue Date</b>	Ongoing
<b>Topic</b>	Water Intensive Industries
<b>Summary of Issue</b>	<p>As a manufacturing company of cosmetic and personal care products, Natura Cosméticos SA operates in an industry that is considered water intensive. In the activities and operations of Natura &amp;Co América Latina, water is used mainly in manufacturing, for human consumption, cleaning of internal and external areas, washing of equipment and maintenance of green areas. The company uses two sources of water: underground and municipal water supply. The company's manufacturing facility is located in Benevides (Pará State - Brazil), Northern region of Brazil. The region is not a water-stressed area and the company relies on underground water for this operation. Accordingly, the company uses wells with hydrometers to capture water, allowing water consumption measurement on a daily basis, in line with the company's water license to explore the aquifer.</p>
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	<p>In the previous fiscal year, 100% of Natura Cosméticos's revenues was derived from the production and sale of cosmetic and personal care products. At the manufacturing site, the company has a water intensity of 0.33 m3 per unit of product produced for its standard manufacturing processes.</p>
<b>Impact on Stakeholders</b>	<p>As a water intensive industry, the manufacturing of cosmetics and personal care products poses risks such as water stress or depletion of local water sources if water use is not appropriately managed.</p>
<b>Management Practices</b>	<p>In the activities and operations of Natura &amp;Co América Latina, water is mainly used in the production of products, for human consumption, cleaning internal and external areas, washing equipment, maintaining green areas and in the cafeteria. The company uses wells with water meters to capture water, which allows the company to monitor consumption daily and respect the limit established by the grant (legislation), avoiding excessive water capture and damage to the water table.</p> <p>The company establishes monthly goals for each of its operational units and monitors water performance indicators together with the technical, operational and leadership areas. When targets are not achieved, the company works together with the areas involved to identify the main points that affected the past performance of the indicator and look for solutions to improve water consumption performance.</p> <p>The company carries out regular analyses of the effluents generated in its production operations to ensure the quality of the water discharged. To achieve this, the company has a laboratory with calibrated equipment that performs daily and monthly analyses, as well as biannual analyses with an outsourced laboratory accredited by ISO 17025. These analyses monitored the parameters required by decree nº 8468/76 - which cover prevention and control of environmental pollution, including effluents discarded in streams and surface waters, as well as water potability, in accordance with ordinance GM/MS nº 888/21, which covers control and surveillance procedures for the quality of water for human consumption and its potability standard.</p>

	<p>The company works together with all operating units to establish environmental goals, including water-related goals. During the meetings, the company presents the performance of the environmental indicator from the previous year and asks the units to bring projects, initiatives and challenges that could affect their environmental indicator throughout the year. The process of defining environmental goals is aligned with SDG 12 “Responsible Consumption and Production” and aims to promote responsible consumption for each operational unit.</p> <p>When it comes to managing impacts related to water disposal from Natura &amp;Co Latin America's activities and operations, the company uses measurement standards, such as metals, inorganic constituents, organic constituents and physical properties to classify and guarantee the quality of the effluent destined for disposal. Therefore, all operations that have an Effluent Treatment Station (ETE) follow requirements for the treatment and disposal of effluent, in accordance with the parameters established by law. These parameters are provided for in articles 18 and 19-A of Decree n° 8468/76, which provides for the prevention and control of environmental pollution.</p> <p>To guarantee the quality of effluent disposal, it is necessary that the minimum quality standards are met, as established by the legislation applicable to each monitored parameter. For example, Decree No. 8,468/76 defines limits for parameters such as pH (between 5.0 and 9.0), Arsenic (0.2 mg/L) and Cadmium (0.2 mg/L).</p> <p>Lastly, there are internal procedures that define how the operation of the Effluent Treatment Station (ETE) must be conducted, as well as a set of water indicators that must be monitored in all company units.</p>
<b>Report</b>	<p><b><u>More information:</u></b></p> <ul style="list-style-type: none"> <li>- <a href="#"><u>Water withdrawal</u></a></li> <li>- <a href="#"><u>Water discharge</u></a></li> <li>- <a href="#"><u>Water consumption</u></a></li> </ul>



# Disclosure Questionnaire Statement

## Disclosure Questionnaire Category: Environmentally Intensive Industries

<b>Issue Date</b>	Ongoing
<b>Topic</b>	Chemical Intensive Industries
<b>Summary of Issue</b>	<p>As a manufacturing company of cosmetics and personal care products, Natura Cosméticos SA operates in an industry that is considered chemical intensive. At Benevides manufacturing plant, the company uses chemicals as raw materials in the manufacture of the company's finished products. All the chemicals used are registered and recognized through the international system of cosmetic ingredients nomenclature – The International Nomenclature of Cosmetic Ingredients (INCI). In the company's portfolio, the company only uses ingredients that have been proven to be safe in line with the international scientific community.</p> <p>Accordingly, Phthalates, parabens, and triclosan are among the controversial ingredients banned by the company. The company currently has two (2) substances in the portfolio which are listed in the ECHA (European Chemicals Agency) Candidate List of SVHCs: Butylphenyl methylpropional (p-BMHCA; CAS No. 80-54-6) and Decamethylcyclopentasiloxane (D5; CAS No. 541-02-6). The first one, also known as Lilial®, was prohibited for new product developments by the company in 2018, four years before its regulatory prohibition in Europe. The second one (D5) was prohibited for new developments in 2019 and its regulatory prohibition in Europe is predicted for 2027. This approach enables a gradual elimination of both ingredients from the company's portfolio and is enhanced by reformulation projects aimed specifically at global regulatory compliance. Through this process, other controversial ingredients such as phthalates, parabens and Triclosan were already completely banned by the company.</p> <p>The company's concern with the health and safety of consumers and the environment ranges from the research into new ingredients and the conceptual design of the product until its launch. From this point, the company continues to monitor its use to identify opportunities for improvement by using cutting-edge technological tools, based on predictive models and data science, which support product safety management. While the level of the ingredients in the finished products remains adequate for the safe and intended use of consumers, the company bans any ingredients of concern to human and environmental health, going beyond regulatory prohibitions</p>
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	In the previous fiscal year, 100% of Natura Cosméticos' revenues were derived from the production and sale of cosmetics and personal care products.
<b>Impact on Stakeholders</b>	The primary potential impacts of chemical use in manufacturing of cosmetics and personal care products are the potential negative effects on the environment and health impacts on workers exposed to chemical ingredients. In the last five years, Natura Cosméticos has not experienced any significant incidents and/or fines related to environmental or negative worker impacts of its chemical use.

## Management Practices

The company's commitment to life considers a new way of producing and consuming, which embraces circularity in inputs and the regeneration of natural systems, and involves a wide-ranging strategy that permeates an extensive value chain ranging from Research and Development (R&D) initiatives aimed at packaging and formulas.

The company's formula commitments:

- Reach 95% or more natural ingredients in our formulations: in 2022, the rate was 94% for the products manufactured by Natura. Meanwhile, Natura Cosméticos's vegan product rate reached 95% in 2022;
- Increase the biodegradability in formula ingredients to 95% by 2030: we exceeded this target by reaching the rate of 96.5% biodegradability for rinsable products in Natura and Avon in Latin America in 2022
- 100% of new formulas will have a lower environmental footprint, measured in accordance with life cycle analysis (LCA)
- Invest US\$ 100 million (or more) in the development of regenerative solutions, such as: biotechnology, for example, for waste and plastic ingredients.

In the meantime, 95.5% of the company's formulas are biodegradable. The choice of the best ingredients from the origin to final disposal is monitored by means of indicators such as the percentage of natural/renewable origin inputs and the percentage biodegradability of rinsable products, which are based on global references such as ISO 16128 for natural origin and OECD 301 A-F for biodegradability. These are references that permit comparability and transparency while ensuring safety and technical rigour for company products. The company also prohibit the use of any ingredient that is considered to be microplastic (polymers and/or synthetic copolymers in solid particulate form, with particles smaller than 5 mm, insoluble in water and non-degradable), to avoid the risk of pollution to rivers and oceans.

Moreover, the IP&L (Integrated Profit and Loss) includes water pollution in their scope. IP&L is a methodology that monetizes the company's impacts on the economy, the environment and society and attributes monetary value to the natural, social and human capitals generated by our business, whether they are positive or negative. The consolidated results have demonstrated that for each BRL 1 in revenue Natura generated BRL 2.7 in positive socio-environmental impact.

In regards to assessment and benchmarking with other companies, although other cosmetic companies also disclose lists and positions about controversial ingredients, with some similarities being observed among the sector, the company is unable to carry out performance benchmarking.

The company monitors international lists of controversial ingredients and movements among the scientific community and other influencers related to these substances. Moreover, there have been no cases of non-conformance and incidents with our products related to sanitary laws in the countries in which Natura operates.

Lastly, when it comes to managing impacts related to water disposal from Natura &Co Latin America's activities and operations, the company uses measurement standards, such as metals, inorganic constituents, organic constituents and physical properties to classify and guarantee the quality of the effluent destined for disposal. Therefore, all operations that have an Effluent Treatment Station (ETE) follow requirements for the treatment and disposal of effluent, in accordance with the parameters established by law. These parameters are provided for in articles 18 and 19-A of Decree nº 8468/76, which provides for the prevention and control of environmental pollution.





# Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Litigation, Arbitration, and/or Penalties

<b>Issue Date</b>	2019-2023
<b>Topic</b>	Civil Litigations
<b>Summary of Issue</b>	<p>Natura Cosméticos SA, a company involved in the manufacturing and sale of cosmetics and personal care products, is one of the brands of Natura &amp;Co Group. Under its Latam operations, the company operates in Argentina, Chile, Colombia, Mexico, Peru &amp; Brazil.</p> <p>In the last 5 years, the company had 7 civil litigation cases, 6 out of the 7 cases are pending.</p> <p>These cases involve a range of topics such as contract terms disputes with suppliers, including amount owed, contract disputes with shareholders, violation of traditional knowledge associated with first nations in Amazon led by the Brazilian Public Defense, violation of consumer law led by State level Consumer Protection Agency.</p>
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	The total amount of projected payout represents less than 0,01% of the company's revenues.
<b>Impact on Stakeholders</b>	With a variety of subjects related to these civil litigation cases, each case concerns specific stakeholders. These are final consumers, suppliers, commercial partners and first nations.
<b>Resolution</b>	6 cases are pending and 1 was settled without financial payment.
<b>Management Practices</b>	When receiving a notice of a lawsuit, Natura investigates internally the reasons why the case may have occurred and takes corrective actions if it finds that a practice should be changed in order to avoid similar occurrences in the future.
<b>Related Incidents (Yes/No)</b>	No



# Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Litigation, Arbitration, and/or Penalties

<b>Issue Date</b>	2019-2023
<b>Topic</b>	Tax Litigations
<b>Summary of Issue</b>	<p>Natura Cosméticos SA, a company involved in the manufacturing and sale of cosmetics and personal care products, is one of the brands of Natura &amp;Co Group. Under its Latam operations, the company operates in Argentina, Chile, Colombia, Mexico, Peru &amp; Brazil.</p> <p>In the last 5 years, the company had 424 tax litigation cases. Out of the 424 cases, 379 cases are pending, 8 cases were settled and 37 had a verdict against the company.</p> <p>These cases involve tax litigations initiated by local authorities in the Latam countries where the company operates, with a few cases spanning to tax and tribute issues related to product exports between these countries.</p>
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	The total amount of projected payout and the cases already settled represent around 3% of the company's revenues.
<b>Impact on Stakeholders</b>	The main stakeholders affected by tax litigation cases are the governments in the related countries which experience a decrease in tax revenues and subsequently, the citizens of these countries, which are direct beneficiaries of tax revenues.
<b>Resolution</b>	379 cases pending, 8 cases settled and 37 with a verdict against the company.
<b>Management Practices</b>	When receiving a notice of a lawsuit, Natura investigates internally the reasons why the case may have occurred and takes corrective actions if it finds that a practice should be changed in order to avoid similar occurrences in the future.
<b>Related Incidents (Yes/No)</b>	No



# Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Litigation, Arbitration, and/or Penalties

Issue Date	2019-2023
Topic	Labour Litigations
Summary of Issue	<p>Natura Cosméticos SA, a company involved in the manufacturing and sale of cosmetics and personal care products, is one of the brands of Natura &amp;Co Group. Under its Latam operations, the company operates in Argentina, Chile, Colombia, Mexico, Peru &amp; Brazil.</p> <p>In the last 5 years, the company had 1.965 labour litigation cases. Out of the 1.965 cases, 945 cases are pending, 25 cases were settled and 995 had a verdict against the company. Most of these cases (n=1.884) are in Brazil. These cases involve several topics such as unjustified dismissal, salary, compensation and benefits discrepancy, recognition of labour relationships and lack of compliance with labour legislation.</p>
Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)	The total amount of projected payout plus the cases already settled represent around 4% of the company's revenues.
Impact on Stakeholders	The main stakeholders affected by labour litigation cases are employees who have their labour rights and benefits violated.
Resolution	945 cases pending, 25 cases settled and 995 with a verdict against the company.
Management Practices	When receiving a notice of a lawsuit, Natura investigates internally the reasons why the case may have occurred and takes corrective actions if it finds that a practice should be changed in order to avoid similar occurrences in the future.
Related Incidents (Yes/No)	No



# Disclosure Questionnaire Statement

Disclosure Questionnaire Category: Litigation, Arbitration, and/or Penalties

<b>Issue Date</b>	2019-2023
<b>Topic</b>	Administrative infractions and penalties
<b>Summary of Issue</b>	<p>Natura Cosméticos SA, a company involved in the manufacturing and sale of cosmetics and personal care products, is one of the brands of Natura &amp;Co Group. Under its Latam operations, the company operates in Argentina, Chile, Colombia, Mexico, Peru &amp; Brazil.</p> <p>In the last 5 years, the company had 68 infraction notices that resulted in financial penalties related to irregularities in the company's access to genetic heritage and traditional knowledge of Brazilian biodiversity raw materials. These infractions date from 2010 and are in the process of appeal by the company.</p>
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	The total amount of projected payout represents less than 0.05% of the company's revenues.
<b>Impact on Stakeholders</b>	The main stakeholders affected by environmental infractions are the natural environment and local communities.
<b>Resolution</b>	All cases are being appealed
<b>Management Practices</b>	When receiving a notice of a lawsuit, Natura investigates internally the reasons why the case may have occurred and takes corrective actions if it finds that a practice should be changed in order to avoid similar occurrences in the future.
<b>Related Incidents (Yes/No)</b>	No

# Disclosure Questionnaire Statement

## Disclosure Questionnaire Category: Workers Paid Below Minimum Wage

<b>Issue Date</b>	August - December 2022
<b>Topic</b>	Company paid employee below local minimum wage in Chile
<b>Summary of Issue</b>	Between August and December 2022, due to an internal error in calculating and processing wages, Natura &Co paid an hourly rate 5% below minimum wage for one part-time employee based in Chile.
<b>Size/Scope of Issue (e.g. \$ financial implication, # of individuals affected)</b>	The company has identified the issue and paid retroactively the employee affected by the situation, including adjustments for inflation.
<b>Impact on Stakeholders</b>	One employee received an hourly rate payment 5% below minimum wage for 5 months. This has implications for their financial wellbeing. This incident occurred as an isolated and one-time event.
<b>Management Practices</b>	Upon becoming aware of the situation, Natura retroactively paid the amounts below the minimum wage to the affected former employee. The company states to have taken all necessary arrangements to address the situation, and therefore, it can confidently confirm that all Natura employees receive wages above the minimum. Furthermore, in alignment with their Vision 2030 commitment, Natura has the target of providing a dignified salary to all employees. The calculation follows Wage Indicator standards and considers not only the base salary but also all other benefits offered to employees.
<b>Report</b>	<a href="#">Wage Indication interview with Natura&amp;Co</a> <a href="#">Natura&amp;Co Report</a>  <a href="#">Natura&amp;Co Latin America 2023 Annual Report, page 122:</a> <a href="https://api.mziq.com/mzfilemanager/v2/d/67c3b7d4-64ea-4c2f-b380-6596a2ac2fbf/50bd6f25-e40c-caf5-1371-4de5aa770e17?origin=1">https://api.mziq.com/mzfilemanager/v2/d/67c3b7d4-64ea-4c2f-b380-6596a2ac2fbf/50bd6f25-e40c-caf5-1371-4de5aa770e17?origin=1</a>