

ANNUAL REPORT
Natura 2019

**Nothing in the universe
stands alone, everything
is interdependent**



natura

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How we generate value

Management and organisation, our brands and products and our relationship network organised to generate positive impact. Page 43

Innovation

More technology and capability to conduct in-depth studies on natural ingredients. Page 69



Digitalisation

Technology to disseminate Well Being Well in an agile way, through multiple brands and channels, in multiple geographies. Page 85



Respect the forest and those who live in it

In the Amazon since 2000, we respect the cycles of nature, the standing forest and local communities. Page 91

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ABOUT NATURA AND NATURA & CO

The information in this 2019 Annual Report refers to the Natura Cosméticos S/A operations in the 10 countries in which the company operates (Argentina, Bolivia, Brazil, Chile, Colombia, France, Malaysia, Mexico, Peru and the United States). It does not include the operations of the company’s wholly owned subsidiaries The Body Shop and Aesop, which are addressed in the Natura &Co Annual Report, published on the group’s website(<https://ri.naturaeco.com/>). Neither do the Avon operations, acquired by Natura &Co in January 2020, come within the scope of this report.

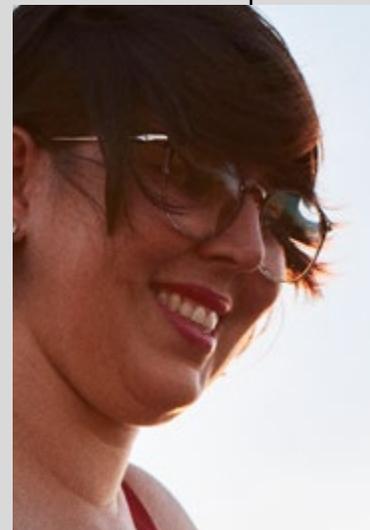
Where does the pack you use come from?

We have used refills for over 35 years, but we want to do more. Page 106



The importance of each one

We believe in education, income generation and diversity as a response to global tensions. Page 124



Our metrics

See the status of our 2020 Ambitions and how they relate to the Sustainable Development Goals (SDGs). Page 158

Our Essence

GRI 102-16

REASON FOR BEING

Our Reason for Being is to create and sell products and services that promote well-being/being well.

well-being

is the individual's harmonious, agreeable relationship with him/herself, with his/her own body.

being well

is the individual's empathetic, successful and pleasurable relationship with others, with the nature he/she is part of, with the whole.



BELIEFS

Life is a chain of relationships. Nothing in the universe stands alone, everything is interdependent.

Natura believes that valuing relationships is the foundation for the great human revolution in the pursuit of peace, solidarity, and life in all its manifestations.

Continuously striving for improvement develops individuals, organizations and society.

Commitment to the truth is the way to enhance quality in relationships.

The greater the individual diversity, the greater the wealth and vitality of the whole.

The pursuit of beauty, a genuine aspiration of every human being, should be free of preconceived ideas and manipulation.

The company, a living organism, is a dynamic set of relationships. Its value and longevity are linked with its ability to contribute towards the evolution of society and its sustainable development.

VISION

Due to our corporate behaviour, the quality of the relations we establish and our products and services, we will be a group of global brands, identified with the community of people committed to building a better world through better relationships with themselves, others and nature, of which they are part of, with everything as a whole.



Natura against COVID-19

Faced with the greatest crisis in recent decades, unleashed by the worldwide dissemination of the new coronavirus in the first months of 2020, Natura reaffirmed its commitment to each person, as well as its belief in the power of interdependence and unity, as a solution to confront the pandemic.

Even though these events are outside the period addressed formally by this Annual Report, we could not ignore the drastic changes the advance of COVID-19 has caused around the world.

The effects are not yet all known, neither the dimension of the impact on society, on business and on people. Nevertheless, Natura and the Natura &Co group mobilised rapidly to implement measures aimed at containing contagion, providing care for our stakeholder groups and minimising losses for the business and our network – especially consultants, co-workers, suppliers and communities.

These commitments were rapidly made explicit to society. On March 18, we disclosed our corporate

positioning “Our unity is the solution”. On March 31, Luiz Seabra, Guilherme Leal and Pedro Passos, the founders of Natura and co-chairmen of the Natura &Co Board of Directors, together with Roberto Marques, executive chairman of the Board of Directors and chief executive of the group, signed an article entitled “Time to take care”, published in the newspaper [*O Estado de S. Paulo*](#).

There follows a description of the main initiatives implemented by Natura and the Natura &Co group so far, and we invite you to continue to monitor these actions through our social networks and website.

Caring for co-workers

Natura guaranteed the employment of all its co-workers for a period of 60 days, until the end of May, as a means of caring for people and enabling them to carry out their activities safely.

To reduce circulation in our areas in order to bar contagion by the new coronavirus, all co-workers

whose activities could be undertaken at a distance were instructed to work remotely.

Sanitary and safety measures were stepped up for the operational teams in company plants and distribution centres. For staff working in the company's own stores in cities in which local authorities did not determine the closure of part of commerce, we redoubled efforts to ensure the safety and well being of co-workers and customers. It should be noted that co-workers whose activities involve their physical presence but who are in risk groups also remained at home.

Caring for consultants

We sought to encourage our consultants and leaders to continue working, ensuring their income at this time of crisis. For them, our innovation and technology areas developed new digital tools and resources in record time, aimed at further driving online selling and consulting at a distance.

Other examples of measures to minimise the effects of the crisis for the consultants was the postponement of the payment of bills, the introduction of payment in up to six instalments for credit card purchases, and the reduction of

At a time
when we are
physically
apart, union is
the solution



Hand sanitizer and alcohol
70% produced by Natura for
donation, at Cajamar (São Paulo).

the number of points necessary to place product purchase orders. We created an emergency fund to support more socially vulnerable consultants.

For the leaders, who supervise groups of consultants, we guaranteed remuneration for three cycles, based on the largest payment made during the period or the average remuneration in the first three cycles in 2020, before the crisis.

We cancelled all face to face events for our sales force and advised all Beauty Entrepreneurs, who run Aqui Tem Natura franchises, to comply with any orders to close commerce imposed by authorities in their cities and states and to adopt all necessary sanitary measures. To promote business continuity during this period franchises were encouraged to work with online sales.

We also created a number of protocols for product delivery to consultants, aimed at preserving their health and that of service providers (further information ahead). We authorized the delivery of orders without the signature of the consultant to avoid the need for contact with delivery personnel.

We also provided information on how consultants should receive product in their homes and deliver it to customers in safety.

Caring for suppliers and communities

At the very beginning of the crisis, we announced that we would honour our contracts with suppliers and extractivist communities.

For partners engaged in product distribution to consultants, we provided sanitary kits and information on preventive measures against the pandemic for drivers and assistants and established new safety protocols, such as maintaining a minimum distance of two metres during deliveries, driving vehicles with the windows open and immediately informing supervisors in the event of suspected contamination.

For providers of services to consultants and consumers, we devised a system of remote working in rotation, ensuring that only one third of call centre staff would be present on the premises at a time. We also reinforced sanitary measures.

Caring for society

In conjunction with Avon, we announced the donation of 2.8 million units of soap (bar and liquid) for communities, consultants, representatives, hospitals and public health authorities. In Brazil, for example, this benefited our supplier communities and the communities surrounding our operations in the states of São Paulo and Pará.

We rescheduled production at our plants to manufacture essential items, including the personal hygiene products essential for preventing the propagation of COVID-19.

Our group also committed to processing and packaging 310,000 litres of alcohol 70% solution and 190 tons of hand sanitizer, in partnership with companies such as Basf, Raízen and Usina São Martinho.

Other initiatives adopted by the other Natura &Co companies included the donation of over 1 million The Body Shop products and the rescheduling of 70% of Aesop production to manufacture hand sanitizer and other essential products.

Against domestic violence #IsolatedNotAlone

Realising that social isolation to brake the expansion of COVID-19 could increase the number of cases of domestic violence against women, Natura &Co and its family of brands (Avon, Natura, The Body Shop and Aesop) are joining national and international organisations in support of UN Women's call to help women and children at risk.

The Avon Institute launched the global #IsolatedNotAlone movement and committed to donating US\$ 1 million to groups that support victims of domestic violence around the world. The Natura &Co group also issued a letter to governments, governors, mayors and legislators in all the countries in which it has operations drawing their attention to the problem

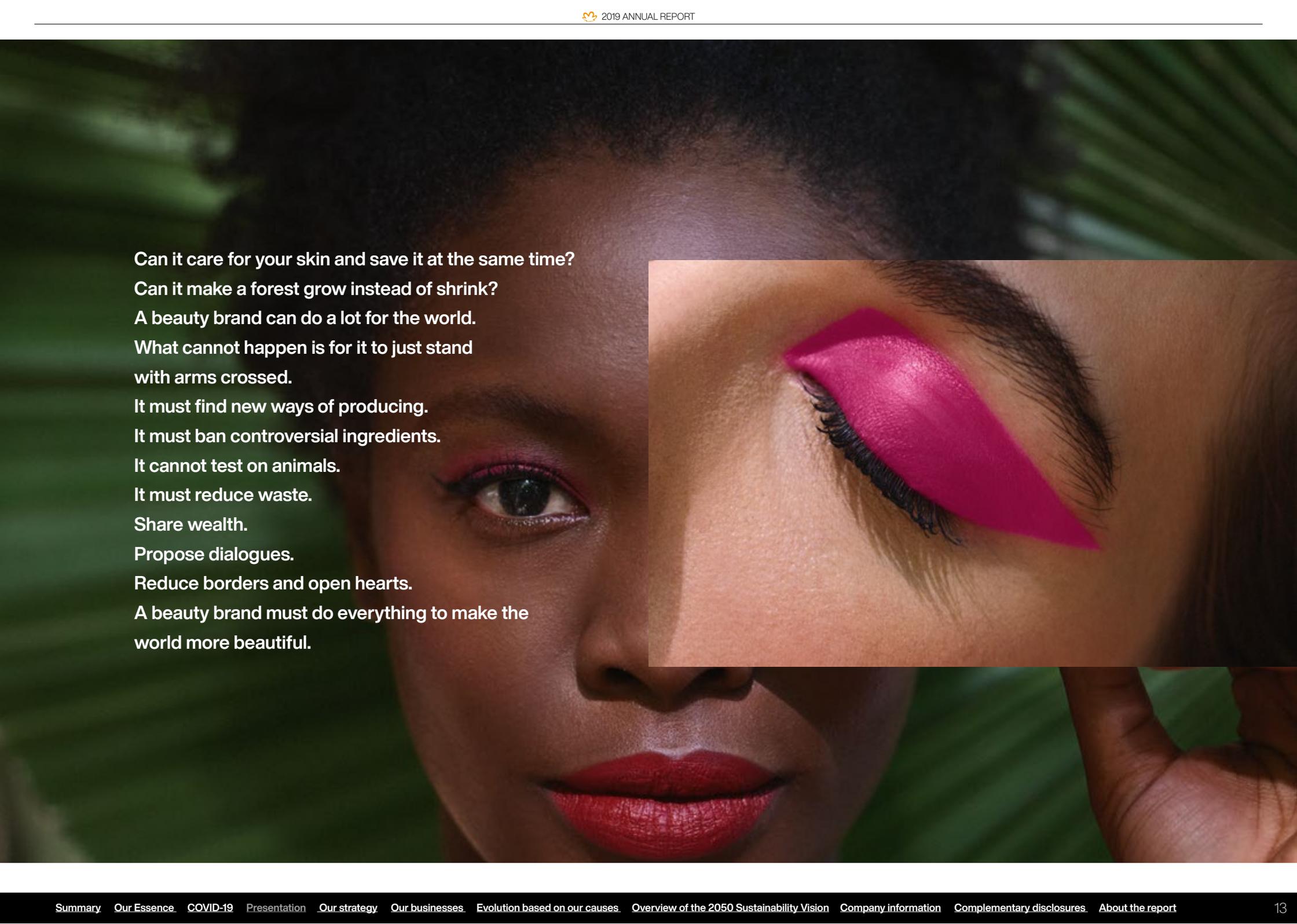
and requesting that they ensure that women and children, in particular in socially vulnerable situations, receive the support and resources that they need.

Avon, Natura, The Body Shop and Aesop are also going to donate packages of essential personal care products to shelters. Each brand is promoting awareness by means of its social media channels aimed at providing support for victims, their friends and families, indicating sources of help and sharing safety advice. In addition to publicising the content produced by the #IsolatedNotAlone movement in all its channels, Natura has also intensified other support and guidance tools for its co-workers, leaders and consultants.

Presentation

What can a beauty brand do for the world?

The world of Vani, 42, moves on two wheels. On her motorcycle, she does more than spread beauty and deliver our products to her customers and friends.



Can it care for your skin and save it at the same time?
Can it make a forest grow instead of shrink?
A beauty brand can do a lot for the world.
What cannot happen is for it to just stand
with arms crossed.
It must find new ways of producing.
It must ban controversial ingredients.
It cannot test on animals.
It must reduce waste.
Share wealth.
Propose dialogues.
Reduce borders and open hearts.
A beauty brand must do everything to make the
world more beautiful.

Click to watch the manifesto on what a beauty brand can do for the world, launched in March 2019.



Message from the Board of Directors

It is time to care. It is time to choose!

*Luiz Seabra, Guilherme Leal, Pedro Passos (co-chairmen)
and Roberto Marques (Executive Chairman and CEO of Natura &Co)*

A report such as this is, by definition, a journey through time. Delimited by projects, facts, actions and results achieved during the course of 12 months, it is underpinned by the inescapable past and the future that beckons. 2019 was an unforgettable year for Natura &Co. We had cause to celebrate many achievements. The current moment, however, is of a complexity that was unthinkable a short while ago. Consequently, we will begin by examining the present.

On the eve of the publication of this message in May 2020, the pandemic caused by the new coronavirus has forced us to reflect on our role as individuals, families, companies,

countries and as a civilisation. It has become even more important to be clear about what our priorities are and about how interdependent we all are. It is a time to care. Of the parts and of the whole. Taking care of oneself, of others and of the relations we establish with the world. It is a time to prioritise investment in public health, in supporting the economy and small businesses, in stimulating the generation of income and in meeting the needs of the more fragile, of whom there are many. The needs of the existing and the ever-growing high-risk groups. There should be no doubt about the path to be chosen. We must act rapidly in order to preserve life.

In this challenging context, we are determined to do our part. We have expanded production of the personal care product essential in combating the pandemic. We have done this taking the necessary care to preserve the health of our co-workers. For those not directly involved in production

and distribution, we have encouraged and supported our associates as they work from home. We have made donations to public and medical institutions and engaged in continuous dialogue with local, national and global institutions to ensure we are in line with best practices. We have done everything possible to safeguard job stability, and we continue to generate opportunities for many.

Evidently, based on love, we have sought to remain as close as possible to our millions of independent consultants and representatives, providing support in the challenge of maintaining their business activities going and keeping their morale up, while respecting the necessary physical distancing. Through cooperation and empathy and by taking care of each and every individual, we are certain that we will overcome these turbulent times. More than ever, what motivates us is that which has united us since the beginning: “Life is a chain of relationships. Nothing stands alone, everything is interdependent”.

The feeling of unity and solidarity that is emerging in this historic moment is a reminder that concerted solutions are possible, particularly in the face of another immediate challenge: the climate crisis, the full dimension of which has yet to be understood.

In our origins and in our purpose, we find the strength to face challenges on this scale. Natura, built on the collaboration of millions of people, has developed by discovering meaning and disseminating purpose. With a commitment to pursuing

happier individual lives and a fairer society, the preservation of the planet...In short, the creation of a better world.

Our union with Aesop and The Body Shop in recent years represented the beginning of our international expansion beyond Latin America. Under the umbrella of the Natura &Co group, we harboured different brand identities and business models, united by purpose, activism and ethical principles. In May 2019, we announced the historical agreement for the acquisition of Avon, concluded in January 2020. This 134-year-old company, which created the direct selling model in cosmetics and is one of the best-known brands on the planet, is now part of Natura &Co, expanding its reach to 200 million customers in 100 countries. In addition to countless new business opportunities, we now have the chance to further extend the causes that we advocate – including the campaign against domestic violence, women’s rights, appreciating their invaluable roll in the construction of society.

Natura and Avon together represent the transformational power of the positive cultivation of human relations, the basis of direct selling. Now with over 6 million people, hungry for good business opportunities, personal development, knowledge and greater self-esteem – for themselves and for their personal network. It is time to care of and strengthen this network.

Now as a larger group, we have taken on the challenge of being the best FOR the world at a time when, more than ever, companies are expected to take on the role of building a more reassuring future. “The sunrise is slow, but

it advances”, the poet once said. And we will continue to run our companies on this hope and on the growth in solidarity in the world. We have no way of knowing what the post-crisis world will be like, but we believe that this is the moment to choose who we want to be, as individuals, as companies, as countries and as a world.

The intolerable inequalities, the hunger and the many injustices in the world have gained greater exposure since the outbreak of this pandemic. Based on this transformational experience, we clearly have choices to make. This crisis has shown that the world of radical nationalism, of intolerance towards diversity and the denial of science is fragile, even for those who thought they were above it all. We at Natura have always believed in the power of developing deeper relations between countries, of open immigration, of cultural interaction, of a world that creates consensus based on renewed global governance, anchored in democratic values.

We have a new social and world order to build to replace the one that is vanishing. Its nature will depend on the choices we make and on the values that will underpin this new construction. It will depend on our capacity to use our intelligence, our creativity and the technologies at our disposal as well as the ones we are yet to develop, to construct a new green economy that is sustainable and inclusive.

This choice is imposed by the crisis. And our hope resides in making generous choices.

Taking care
of oneself, of
others and of
the relations
we establish
with the world



Board of Directors (from left to right): Gilberto Mifano, Nancy Killefer, Roberto de Oliveira Marques, Pedro Luiz Barreiros Passos, Guilherme Peirão Leal, Antonio Luiz da Cunha Seabra, Carla Schmitzberger, W. Don Cornwell, Ian Martin Bickley and Jessica DiLullo Herrin

Unable to be with us on this day: Andrew George McMaster Jr. and Fábio Colletti Barbosa

Message from the CEO

People in first place

*João Paulo Ferreira,
CEO, Natura &Co Latin America*

[GRI 102-14]

We ended 2019, the year in which we celebrated Natura's 50th anniversary, excited about our future, about the prospect of building a beauty group that seeks to be the best FOR the world, after the entry of Avon to our family, which already included The Body Shop and Aesop. At the beginning of 2020, I assumed a new role as CEO of Natura &Co operations in Latin America, responsible for the Natura brand and innovation globally and for the operations of the group's four companies in Latin America.



The creation of the fourth largest global group dedicated to the beauty sector was only possible because of the significant results we have achieved in recent years. In 2019, Natura presented robust revenue growth in Brazil and in the other countries in Latin America, demonstrating the success in our omnichannel strategy. Our Relationship Selling model continued to gain strength, with an increase in consultant productivity for the third year running and impressive advances in our digital transformation – there are already 1.6 million consultants connected to our online platform. Supported by the knowledge of The Body Shop and its local master franchisee we arrived in Malaysia, with an operation that combines e-commerce, a physical store and social selling, a model that can be replicated in other countries.

We also had key achievements in our pursuit of generating positive impact in the environmental and social dimensions, contributing to the conservation of 1.8 million hectares in the Amazon, a region in which we maintain relations with over 5,000 families in supplier communities. Our commitment to combating climate change received worldwide recognition from the United Nations Organisation, which presented us with the Global Climate Action award.

In this report we present the details of these and other important results in 2019. However, at the moment of its publication in May 2020, our attention is focused on the pandemic caused by the new coronavirus. This has forced us to reorganise our priorities, with our efforts and actions focused on one immediate commitment: caring for people.

Commitment to the well-being of our relationship network led us to rapidly adapt the business to this new reality. At the end

of March, we made a commitment to guarantee employment for 60 days. We limited production and logistics operations to the essential, prioritising the manufacture of the sanitary and personal care items indispensable for containing the dissemination of the virus. Health and safety measures have been stepped up at our installations. Administrative staff have adopted remote working, while the people working at our plants and distribution centres who belong to high risk groups have gone on paid leave or vacation.

While caring for our network, we also keep the economy running. Continuity in production is essential to enable Natura Beauty Consultants to maintain their income at this moment of crisis. And by remaining active, they help ensure the supply of items such as soap, necessary in combating the pandemic, to more remote regions. To reassure our consultants, we adopted a series of measures to provide financial relief and access to our digital tools. Moreover, we created a R\$ 1.7 million emergency fund for consultants who contract COVID-19 and those who are in a vulnerable situation. We have adopted measures to drive awareness of and combat domestic violence and, in conjunction with the measures also implemented by Avon in this period, we have channelled around R\$ 7 million into providing support for consultants and representatives.

In partnership with NGOs, we distributed 2.8 million units of bar soap to communities throughout Latin America. In conjunction with partners such as Usina São Martinho and Raízen, we have provided authorities, hospitals, co-workers, consultants and representatives with another 2.8 million units of alcohol 70% and hand sanitizer, in donations totalling R\$ 31 million.

Together, we believe we will be able to overcome this pandemic, and guided by our principles and beliefs, we will emerge from this crisis even stronger. On the positive side, we have learned countless new things during the course of these recent weeks, such as our capacity to adopt to new ways of working and the development of important advances in the digitalisation of our businesses.

The pandemic emerged soon after the beginning of this new configuration of the Natura &Co group, and the need to deal with the crisis ended up accelerating the process of integrating our companies. With Avon, Natura, The Body Shop and Aesop now united in Latin America, we have become an even larger platform committed to generating positive impact. This strength, involving more than 4 million consultants and representatives and 18,000 co-workers in the region, will enable us to perform an even more active role in society, especially in these times we are experiencing.

We achieved significant results during the course of 2019, but we know the situation will be very different in 2020. It will be a period in which we will not be able to make the same choices as usual. As a society, we will have the opportunity to transform the world based on the collective learning we will accumulate during this pandemic. The belief in the interdependence of everything, which has always shaped our actions, is now more alive than ever. We will continue in our pursuit of valuing the environment, people and business, as well as regenerating the planet on which we live. Working together, collaboratively in a network, makes and will make all the difference. We are and we will remain together.

Guided by
our principles
and beliefs,
we will
emerge from
this crisis
even stronger

Natura

We reached 50 years of age in 2019 as the biggest Brazilian multinational in the cosmetics sector. And, at such a significant moment, we decided to question our role as a beauty company in the world. What can we do to transform the reality around us? Based on this reflection, we turned back to Our Essence. It was time to reinforce the principles and commitments that have always guided our vision of business, with the generation and distribution of wealth, with diversity, with keeping the forest standing, with reducing waste. To amplify this message, we invited everyone to be agents of this change, with a powerful appeal: When you care, you create beauty

**When you
care, you
create
beauty**

Our causes standing forest more beauty, less waste every person matters

The new Natura brand positioning inaugurated an era of transformation for the company, increasingly digital and engaged, prepared to offer new services and products, always with leading edge innovation. 2019 also symbolised the beginning of a new cycle of international expansion – we arrived in Asia with our first multichannel operation in Malaysia. By means of the franchise model used by The Body Shop, we inaugurated the first Natura store in Petaling Jaya, in the capital Kuala Lumpur. Our portfolio is also available in the country via e-commerce and Relationship Selling.

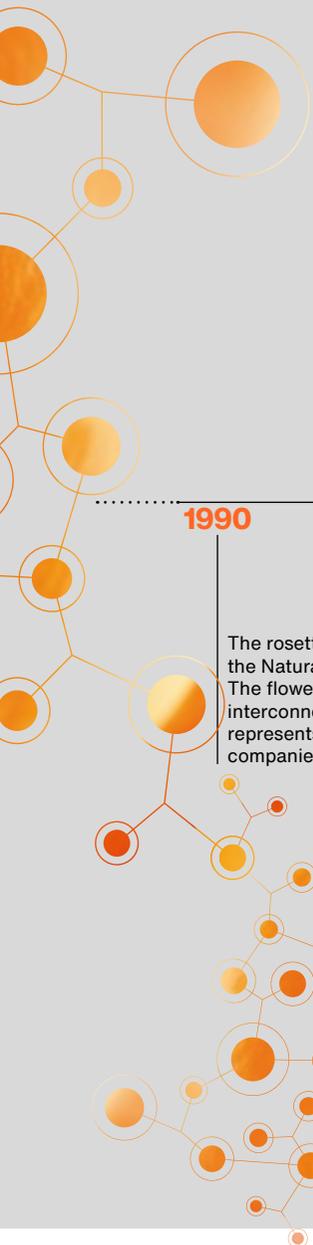
We are also part of the Natura &Co group, together with Aesop and The Body Shop and, since January 2020, Avon. The merger, which created the fourth largest group in the world dedicated exclusively to the beauty sector, united four iconic companies in the segment around a better way of living and doing business, committed to generating positive economic, social and environmental impact.

The new organisation of the group resulted in four business units, one of which is Natura &Co Latin America. Headed by João Paulo Ferreira, the unit is responsible for managing the Natura, Avon and The Body Shop businesses in the region, as well as Aesop in Brazil. It also oversees Natura's global brand guidelines and innovation.

Timeline



<p>1969</p> <p>Luiz Seabra founds Indústria e Comércio de Cosméticos Berjeaut. Months later, the company changes its name to Natura. The name was inspired by the vegetable active ingredients used in product composition.</p> 	<p>1971</p> <p>The increased demand for consultations with Luiz Seabra and for Natura products leads the company to transform some customers into independent product distributors.</p>	<p>1976</p> <p>The first sales catalogue is launched with detailed information on how to use the products. The publication becomes a fundamental tool for consultants.</p>	<p>1980</p> <p>Natura experiences strong growth, driven by expansion to the different regions of Brazil (the company had 200 co-workers and 2,000 consultants). L'Arc en Ciel is born, a Natura partner focused on makeup and perfumery.</p>	<p>1983</p> <p>Sève Launch of Sève, a unique bath oil.</p> 	<p>1986</p> <p>Chronos Launch of Chronos, an anti-ageing signs product that values women's beauty at each stage of life.</p> 	<p>1989</p> <p>The merger of the companies is concluded. Natura reaches the landmark of 50,000 consultants.</p>
<p>1970</p> <p>Natura opens its first store, on São Paulo's Rua Oscar Freire. Luiz Seabra serves the customers personally, recommending products in accordance with individual needs. The factory is opened in the Vila Mariana district, with some ten co-workers.</p> 	<p>1974</p> <p>Natura adopts direct selling as a business model. Following in the footsteps of Luiz Seabra, the consultants provide their customers with personalised solutions. The store is closed, and the company Pró-Estética, which distributes the products in the state of São Paulo, is formed.</p>	<p>1979</p> <p>Guilherme Leal joins Natura, planning a product distribution system for outside the state of São Paulo. This plan will be executed by Meridiana (a company he was to open the following year).</p> <p>Sr. N Sr. N line inaugurates the men's products segment, a novelty at that time.</p> 	<p>1982</p> <p>The company's first incursion in the international market, by means of a local distributor in Chile.</p>	<p>1984</p> <p>Erva Doce Launch of Erva Doce soap, soon to become a classic product in the portfolio.</p> 	<p>1988</p> <p>The companies Natura, Pró-Estética, Meridiana and L'Arc en Ciel, which worked together on the production and distribution of products, initiate a merger process, adopting the name Natura. Products reach Bolivia, by means of a local partner.</p>	



1990

The rosette becomes the Natura symbol. The flower with interconnected petals represents the junction of companies that formed

1992

Natura communicates its Reason for Being, Well Being Well, making its values and its commitment to society clearer.

1993

Mamã e Bebê

Launch of the Mamã e Bebê product line, with the proposal of strengthening the bond between mother and child. Natura opens its subsidiary in Chile, after acquiring its product distributors in the country.



1994

The company inaugurates its own operations in Argentina and Peru, initiating a move towards internationalisation in Latin America. Creation of the Natura Service Channel, aimed at consultants.

1995

Launch of the Length of Service programme, Natura becomes the first company in the direct selling market to recognise consultants for the length of their relationship with the company (and not just for their sales performance).

Crer Para Ver (Believing is Seeing)

Creation of Crer para Ver, a non cosmetic product line the profit from which is invested in education



1998

Natura Homem

Natura Homem is consolidated as a full personal care line, with perfumery and products for the face, body and hair. *Exame magazine* selects Natura as Company of the Year for the first time.



1996

Kaiak

Launch of Kaiak, a record best seller in the Brazilian perfumery market.



Chronos celebrates the truly beautiful woman, confronting beauty stereotypes in an advertising campaign that would become a global reference.

1999

The company initiates a partnership with traditional communities for the supply of Amazonian ingredients.



2000

A new version of the Natura logo is developed.



Ekos

With the launch of the Ekos line, Natura incorporates Brazilian biodiversity active ingredients into its product formulations, combining science, traditional knowledge and local wealth generation.



2001

Inauguration of the Natura site in Cajamar (São Paulo), the biggest and most advanced integrated cosmetics research, production and distribution centre in South America.

2004

Natura goes public on the São Paulo stock exchange.



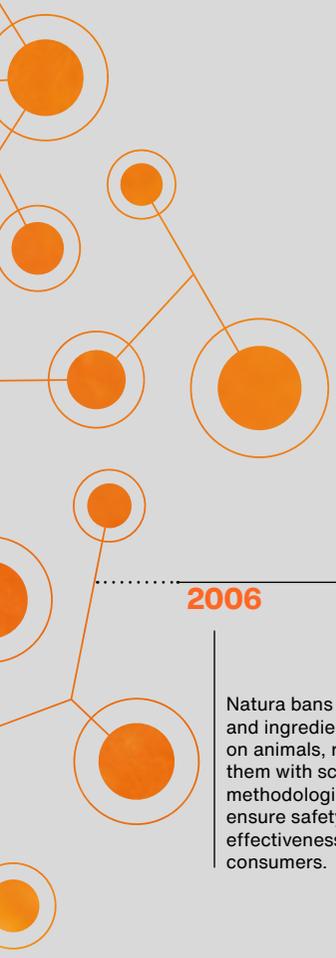
2002

Launch of the magazine distributed to consultants with information on products and launches. Called *Espaço Natura* today, it has one of the biggest print runs in Brazil.

2005

Start up of operations in Mexico and France (marked by the opening of a store in Paris). Creation of Movimento Natura to encourage consultants to engage in social and environmental causes. Natura Musical, a programme supporting artists and projects related to Brazilian culture, is launched.

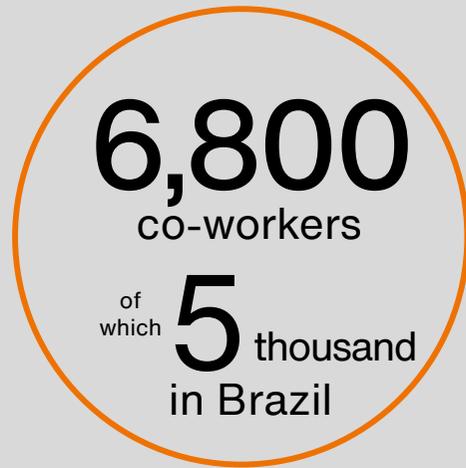




<p>2006</p> <p>Natura bans product and ingredient tests on animals, replacing them with scientific methodologies that ensure safety and effectiveness for consumers.</p>	<p>2007</p> <p>Launch of the Carbon Neutral programme, with CO₂ emission reduction targets throughout the production chain. Creation of the Environmental Table, that calculates the impact caused by the production of each item. Natura begins operations in Colombia and opens a factory in Benevides, Pará.</p> 	<p>2010</p> <p>The Instituto Natura assumes management of the funds raised with the Crer para Ver line, focused on improving public education. Natura starts production in Argentina, Colombia and Mexico. Acolher Award created to recognise actions of consultants within the Movimento Natura.</p>	<p>2012</p> <p>Beginning of process to acquire Australian cosmetics brand Aesop (which would be concluded in 2016).</p> 	<p>2014</p> <p>The Ecoparque, a business centre based on the concept of industrial symbiosis, is inaugurated in Benevides. Natura becomes the first publicly traded company to receive B Corp certification. The 2050 Sustainability Vision is launched, with long-term social and environmental targets.</p>	<p>2016</p> <p>Start-up of Natura stores in Brazil. The São Paulo distribution centre starts operating at full capacity – with more than 15% disabled people on its staff. Inauguration of a store in New York.</p> 	<p>2018</p> <p>Birth of Natura &Co, global identity of the beauty group comprising Natura, The Body Shop and Aesop.</p> 
<p>2009</p> <p>Upon completing 40 years, Natura reaches the landmark of 1 million consultants.</p>	<p>2011</p> <p>The Amazonia Programme is launched, aimed at channelling investments into the region and helping transform it into an innovation, technology and sustainability hub.</p> 	<p>2013</p> <p>Natura reduces its greenhouse gas emissions by a third, honouring the commitment assumed in 2007.</p> <p>Sou The Sou product line is launched as an incentive for conscious consumption: its packaging economizes material and avoids product wastage.</p> 	<p>2015</p> <p>The Rede Natura (Natura Network), the company's online platform covers the whole of Brazil and starts up in Chile. Natura conducts its EP&L, "environmental accounting", which provides a monetary valuation of the impact of the company's activities on nature and society.</p>	<p>2017</p> <p>Acquisition of the British cosmetics company The Body Shop. Natura revitalises direct selling – denominated Relationship Selling – and creates new consultant profiles and different opportunities for progression in the business.</p>  <p>THE BODY SHOP</p>	<p>2019</p> <p>Natura reaches its 50th anniversary and initiates operations in Malaysia. Announcement of the acquisition of Avon, founded in the United States over more than 130 years ago, which becomes part of Natura &Co in 2020. The group becomes the fourth largest pure-play beauty group in the world.</p> 	

Natura's operations

GRI 102-1, 102-2, 102-3, 102-4, 102-6, 102-7, 102-8, 102-9 and 102-10



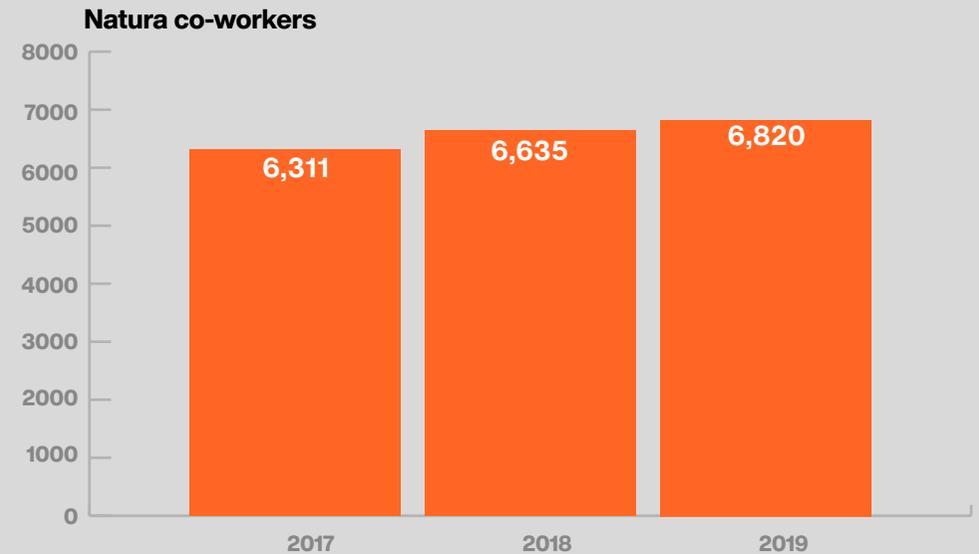
Omnichannel

Relationship Selling
1.8 million
personal and online
Natura Beauty
Consultants

489
physical stores
(company-owned
and Aqui Tem Natura
franchises)

e-commerce
www.natura.com.br

GRI 102-8 Co-workers per country	2017	2018	2019
Brazil	4,765	4,958	5,085
Argentina	641	690	716
Chile	189	224	225
Mexico	116	122	133
Peru	219	228	224
Colombia	362	378	402
France	19	21	16
United States	Not available	14	19
Total	6,311	6,635	6,820



First publicly traded company in the world to receive B Corp certification for its transparency and sustainable practices in 2014.



Present in: **Argentina, Bolivia, Brazil, Chile, Colombia, France, Malaysia, Mexico, Peru and the United States.**

Own factories in **Cajamar (SP) and Benevides (PA)** and third-party production in **Brazil, Argentina, Colombia and Mexico**

Around **850 daily care** products (face, body, bath, hands and feet), perfumery, makeup, hair and grooming, as well as children's items and gifts.

11,900 suppliers; 6,200 families in 39 communities in the social biodiversity production chains.

Administrative headquarters in **São Paulo (SP)**

1 logistics hub in Itupeva (SP)

12 Distribution Centres
7 in Brazil and 5 in Latin America

A history of affection

Among the events that marked the company's 50th anniversary is exhibition "Network of affection: 50 years of Natura", inaugurated in August at our Cajamar (SP) unit. This interactive installation portrays the main landmarks and movements in our history, which began in 1969. The exhibition will be open to the public until mid-2021.



Recognition

Climate change action agenda recognized by the UN

Natura's efforts to reduce greenhouse gas (GHG) emissions and combat climate change were recognised in the most important award in this area in the world, granted by the United Nations (UN). We received an award in the Climate Neutral Now category of the 2019 UN Global Climate Action Award. This constitutes public recognition on a global scale of initiatives to reduce and offset emissions provoked by the company's activities under the Natura Carbon Neutral Programme, in place since 2007. Our activism in this area ensured we were the only Brazilian company featured on the list of 15 winning initiatives. In all, 670 projects were submitted.

The list of winners was disclosed in September, in Climate Week NYC, a UN event. The award presentation ceremony took place during the United Nations Climate Change Conference (COP 25), in December in Madrid (Spain).

For eleven years we have been a member of the group of most sustainable companies in the world on the Global 100 ranking, from the Canadian media and research company Corporate Knights, announced annually during the World Economic Forum at Davos (Switzerland). Natura is the only Brazilian company from the sector featured in the list, which assesses approximately 7,500 companies from 21 countries.

We were also elected one of the most ethical companies in the world by the Ethisphere Institute, a global organisation committed to enhancing business practices. In April, we came first in the Merco Corporate Reputation Monitor. This was the sixth edition of this survey in Brazil, and Natura led the ranking in every one. The executive João Paulo Ferreira, CEO of Natura &Co Latin America, was listed among the ten business leaders with the best reputation in the country.

Best practices

- We have been listed on the B3 (São Paulo stock exchange) Corporate Sustainability Index (ISE) for 15 years –
- We are listed on the Dow Jones Sustainability Index (DJSI) for emerging markets
- We have been a B Corp since 2014, which attests to our commitment to promoting positive economic, social and environmental impact
- We have been featured on the Corporate Knights ranking of the most sustainable companies in the world for 11 years
- We do not conduct tests on animals. Attested by Leaping Bunny certification, from Cruelty Free International
- Ethical trade: UEFT (Union for Ethical BioTrade), attesting to the sustainability of the natural ingredients supply chain for the Ekos product line

Joint commitment

We believe it is only possible to generate systemic change with collaboration and cooperation. That is why we participate in voluntary movements and commitments that may leverage our actions. In addition to reducing the social and environmental impacts of our operation and our value chain, we strive to use our reputation and our brands to further these commitments and engage more people and organisations in this debate, essential for the continuity of life on Earth.

During the 2019 Climate Summit held by the United Nations (UN) in New York, together with other corporations we signed a commitment to limiting the increase in global temperatures to 1.5°C compared with pre-industrial levels. We are also developing mechanisms to advance in our disclosure of climate-related financial risks, in accordance with the TCFD (Task Force on Climate Finance Disclosures). We want to demonstrate the effects of these issues on our business and on other companies. We are certified as a B Corp, an initiative of the B Corp movement, which recognises organisations that give equal weight to

economic and socio-environmental results. Recently The Body Shop joined this group.

Since 2018, we have been signatories to the New Plastic Economy global commitment, an initiative from the Ellen MacArthur Foundation to adopt circular economy principles in the plastics chain. In 2019, in conjunction with other actors, we launched the Possible Amazon movement, which proposes the discussion of effective solutions for conserving the Amazon region and combating illegal deforestation (*further information on page 93*).

All these actions are also connected with the 2030 Agenda proposed by the UN with the Sustainable Development Goals (SDGs), which establishes the main challenges for the coming decade. At Natura, our ambitions are intended to encompass all the goals in a consistent manner, with clear, measurable targets (*see the correlation between our commitments and the SDGs on page 159*).

See the full list of movements in which we are engaged on pages 172-174.

Integrated vision of our performance

GRI 103-2, 103-3

In 2019, we progressed on diverse fronts in our business, allying economic results with the generation of value for our complete relationship network, which once again shows the power of the Natura brand.

We posted robust financial performance, even faced with a challenging social and political conjuncture in diverse markets: our net revenue increased by 6.7%, growing 4% in Brazil and 13.5% in the other Latin American operations. Net revenue in Brazil was R\$ 6.260 billion; in Latin America it was R\$ 2.742 billion.

Natura also maintained its leadership of the cosmetics sector in Brazil and is the preferred brand of consumers in four of the six countries in which the company operates directly in Latin America. The growth plan for consultants, launched in Brazil and Chile in 2017, was expanded to the whole region, with excellent acceptance. The use of the digital platforms also gained traction, with over 1.6 million consultants on the website and the app, half of whom already have their own online sales space. With the new value proposition, network productivity has been growing for 13 consecutive quarters in Brazil.

We ended the year with 422 *Aqui tem Natura* stores, franchised to consultants based on the strategy of stimulating their entrepreneurial spirit, a model which is growing rapidly . We opened the first unit based on this model outside of Brazil, in Peru. With the new store concept inaugurated in May, there was an increase of almost 100% in net revenue in the Natura retail channel. The brand's own stores in malls and commercial

centres total 67 units and are present in 16 states in Brazil, in Argentina, Chile, France, Malaysia and the United States.

Online sales enjoyed another year of growth and integration of the website with the other channels increased, in particular in the convergence model with consultants.

Moreover, the company saw important advances in its main socioenvironmental indicators. Revenues from the Crer Para Ver product line, in which profits are invested in public education, reached new record results, totalling R\$ 38.7 million in Brazil and R\$ 15.1 million in the other countries in Latin America. Regarding inclusion and diversity, women now occupy more than 40% of leadership positions, comprehending director level and above. We also saw an increase in the number of families in the supplier communities in the Pan-Amazon region, with total business volume in the region reaching R\$ 1.8 billion since 2011 – 80% above the target established for the end of 2020.

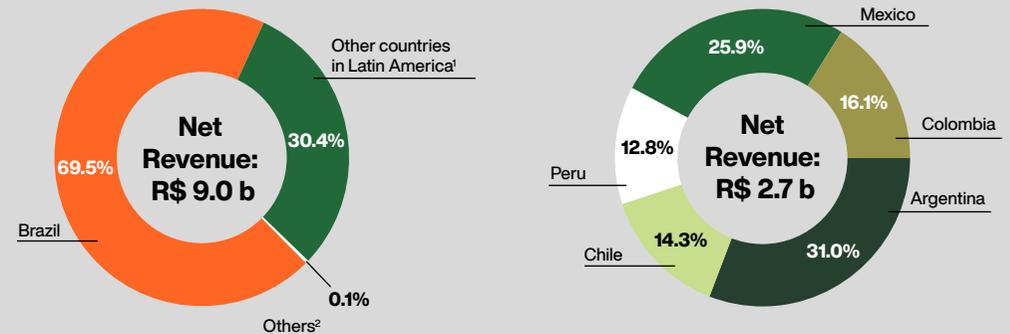
We still face certain challenges, an example being carbon – where we had a 2% reduction in greenhouse gases (GHG) emissions in 2019 –, and in waste, in which we continued to increase the volume of recycled and recyclable materials used in our packaging, but we have ambitious targets to improve these results.

Natura &Co: global results

With positive contributions from Natura, The Body Shop and Aesop, the group’s consolidated net revenue increased by 7.8%, reaching R\$ 14.445 billion in 2019.

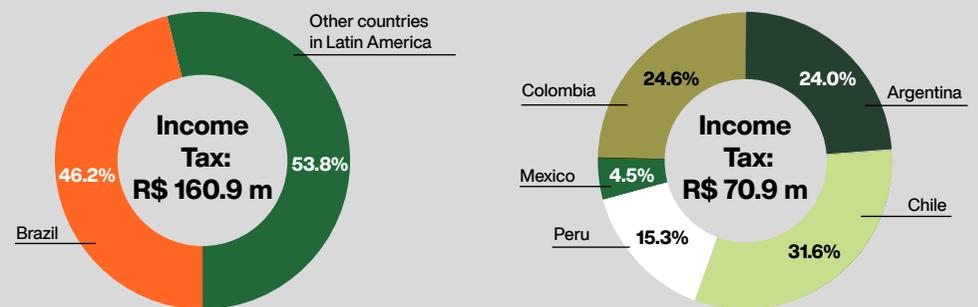
Our complete financial statements may be accessed at: <https://ri.naturaeco.com/en/>

Natura net revenue



- 1. Business in Bolivia is conducted through a local distributor.
- 2. The businesses in the United States, France and Malaysia do not yet have a basis for levying income tax.

Income tax due in 2019³



3. The disclosure of tax payments per country is part of Natura’s commitment to the B Team Responsible Tax Principles. Read more on page 79.

Main indicators

GRI 201-1 Direct economic value generated (R\$ million) ¹			
Generated	2017	2018	2019
Revenues (R\$)	13,824	19,131	20,312
GRI 201-1 Economic value distributed (R\$ million)			
Distributed	2017	2018	2019
Operating costs	4,873	5,619	6,421
Employee salaries and benefits	1,836	2,813	3,011
Payments to suppliers	3,116	4,712	5,354
Payments to government	1,994	2,414	2,349
Payments to creditors	1,040	2,693	2,775
Community investments ³	295	307	312
Total	13,154	18,558	20,223
GRI 201-1 Economic value retained (R\$ million)			
Retained	2017	2018	2019
"Direct economic value generated" less "Economic value distributed"	670	572	88
GRI 201-1 Other economic indicators (R\$ million)			
Distributed	2017	2018	2019
Consolidated net revenue	9,857	13,397	14,445
Consolidated Ebitda	1,787	1,846	1,905
Consolidated net income	724	548	392
Free cash generation	617	469	398
Average daily volume of shares traded ⁴	46	59	129

Environmental indicators	2017	2018	2019
Relative GHG emissions (kg CO ₂ e/kg product billed) ^{1,2}	3.20	3.14	3.18
GHG emissions in the value chain (tCO ₂ e) ²	308,048	333,183	325,840
Water consumption in Brazil (l/unit produced)	0.53	0.52	0.59
% post-consumer recycled material in finished product packaging — Brazil	4.6	5.4	8.6
% eco-efficient packaging Brazil ³	21	22	19
Vegetalization rate in formulas (% of total mass)	81	81	80
Raw materials originating in Pan-Amazon region (% in relation to sales amount)	18.1	17.8	17.7

Social indicators	2017	2018	2019
Crer Para Ver revenue (R\$ million) ¹	35.7	44.2	53.8
Families benefiting in Pan-Amazon supplier communities Pan-Amazônia	4,294	4,636	5,136

¹ Includes the proceeds in Brazil and in the other Latin American operations.

Our strategy

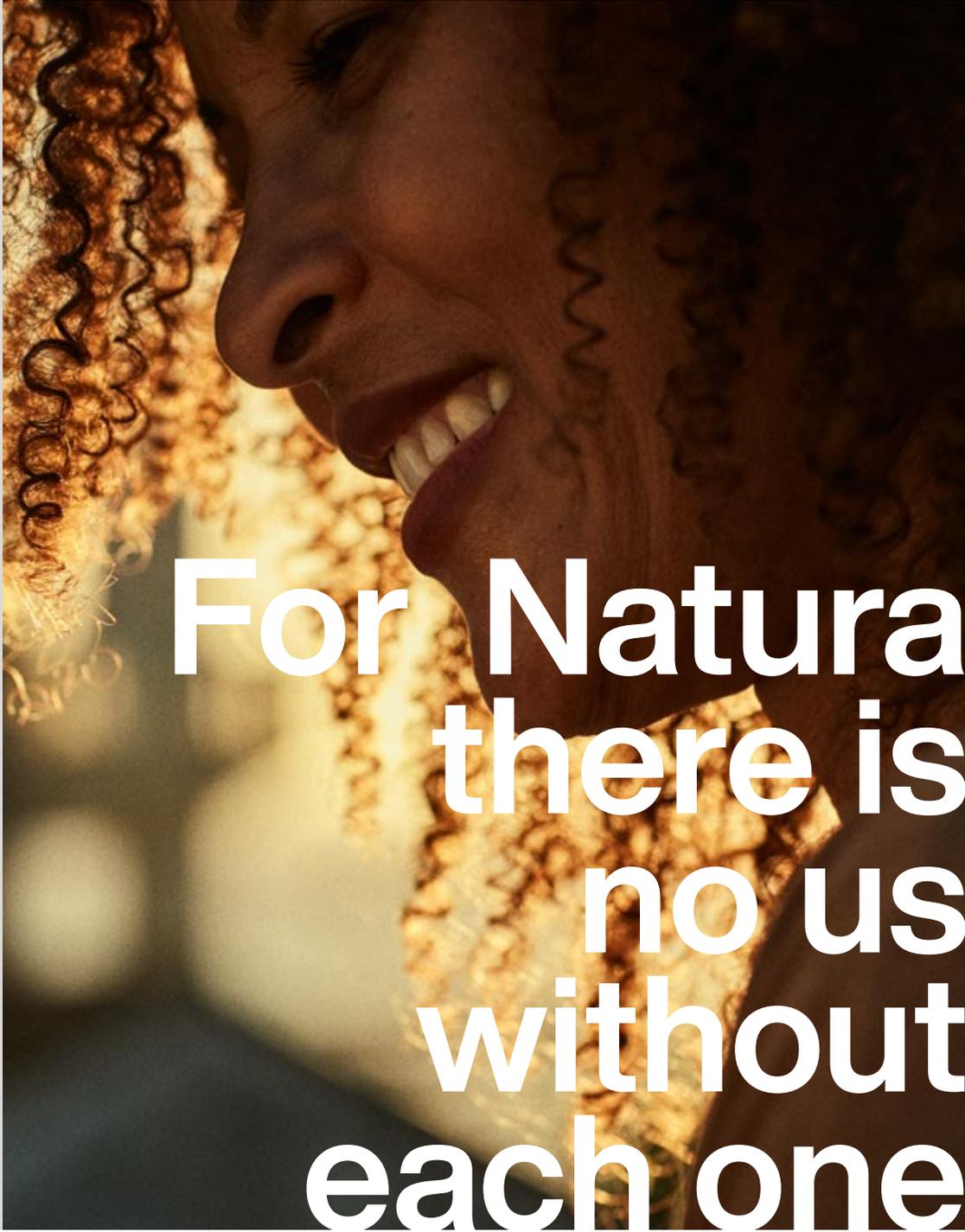
Life is a chain of relationships

The world of Tamires, 29, inspires us because it is made up of women who believe that people have the power to transform reality. A consultant for seven years, she created Cooperlad, a cooperative that supports income generation for smallholders in Tucano, Bahia.

Sights on the future

At Natura, we set ourselves the constant challenge of meeting the needs of the present without losing sight of the long-term. After two years of advances in the revitalisation of our business model, involving a more attractive value proposition for our consultants, expansion to a multichannel presence and resumption of growth, 2019 was focused on preparations for the transformation we envisage for the future.

More than just driving innovation, sustainability is a lever aimed at generating value for Natura, and this is becoming increasingly explicit in our strategic direction, in our brands and categories, in line with our Vision.

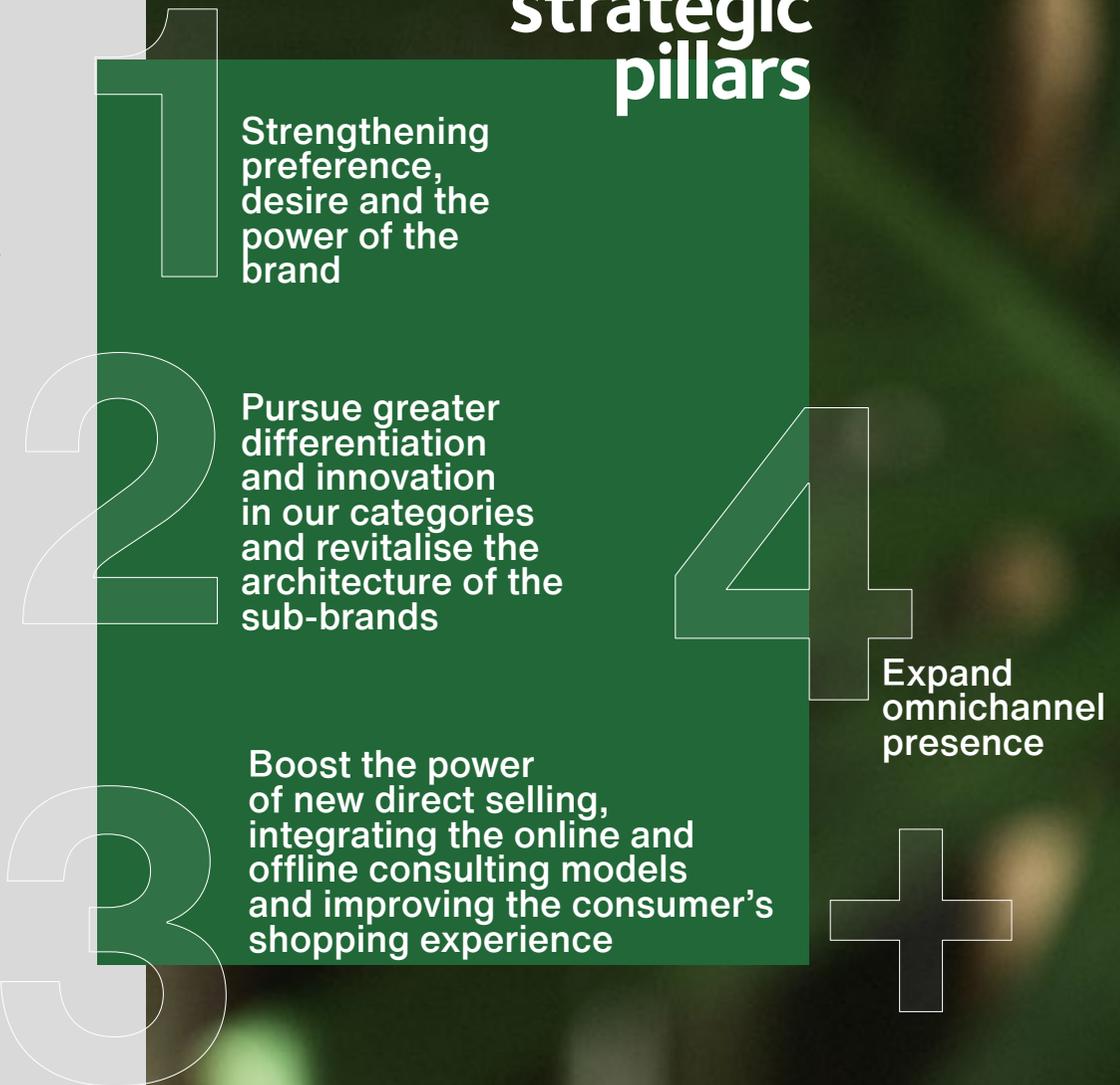


For Natura
there is
no us
without
each one

With the growth plan for the consultants implemented throughout Latin America and the adoption of a series of tools that facilitate their online activities, we are now furthering the convergence of these models. All the consultants are integrated into the online and offline world and are increasingly incorporating more resources to expand relations with their customers. The new services offered to the consultants include means of payment and a digital account. In retail we continue to increase the number of company-owned stores and Aqui Tem Natura franchises managed by our consultants. As a result, we have exceeded the mark of 480 stores in Brazil. Accordingly, we are consolidating an omnichannel Natura, involving a close, direct relationship with consumers wherever, whenever and in the whatever format they want. From now on, our focus will be on further driving interaction between these resources.

In 2019, company efforts to generate more disruptive innovations led to products with proprietary technologies, such as the use of prebiotics to help skin to self-hydrate intelligently and a biotechnology protein for hair, an exclusive Natura development in partnership with a German start-up. All of this is combined with the use of natural ingredients and social biodiversity active ingredients, our main differentials. Approximately 80% of our portfolio is vegan.

Natura's strategic pillars



With our début in Malaysia in October, we are testing a novel format for operating in new geographies, connecting with commercial partners and taking advantage of The Body Shop's experience in the region, without losing sight of our value proposition. The venture incorporates the full Natura brand experience and hit the ground running as a multichannel operation, with a store, e-commerce and Relationship Selling. The entire process was designed and executed in less than a year, proving that agile models are here to stay.

The reorganisation of our way of working is a reality in many contexts in Natura, with teams organised in tribes and thematic cells, in a less hierarchical, more autonomous configuration. The vision of the area in this case gives ground to one more focused on cross-functional and interdependent activity centres.

The next step is to use all these resources to generate new product and service solutions. This is the mission of a new business platform developed in Natura, which integrates competencies such as data intelligence, user experience (UX), service design and open innovation. The idea is to foster new business opportunities based on this ecosystem by also involving the Relationship Selling, digitalisation and retail areas.



More beauty in the world

For us, creating a more beautiful world means contributing to environmental, social and economic well being through our business. It means creating products whose key ingredient is ethics, bringing together a network of people driven by this same purpose. In 2019, Natura reaffirmed these commitments, translating its Essence in the new brand expression: when you care, you create beauty.

This positioning is aligned with our [2050 Vision](#), which outlined a route for making Natura a company that will generate positive impact in the coming decades, in addition to reducing and mitigating the impacts from its activities.

A woman in silhouette is shown from the back, looking out over a cityscape at sunset. The sun is low on the horizon, creating a warm, golden glow. The city lights are visible in the distance, and the overall atmosphere is serene and contemplative.

You cannot
do well in a
world that
is doing
poorly

Launched in 2014, the 2050 Sustainability Vision connected with our strategy to such an extent that it influenced the Natura &Co corporate vision. More than a sustainability plan, it represents a commitment by the entire business to generate positive impact. We want our activities to contribute towards protecting and regenerating the entire ecosystem to which we belong.

The first milestone in this planning, the 2020 Ambitions, are a set of targets related to biodiversity, waste, carbon emissions, water, diversity, income generation, among others, whose cycle will be concluded at the end of this year. By 2019, the company had achieved 70% of these commitments.

We experienced business challenges during this period – we restructured the company to recover our sales results, we transformed the direct selling model to generate greater value for the consultants and for Natura and we became an omnichannel company, offering consumers a complete brand experience.

And we also learned a significant amount. The achievement of some commitments depends on the engagement of society and systemic changes in behaviour or the development of new technologies. We organised the material topics in three causes (Standing Forest, More Beauty, Less Waste and Every Person Matters), which act as a guide for us not only in our commitments but in the way we engage our network in building a fairer, more equal society.

We have an important task ahead of us. Combining the strengths of Avon, The Body Shop and Avon, we will expand our capacity to generate and share value. Natura &Co is global group of iconic brands based on the same belief that there is a better way of doing business: we do not just want to be the biggest cosmetics company in the world, we want to be the best FOR the world.

Our union is the great revolution

Our causes

We want our brands to expand the consciousness of consultants and consumers and help us to mobilise our relationship network to build a more beautiful and more sustainable society.

How did we define them?

We selected needs of society that we could help to resolve based on our business model. We will use our business and our connections to generate transformation in areas of public interest.

We have always had this concern, which is expressed in our Essence and in our belief in Well Being Well. We act and monitor results constantly, and now we have organised our actions on three fronts to boost the engagement and mobilisation we generate in these areas. By doing this, we increase the transformational power of our business model.



Standing Forest



More Beauty,
Less Waste



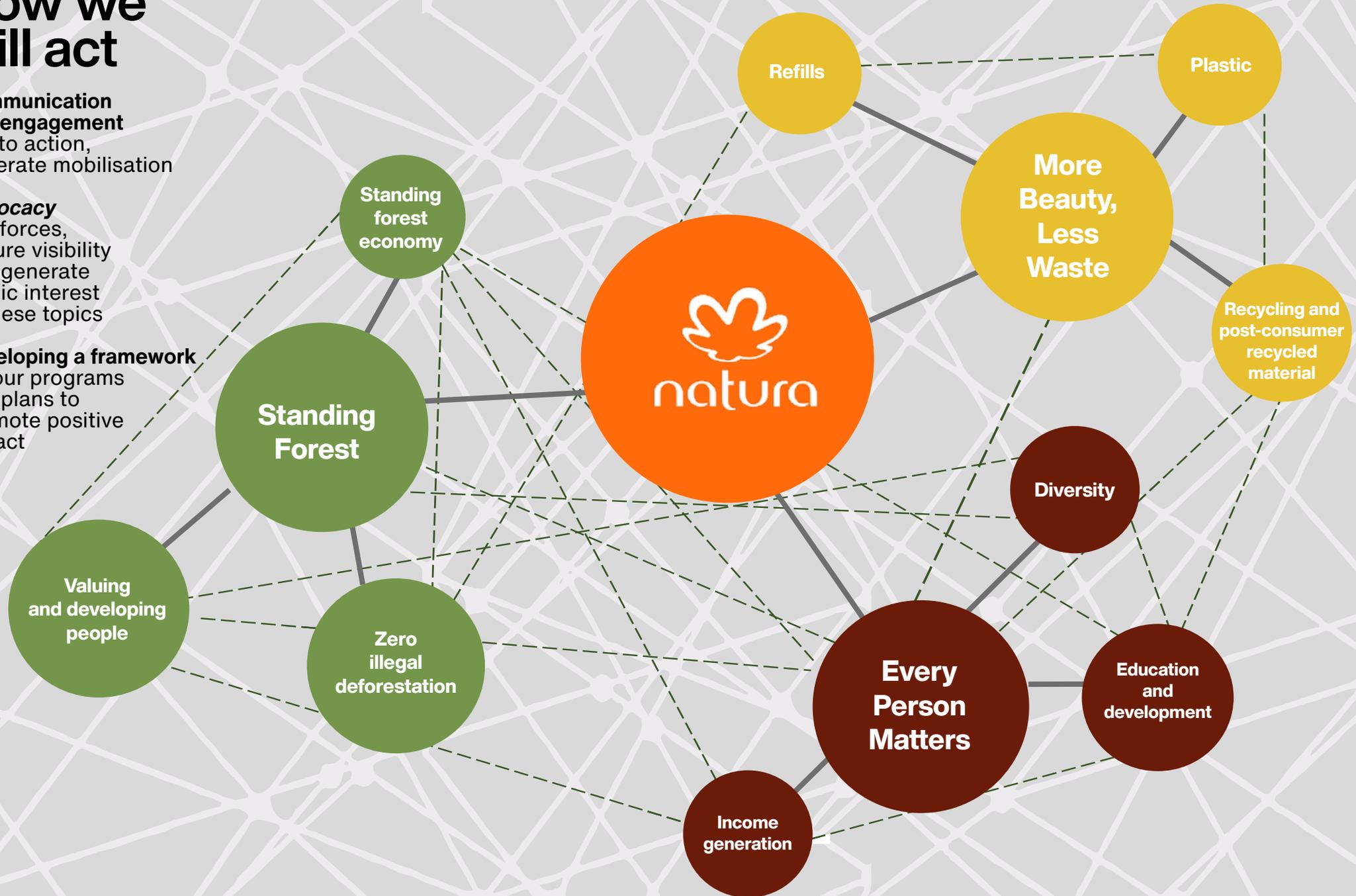
Every Person
Matters

How we will act

Communication and engagement
call to action,
generate mobilisation

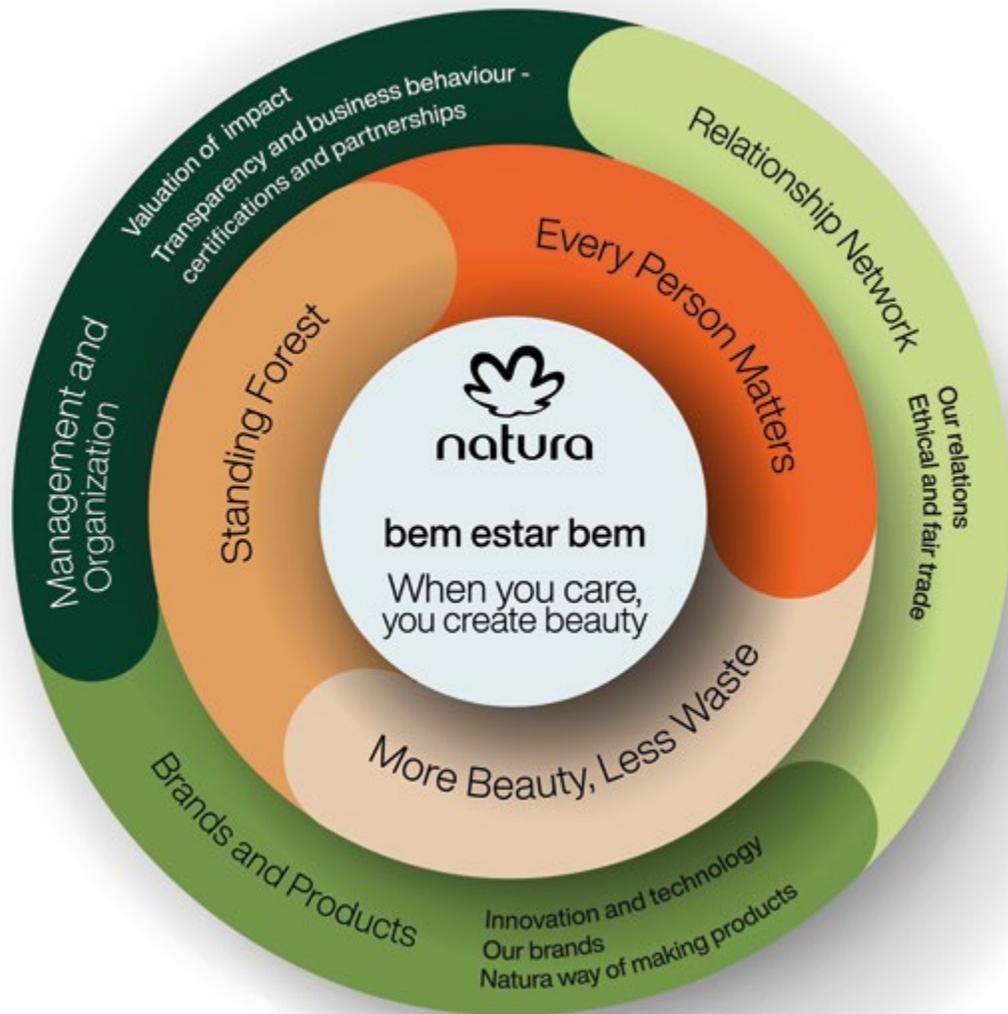
Advocacy
join forces,
ensure visibility
and generate
public interest
in these topics

Developing a framework
for our programs
and plans to
promote positive
impact



Generating positive impact

The desire to make Natura a company that generates value for the whole of society drives our business decisions, the way we relate to our stakeholders and our way of making products, selling them and connecting with consultants and consumers.



Innovation and technology – unite nature and beauty. They accelerate connections and expand the opportunities our network has to do business and spread Well Being Well in an omnichannel, agile manner in multiple geographies.

Our brands – the Natura brand and its daughter-brands express what we are and how we do things. They boost the reach of our messages.

The Natura way of making products – delicious to use and innovative, they are good for the body, for the forest and for the communities that live in them. Our choices involve: care with origin, natural formulas, safety for everyone (and for the environment), with no animal testing, ecological packaging and commitment to the climate.

Our relations – we connect suppliers, consultants and consumers around a common purpose, inviting them to perceive their role in transforming each person and the world.

Ethical and fair trade – conserves social biodiversity and fosters the social and economic development of the supplier community chain.

Impact valuation – we seek to improve assessment of social and environmental impacts to relate our business results to value generation for society.

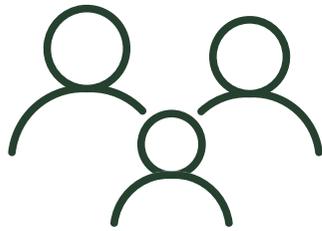
Transparency and business behaviour - certifications and partnerships*



*Full list on pages 172-174.

Cause	SDG Read more on page 159	Material topic Read more on page 201	Other related topics	2020 ambitions Read more on page 159
<p>Standing forest</p> <p>Standing Forest economy</p> <p>Valuing people and the forest</p> <p>Zero deforestation</p>		<p>Social biodiversity</p>	<p>Climate change</p> <p>Water</p> <p>Work and income</p> <p>Product transparency</p> <p>Education</p> <p>Waste</p>	<p>Product socioenvironmental footprint</p> <p>Consumption of Amazonian ingredients</p> <p>Amazonian families</p> <p>Business volume in the Amazon</p> <p>Carbon offsetting</p> <p>Communities</p> <ul style="list-style-type: none"> • Human and social development • Territory strategy
<p>More Beauty, Less Waste</p> <p>Recycling</p> <p>Recycled materials</p> <p>Eco-efficient packs</p> <p>Reverse Logistics</p> <p>Climate Change</p>		<p>Waste</p>	<p>Climate change</p> <p>Water</p> <p>Work and income</p> <p>Product transparency</p>	<p>Product socioenvironmental footprint</p> <p>Eco-efficient packaging</p> <p>Packs with recycled material</p> <p>Reduction of GHG emissions</p> <p>Carbon offsetting</p> <p>Renewable energy</p> <p>Water footprint</p> <p>Reverse logistics</p>
<p>Every Person Matters</p> <p>Diversity</p> <p>Education</p> <p>Income generation</p>		<p>Work and income</p>	<p>Diversity and inclusion</p> <p>Education</p>	<p>Natura consultant</p> <ul style="list-style-type: none"> • Average income • Entrepreneurship • Human and social development • Education <p>Co-workers</p> <ul style="list-style-type: none"> • Women occupying leadership positions • Inclusion of disabled people • Engagement and culture <p>Communities</p> <ul style="list-style-type: none"> • Human and social development • Territory strategy <p>Consumers</p> <ul style="list-style-type: none"> • Mobilising consumers <p>Suppliers</p> <ul style="list-style-type: none"> • Socioenvironmental assessment

Standing Forest



more than
5,100
supplier families
in the region

R\$ 1.8 billion

invested in the Amazon from 2010 to 2019

17.7%

of Pan-Amazon inputs^{1 2} used in formulations

More Beauty, Less Waste

Our Packaging

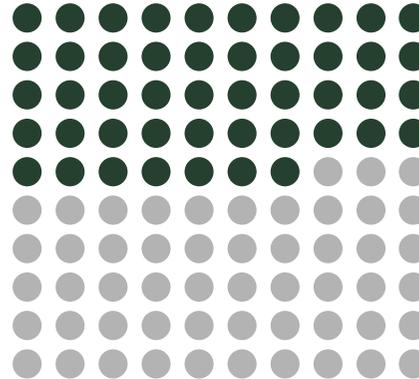
50%

of its composition

is recyclable material¹

8.6%

post-consumer recycled material in packaging¹



47%

of the volume^{1 3} of waste generated by our packs is recycled, in a reverse logistics process

18%

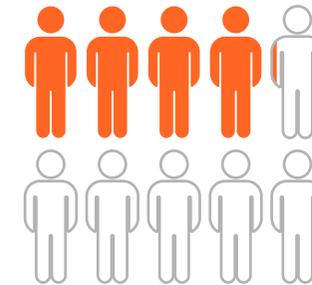
eco-efficient packaging^{1 4}

Every Person Matters

In 2019, growth of

12%

in business leaders' income (and income stability for the consultant)¹



41%

women as directors and vice presidents

7%

of work force disabled¹

R\$ 53.8 million

raised by Crer Para Ver to drive improvements in public education in Brazil and Latin America

R\$ 33.5 million

allocated to supplier communities for the purchase of inputs, benefit sharing and training

Natura has been carbon neutral since
2007

Emission offsetting includes the impact throughout the value chain*

CO₂e

* All emissions up to 2018 have been offset; 34% of the credits from the period 2017/18 are from the Amazon region

100%

of the social biodiversity chain is traceable and UEBT certification for the Ekos line

1. Data refer to the Brazil operation. 2. Pan-Amazon comprehends all the regions that are part of the Amazon Rainforest, in diverse South American countries. 3. In tonnes equivalent. 4. Packaging at least 50% lighter than regular/similar packaging; or comprising 50% post-consumer and/or renewable non-cellulosic

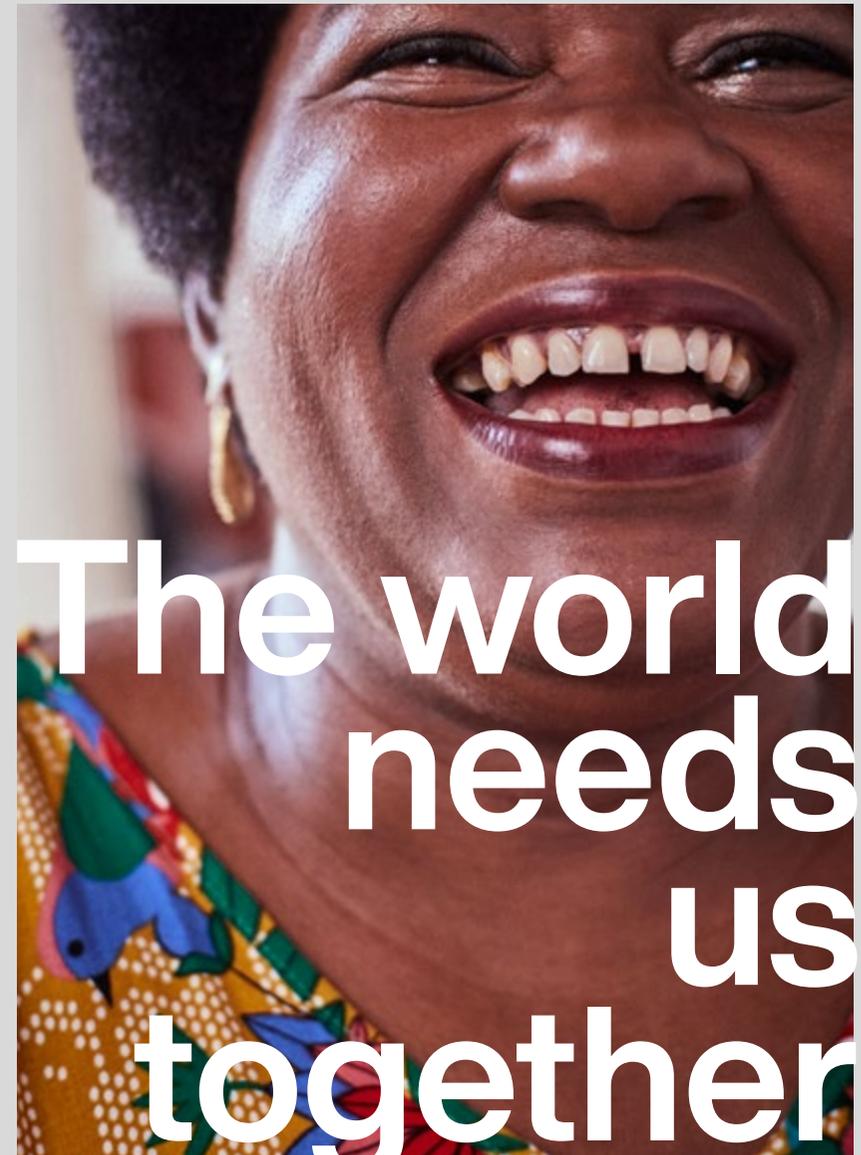
Evolution of our targets and commitments

We have achieved 70% of these commitments. We coordinate our efforts to improve our performance. There follows a description of the main 2019 highlights on each of these fronts.

During this period, we have become more diverse, with more than 40% of director level and higher positions occupied by women (page 126). We have developed methodologies to monetize our environmental impacts, and we are creating indicators to do the same in the social area (page 89). We generated more businesses in the Pan-Amazon* region and around 5,100 families in the region supply us with social biodiversity ingredients and work towards keeping the forest standing (page 97), promoting the conservation of 1.8 million hectares of forest.

And we have also learned a lot. The achievement of some commitments depends on the engagement of society and systemic changes in behaviour or the development of new technologies.

* Pan-Amazon comprehends all the regions that are part of the Amazon Rainforest, in diverse South American countries.



Status of 2020 Ambitions

2020 Ambition	Achieved/ On target	On track	Not achieved/ Behind target
Management and organisation			
Valuation of externalities		●	
Implement Consulting Council	●		
Promote public debate on materiality		●	
Governance model with external engagement		●	
Transparency in product information and evolution of 2050 Sustainability Vision	●		
Brands and products			
Implement product socioenvironmental footprint		●	
Reduce relative carbon emissions by 33%			●
Offset 100% of carbon emissions	●		
Renewable energy strategy	●		
Water footprint strategy			●
Eco-efficient packs*			●
PCR Packs**	●		
Use of recyclable material		●	
Waste collection and recycling	●		
10,000 families in the Pan-Amazon production chains			●
Generate R\$ 1 billion in business volume in the Pan-Amazon region	●		
Guarantee 30% of inputs from Pan-Amazon region			●
Traceability of inputs	●		

● Target achieved ● On track ● Behind target

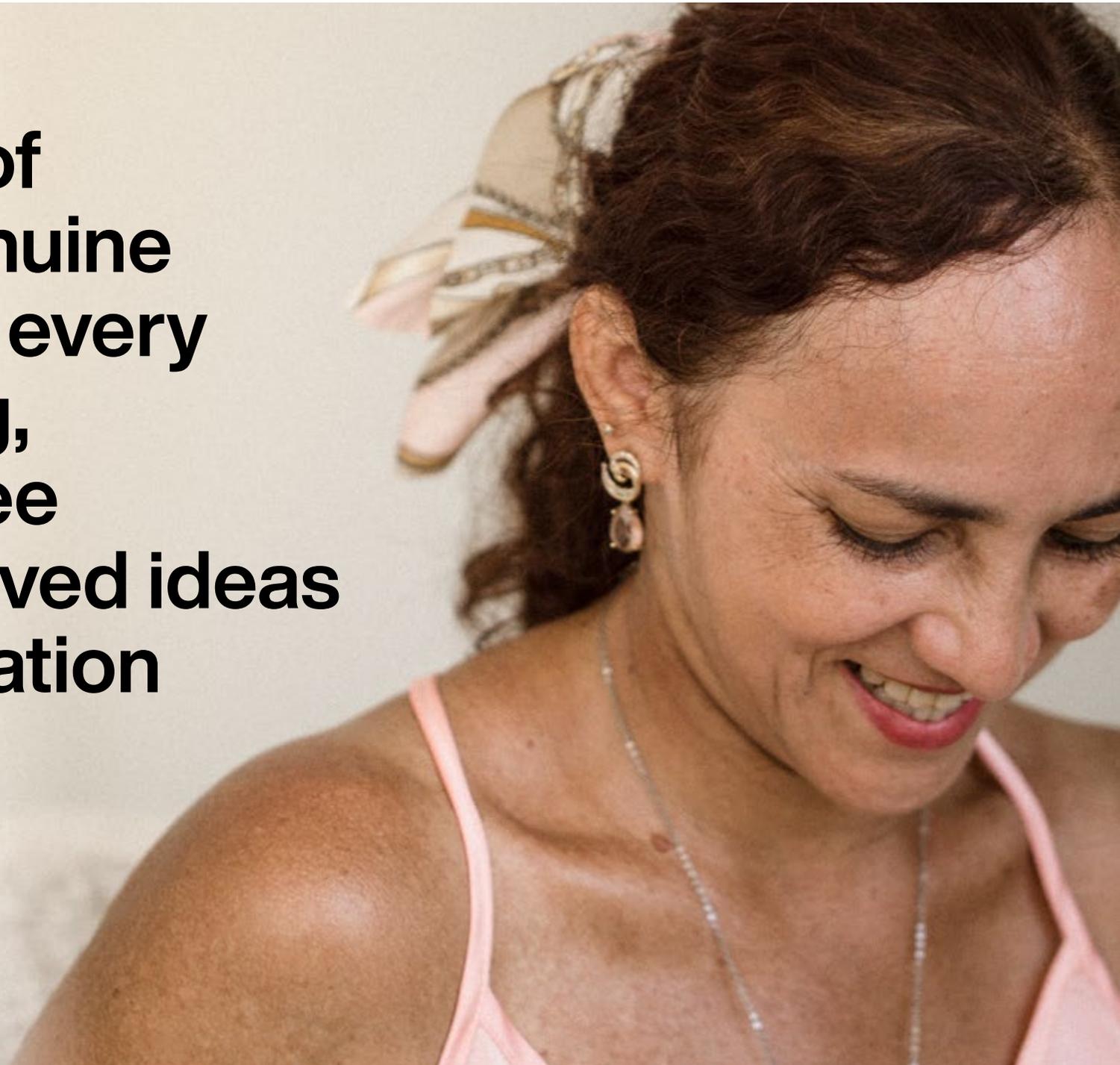
Our network			
Consultant average income	●		
Consultant entrepreneurship	●		
Consultant human and social development	●		
Consultant education	●		
Inclusion of disabled people	●		
Women occupying leadership positions		●	
Employee engagement and culture	●		
Evolution of supplier management		●	
Community human and social development	●		
Territory strategy (surrounding and supplier communities)	●		

*Eco-efficient packaging Packaging at least 50% lighter than regular/similar packaging; or comprising 50% post-consumer and/or renewable non-cellulosic materials that do not increase mass.
**PCR: Post-consumer recycled material.

Our businesses

The pursuit of beauty, a genuine aspiration of every human being, should be free of preconceived ideas and manipulation

The world of Eloiza, 53, is made up of women who dream. Who spread beauty, self-esteem and inspiration to the world of other women. Eloiza has been a Natura consultant for 12 years and brought her children up with help from this activity.



Omnichannel Natura

The celebration of our 50th anniversary marks a track record based on valuing human relations and, at the same time, signals the beginning of a new stage in our history. A company that increasingly believes in the power of relationships, especially when combined with new technologies and new ways forms of contact.

This is how we are building an integrated ecosystem in which the paths to our consumers (Relationship Selling, e-commerce, and retail) complement each other, leveraging our results and those of our network.



With Relationship Selling, we have concluded the convergence process. Since June 2019, all Natura Beauty Consultants in Brazil have been able to adopt a hybrid format, selling products in person and also via the internet, with a customized virtual store, linked with our online sales channel.

We have also launched this format in Colombia and Peru – Argentina and Chile already employed digital sales.

We also maintained our retail expansion strategy. We ended 2019 with 489 stores, counting company owned points of sale and the Aqui Tem Natura stores. In the beginning of 2020, we passed the mark of 500 establishments, bringing us ever close to our consumers. Located in 16 states in Brazil, in Chile, in Argentina, in France and in the United States, our stores were extended to new geographies in 2019. In October, we inaugurated the first Natura pop-up store in Malaysia, the Asian country chosen to initiate the company's new international expansion cycle. We initiated the operation with an omnichannel strategy, with the simultaneous implementation of e-commerce, Relationship Selling and retail. In December, it was Peru's turn to open its first Aqui Tem Natura store –the first point of sale in this format outside of Brazil. The robust results in our own retail initiatives influenced the decision to prioritise them, leading to the discontinuation of company partnerships with pharmacy chains and department stores.

All the evolutions during the course of 2019 constitute the foundations of the path for the new transformations that will come. Anchored in the digitalisation process, we intend to build a new Well Being Well business platform, for which we are accelerating the conception of new products, services and experiences for consultants and consumers.

It cannot
be good
if it is just
for a few

More digital Relationship Selling

The convergence manoeuvre concluded in June 2019 leveraged our consultants' entry into the online sales channel in Brazil and the other countries in Latin America. By the end of the year, 680,000 consultants had opened virtual stores. This represents a 36% increase over the previous year. The number of consultants who join and start selling via the digital channel in parallel with face to face selling also grew in 2019. At the end of last year, 80% of the new consultants set up their digital store when they started selling.

We do not measure digitalisation only by the number and the performance of the virtual stores linked with our digital sales channel. At the end of 2019, almost all the consultants in Brazil and in the other Latin American operations were using the digital platform, available as an app for smartphones and as a mobile website. In Brazil, for example, 80% of the accesses to the digital platform occur via the application, which streamlines the execution of routine tasks (inputting and consulting orders, issuing payment orders, among other options). This enables consultants to dedicate more quality time to customers, be it face to face or virtually.

In 2019, we sought to leverage the use of solutions already available on the platform, such as CRM tools, which enable the consultants to access information about their customers' buying habits so that they may devise activation measures and personalised promotions. Considering the intensive use of the social networks, in particular WhatsApp and Facebook, we developed the Minha Divulgação in which the consultant creates personalised content using an image library on the application, boosting sales conversion potential in the virtual channels, as well as improving the consumers' brand experience. At the end of the year, the service was being used over two times a month by 24% of our consultants in Brazil. Shortly this will be complemented by multimedia material, such as videos produced by the actual consultants.

Consultants in the virtual world

- 1.6 million consultants engaged in the digital platform (app + site)¹.
- 680,000 virtual stores².
- Over 33% of orders transmitted via the Consulting app¹.
- 80% of new consultants set up their virtual store immediately².
- 24% of the consultants use the contents available in Minha Divulgação, on the Consulting platform over twice a month³.
- 4.5 point satisfaction rate with the Consulting app in the Play Store evaluation (from 1 to 5 points)¹.

1. The data apply to consultants in Brazil, Argentina, Chile, Colombia, Mexico and Peru.

2. The data apply to consultants in Brazil, Argentina, Chile, Colombia and Peru. Natura will launch its online sales channel in Mexico in 2020.

3. The information refers to consultants in Brazil.

Our consultant network

Natura ended 2019 with over 1.8 million consultants in Brazil and its other operations in Latin America. The total in Brazil is 1.1 million, a slight increase over the previous year. The perspective is that the convergence of the face to face and digital models will attract a more significant number of entrepreneurs to our network in the coming years, especially younger and more digitally engaged people.

In Latin America, there were 708,000 consultants at the end of 2019, a 10% increase over the previous year. During the year, the operations in Argentina and Mexico exceeded the mark of 200,000 consultants. Among the leaders, we verified a slight reduction both in Brazil and in the Latin American operations that use this model (Chile, Colombia and Peru).

The consolidation of our new direct selling model continued in 2019, reaching all the countries in Latin America. In Brazil, there are five career progression levels for the Beauty Consultants: Seed, Bronze, Silver, Gold and Diamond. The consultants move to a higher level as their sales performance improves, with the percentage earned from sales increasing at each new level. Consultants at more advanced levels are also able to take courses and win exclusive prizes and recognition. We remain committed to enhancing the Relationship Selling model. In 2020, we are going to invest in segmentation measures in accordance with the consultant's level, with differentiated strategies to drive proximity and greater engagement in the activity.



We are also revitalising the value proposition for the Business Leaders, who reconcile Natura product sales with managing and supporting a group of consultants.

In our Latin American operations, the career progression levels vary from country to country. In Mexico, which has a differentiated multilevel model in which the consultants build up their own sales networks, there are six progression stages. For the three most advanced levels, (Platinum, Sapphire and Diamond), in addition to higher earnings, there is a points programme inspired by airline and credit card company loyalty programmes. These points may be exchanged for products from Natura and partnering companies, including some with B Corp certification. It is also possible to redeem accumulated points to acquire a carbon emissions offsetting bonus and books donated by Natura.

GRI 102-7 Consultants – Brazil and Operations in Latin America (thousands)¹



1. Does not include leaders.

Consultants and leaders – Brazil (unit)	2017	2018	2019
Consultants	1,129,000	1,058,000	1,092,000
Leaders	5,226	5,340	4,880

Consultants – Operations in Latin America (unit)	2017	2018	2019
Argentina	170.9	189.0	209.5
Chile	73.4	73.0	72.9
Colombia	96.7	108.4	115.2
Mexico	160.6	183.9	221.9
Peru	87.4	90.5	89.3
Total	589.0	644.8	708.7

Leaders – Operations in Latin America (unit) ¹	2017	2018	2019
Chile	420	420	427
Colombia	719	700	661
Peru	845	650	516
Total	1,984	1,770	1,604

1. There are no leaders in Argentina, and in Mexico the model has a different system for classifying the consultants.

Income generation and a decent life

Since the model was revitalised in Brazil, the productivity of our network has not stopped growing. The end of 2019 represented 13 consecutive quarters of growth. Consultant productivity rose 4.5% compared with 2018.

The annual average income of consultants in Brazil remained stable compared with the previous year, while the annual average income of leaders increased by 12%. In this last measurement we adopted the concept of a living wage as a reference, which refers to the minimum income necessary to have a decent standard of living, enabling access to habitation, sanitation, water, food, healthcare, education and well-being. For consultants, who do not usually work full-time, the reference amount adopted was R\$ 11.00 an hour. In the case of leaders, who have a more entrepreneurial profile and are responsible for a network of consultants, the basic income reference used was R\$ 1,950 per month. All the consultants in the three most advanced career progression stages (Silver, Gold and Diamond) had average hourly earnings related to consulting above the established reference value. And 95% of the leaders also had an average annual income higher than the reference rate. **GRI 203-2**

GRI 203-2 Average annual income for consultants and leaders – Brazil (R\$)¹



1. In 2019, we adjusted the calculation of consultants' income to ensure broader consideration of the different strategies they use in purchasing Natura products and pricing them for their customers. With the alteration in the calculation rationale, the values for 2017 and 2018 were restated. The previous amounts reported corresponded to R\$ 4,728 in 2017 and R\$ 5,318 in 2018.

Caring
for oneself
to care
for others

Financial inclusion for consultants

With the objective of promoting the financial inclusion and bankarisation of our consultants in Brazil, as well as increasing their productivity and income, in 2019 we started offering them a 100% digital bank account that can be opened and managed directly via the Natura website or the digital platform.

The service, provided in partnership with financial institutions, also offers special conditions for the acquisition of portable card terminals to meet the growing demand from consumers who prefer to pay for their purchases by credit and debit card. The proceeds from the sales made by consultants in their virtual store are credited directly to this account, as is the balance from the face to face sales made using the card terminal. With the funds available in the account, the consultant can make purchases with her Natura card, pay bills, withdraw and transfer money.

Training and engagement

We recognise the importance of training for the development of our consultants. In Brazil, the total number of face to face and virtual training sessions concluded in the year grew by 24%, reaching 3.6 million in 2019. The number of consultants trained increased from 15% to 23% of the total base. To ensure a closer focus on digital training, we reformulated the courses for beginners, which were no longer given by the business managers and became 100% virtual. Worthy of note in face to face training were the more in-depth courses for specific categories, such as perfumery, makeup and face.

In the operations in Argentina, Chile, Colombia and Peru, 26,000 consultants received face to face and virtual training in each sales cycle (the numbers for training sessions conducted in Latin America and Brazil are available in the Attachments). In Mexico, we launched podcasts on Spotify. These were aimed at the consultants and may also be accessed by anyone interested in learning more about the model. There were seven episodes lasting on average 30 minutes each. They employ simple, humorous language to talk about subjects such as how the model works, how to build valuable relationships, the differentials of the Natura brand and how to organise finances, among others. The consultants also receive virtual and face to face

training, as in the other countries. The difference is that the face to face training sessions are organised by the leaders, always with support from Natura.

We also organise a series of engagement actions. The most emblematic is the Annual Encounter, in which we bring together a large audience to share our future ambitions and the way in which we intend to achieve them. This is also the occasion on which we organise actions to recognise consultants for the length of their relationship with the company. The 2019 encounter in Brazil was attended by almost 850 people. There was a record audience in Mexico, with two thousand participants from every region of the country. In Argentina, the annual encounter was one of the events in the *Semana Mais* (further information on page 147), which mobilised some 10,000 people, including co-workers, consultants, leaders and end consumers in the country's capital, Buenos Aires.

Loyalty

Knowing the degree of satisfaction, intention to continue the relationship with Natura and the probability that a consultant will recommend the company to third-parties is fundamental for Natura. In Brazil, these indicators, which are the basis of the loyalty index, are measured in every sales cycle for consultants and every two cycles for leaders.

The greater frequency, made possible by migrating the survey to an online format, enables Natura to identify opportunities to improve relations and to correct any deviations in course more rapidly. On average during the year consultant loyalty stood at 22.6%, similar to the previous year, whereas loyalty among the leaders increased to 14.6%.

In the operations in Latin America, where the survey is still conducted on an annual basis, the situation was the same: a similar result in consultant loyalty and a more significant increase for the leaders. The table shows the results for the last three years.

GRI 102-44 Consultant relationship quality Brazil ^{1,4} (%)	2017 ⁴	2018	2019
Satisfaction ²	76.6%	78.8%	79.3%
Loyalty ³	22.2%	22.5%	22.6%

GRI 102-44 Leader relationship quality Brazil ¹ (%)	2017 ⁴	2018	2019
Satisfaction ²	68.3%	64.8%	64.2%
Loyalty ³	17.3%	12.1%	14.6%

GRI 102-44 Relationship quality consultants Latin American Operations ¹ (%)	2017	2018	2019
Satisfaction ²	95.7%	95.2%	94.0%
Loyalty ³	43.1%	42.0%	42.3%

GRI 102-44 Relationship quality leaders Latin American Operations ¹ (%)	2017	2018	2019
Satisfaction ²	97.3%	97.0%	98.0%
Loyalty ³	56.3%	62.6%	66.0%

¹ Source: Kantar, for consultants in Brazil, and Ipsos Institute, for Latin American Operations.

² Satisfaction: Percentage of consultants and leaders who are "completely satisfied" or "very satisfied", who gave a score of 4 or 5 ("Top2Box") on a scale from 1 to 5 points in relation to their overall satisfaction with Natura.

³ Loyalty: percentage of consultants and leaders who gave the top score ("Top1Box"), on a scale from 1 to 5 points, for three aspects: overall satisfaction with Natura, intention to continue the relationship with the company and recommendation of Natura to other people.

⁴ In Brazil, we started to release the results of the annual average of the surveys undertaken in each sales cycle for the satisfaction and loyalty indices in 2018 and since then we have restated the 2017 numbers to ensure comparability. Previously, we reported the results of the annual surveys.

Evolution in service levels

We make a point of providing our consultants with the best possible service, ensuring quality and agility. The Natura logistics system comprises the Itupeva hub in São Paulo and 12 distribution centres in Brazil and in the other countries in Latin America in which we operate. This work enables a high degree of effectiveness in delivery times – approximately 98% – and we continue to improve in deliveries in up to 48 hours, which holds true for 70% of orders in Brazil and 60% in the other countries.

In 2019, we discontinued activities at the São José dos Pinhais distribution centre in Paraná, redistributing the operation among the other distribution centres. We also inaugurated our new distribution centre in Mexico, which will support our growth strategy in the country for the next five years (*further information in the following box*).

In pursuit of continuous improvement, in 2019 we started measuring the consultants' level of satisfaction with the delivery service in Brazil. Using Net Promoter Score (NPS) methodology, our average satisfaction rating corresponded to 78 points in this first year. The survey is sent by email soon after the delivery has taken place; we received an average of 40,000 responses per month.

For the next two years we intend to implant even more significant innovations and advances in our logistics network, consolidating same day delivery for the major urban centres, programmed deliveries, and pick up from stores and other convenient locations. We are also studying new ways of providing consumers with the product as soon as they need it. We intend to involve our relationship network to enable these strategies.

Average delivery time

Brazil (days)	2018	2019
Consultant	5.4	4.7
Consumers (online purchases)	5.2	4.2

Operations in Latin America (days) ¹	2018	2019
Consultant	3.2	3.4

¹ The numbers for online sales via the website have not been incorporated into the indicator yet because operations using this model in Argentina, Chile, Colombia and Peru were implemented between 2018 and 2019.

Delivery in 48 hours

50%
of the consultants' orders
in Brazil and the other countries
in Latin America.

**In the main cities and
state capitals in Brazil
the rate reaches 70%.**

New Distribution Centre in Mexico

Inaugurated in August, the new Distribution Centre in Mexico replaces Natura's old one, which was located on the premises of one of our supplier partners. Involving an investment of R\$ 45 million – the largest Natura infrastructure project outside Brazil –, the centre employs leading edge technology, ensuring greater agility and quality in the order picking process, reducing costs for the company and improving service levels for consultants. Operated by a combination of staff and robots, the capacity of the picking line is 1,300 orders per hour or more than seven million orders per year.

Located in the municipal district of Cuautitlán Izcalli, in the east of the country, the centre occupies an area of over 20,000 m² and is equipped with more efficient LED lighting. Rainwater is also harvested in the facility and used to irrigate green areas. Another

eco-efficiency measure is the use of process residues by suppliers to make pallets from wood and other materials.

The distribution centre employs some 200 people who work in shifts. With the consolidation of the Natura operations, the centre will incorporate logistics for the The Body Shop. This initiative is part of the synergy process between the two companies announced in 2019, whereby Natura assumed management of The Body Shop operation in Latin America. In Brazil, the São Paulo Distribution Centre should incorporate The Body Shop products into its operation in 2020. With the acquisition of Avon, we intend to map synergies between our logistics operations in Brazil and the other countries in Latin America in which the two brands are commercialised.

Natura Experience Centre

The Natura Experience Centre assumed even greater importance in 2019. The centre is responsible for monitoring information related to logistics, product availability, systems and technologies in real time, aimed at eliminating deviations and driving the best possible service levels for consultants. The team was reinforced with new members, whose mission is to monitor and enhance key processes and react rapidly to any problems, minimising impacts for consultants and informing them proactively before they contact Natura.

We also seek to identify solutions to avoid the repetition of deviations and to implement procedures to reduce recurrence on special dates, when Natura sales volume increases. One result was the 20% reduction in the number of calls from consultants to the Natura Consultant Call Centre (Natura Atende Consultora). Problems with orders during Christmas 2019, a strategic date for Natura, were reduced by over 60% compared with the same period of the previous year.

We also created a data bank with all the information from consultants who contacted the call centre. Analytics tools generate

data that drive continuous advances in our processes.

We also monitor the consumer experience based on the information gathered by the consumer call centre. The reason for the contact, time to resolve the problem and rate of calls resolved in first contact, among other indicators, are monitored. We also measure satisfaction with the call centre using Net Promoter Score (NPS) methodology. As with the consultants, we pay careful attention to special dates. On Black Friday in 2019, consumer satisfaction with the service provided by our centre increased by 13% compared with the previous year.

For the third year running, Natura was champion in the Customer Service ranking organised by the Instituto Ibero Brasileiro de Relacionamento com o Cliente (IBRC) in partnership with Exame magazine. In the same award, we were also elected company of the decade in customer service. For the second time running, we received the Excellent Company award from the Associação Brasileira de Telesserviços (ABT), with more than ten award-winning cases in the last three years.

Virtual assistant and digital influencer

Nat is our virtual assistant, who gained a new look and assumed new attributions in 2019. Created to provide an agile response to the doubts of consumers, consultants, leaders and business managers, she made her début in the social networks and took over the official Natura account on Twitter. Today, she acts both as an assistant to our customer service team and a digital influencer. With this change, Nat has been helping Natura to get closer to the youth audience and remain hyper-connected.

For consumers, she is available on the Brazilian website natura.com.br. She may also be accessed by consultants on the company's digital platform and by leaders and business managers on the exclusive Sales Force app. In a pilot project Nat made an appearance on WhatsApp, generating four thousand interactions in only eight days. In 2020, both consultants and consumers from all over Brazil started to interact with Nat on WhatsApp.

On Twitter, she takes part in major discussions and movements happening in Brazil and worldwide that have repercussions on the social networks (*read more in Engaged consumers, on page 146*). On occasion, Nat may be present in the Natura profiles on other social networks, such as Facebook. At the end of 2019, the assistant started work at Natura Argentina and will be incorporated into the other operations in Latin America during the course of 2020.

Nat numbers

- 90,000 interactions/month;
- 65,000 users/month;
- She resolves 60% of the consultants' needs, substituting interaction with a traditional attendant;
- The consultants' requests are related to exchanging products, cycle orders, copies of payment orders, courses and the virtual store, among others.
- Most of the consumers' requests are related to product exchange, order status and information about how to become a Beauty Consultant.
- Nat already has more than 145,000 followers on Twitter.



Online sales channel

Linked with the convergence project concluded in 2019, our online sales channel strategy also underwent transformation. The purpose is to ensure our consultant network may increasingly benefit from the opportunities generated by working virtually, boosting their productivity, sales volume and income. With the unification of registration and remuneration (*further information on page 51*), we established some minimum requirements for consultants who opt to work exclusively via their virtual stores.

Another important change was the alignment between Relationship Selling and e-commerce commercial and promotion practices, which were previously separated. With this, we linked the offer of products and, principally, promotions to the 21-day sales cycles. On the other hand, based on the data generated in purchases via the website, it was possible to intensify segmentation and meet the specific needs of each consumer. This includes sending special offers and discount coupons to a customer or user based on their purchase history or visits to our website.

On the first day of 2019, we unified our institutional and sales websites. Since then, it has been possible to acquire products and

to access institutional and brand contents when visiting the natura.com.br website.

The alterations enhanced our omnichannel system and boosted the benefits from each sales model. After an initial period of adjustment, the digital sales channel was stabilised and ended the year with 400 million accesses and a significant double-digit growth rate in the fourth quarter.

Once again, as part of our efforts to maintain the same service level for consultants and consumers, we set up an agile working structure with all the teams from the different areas involved working in a dedicated manner in the same physical space. For the fifth consecutive year, during Black Friday we donated R\$ 1 to a social project we support in the Amazon region for each sale made via the website. The consumer chooses which initiative the donation goes to. We also organised similar promotions in our stores and in Relationship Selling.

Online sales abroad

During the course of the year, we extended our online sales channel to Colombia and Peru, as planned, as well as to the newly launched operation in Malaysia. The channel had already been implanted in Argentina, Chile, Europe (via our operation in France) and the United States. In 2020, we will finalise the implantation of our e-commerce operation in Mexico.

In the operations in Latin America, in which the Relationship Selling model is well consolidated, the introduction of e-commerce adopted the convergence model used in Brazil, enabling consultants to work with the two formats.

Nature,
beauty and
technology
can and
should go
hand in hand

Retail

In the course of 2019, we inaugurated another 20 company-owned stores, totalling 67 points of sale in Brazil, Argentina, Chile, France and the United States, in addition to Malaysia.

In Brazil, we expanded our operations to the north-east of the country. Salvador, in Bahia, was the first state capital in the north-east to receive a Natura brand store, in May. Throughout the year, we extended our reach to Fortaleza (CE), Maceió (AL), Natal (RN), Recife (PE) and João Pessoa (PB), in the north-east region, and to Vitória (ES). We are also present in other states in the South, Southeast and Midwest of the country.

We took advantage of the inauguration of the first space in Salvador to present the new own-store concept to consumers, with more interactive trial solutions and greater connection with the Natura brand, our way of doing business and our positionings and causes. The new architectural design used references to Brazilian modernist architecture, an example being the landscape designer Burle Marx, and explored the wealth of the country's biodiversity. The stores are more spacious, with two or three isles for experimentation, enriching the consumer experience. Among the solutions employed there is

a virtual mirror which permits the consumer to simulate various makeup options and a real-time skin diagnosis that indicates the best moisturising products. With augmented reality glasses, it is also possible to embark on a virtual experience with Ekos, discovering the work done by the extractivist communities in the Amazon, who cultivate and harvest the bioingredients used in the product line.

Yet another differential in this model, is the presence of makeup consultants who provide free advice to whoever is interested. In 2019, we invested in training for our retail workers, with emphasis on the fragrances in our portfolio. All of them are also prepared to explain the differentials of Natura products, including the choices we make in ingredients. In another initiative, exploring the experimentation potential of our own stores, we made an exclusive offer of the new Natura Ekos *deo parfum* – Ekos Alma –, which was only included in the Relationship Selling portfolio in 2020.

The stores have also started to collect post-consumer packaging from customers, which is then recycled and transformed into new product bottles.

We arrive in Malaysia

Enter a store to buy some shampoo and receive a diagnosis about your capillary structure and the state of your hair, as well as guidance on the most suitable treatment tailored precisely to your needs. This is the experience available for consumers at Natura's newest store. A mobile device uses machine learning and cross references data on research done by Natura with the consumer's habits to determine the best results. A similar resource is available to conduct skin analysis. This is how Natura combines technology, the best of science and brand experience to ensure differentiation in a market known to be highly demanding in terms of performance, especially in products for the face.

Our products have been available in Malaysia since October in a 100 m² pop-up store in a mall in Petaling Jaya, a satellite city adjacent to the capital Kuala Lumpur. Products are also being commercialised online and by local Natura consultants. The model in Malaysia is unique and represents an important test for the brand to accelerate its expansion into new geographies. It was born omnichannel and is fully managed by a head franchisee – in this case, a franchisee of the The Body Shop, a Natura &Co group company.



The portfolio on offer is 100% vegan, comprising around 150 products from the Ekos, Chronos, Lumina, Mamãe e Bebê and Natura Homem brands, in addition to perfumery. From the second half of 2020, the store will migrate to a permanent space in the mall, and new stores will be opened in other districts of Kuala Lumpur.

In Brazil, some company-owned stores are already equipped with this equipment that measures the level of damage to hair, and the company intends to expand the offer of the other experiences in the near future.

Entry into the Malaysian market has generated key learnings for Natura. Employing the knowledge resident in the other Natura &Co brands, the entire process – from planning, through the definition of the portfolio to the launch of the website and opening of the store – took just 10 months. This demonstrates how agile processes have gained traction throughout Natura and can drive important gains.

The Body Shop operation in Latin America

One of the synergies identified with the formation of the Natura &Co group, in 2019 Natura took over the The Body Shop operations in Latin America, which include 158 company-owned stores and franchises in Brazil, Chile and Mexico. This change has been driving the goal of reinforcing the The Body Shop's presence in the region, boosting its competitiveness and brand awareness.

The organisation's logistics structure will also be fully integrated, generating cost reductions. In Brazil, The Body Shop soaps are already produced at the Ecoparque, in Benevides (Pará). Further gains are projected through the capture of synergies in support areas such as Human Resources, Finance and Technology.

At the beginning of 2020, the operations of the Natura &Co group (Avon, Natura, The Body Shop and Aesop Brazil) in Latin America were placed under the command of João Paulo Ferreira, boosting integration and the capture of synergies between the brands in the region.

[Click here to see the video on the inauguration of the store in Malaysia.](#)



Aqui Tem Natura

We ended 2019 with 422 Aqui Tem Natura stores, compared with 192 in 2018. These stores are currently established in 24 states across the country. The state of São Paulo continues to be the state with the highest number of stores – 186 at the beginning of 2020. In December, we entered Peru with the opening of an Aqui Tem Natura store in the city of Huancayo.

The stores are still operated exclusively by Natura consultants with an entrepreneurial profile, who, among the alternatives in our growth plan, opt to become Beauty Entrepreneurs and open their own business. To become an entrepreneur, the consultant should reach the silver stage, the third level in our model. The advantages of this format are the cost and time of return on investment, lower than the market average for franchises in Brazil.

In addition to the growth in the number of Aqui Tem Natura stores, other factors demonstrate the effectiveness of the model. For example, the number of entrepreneurs who open their second and third store is growing. The company offers all of these entrepreneurs support, such as specific training programmes and support in implementing marketing strategies. They may also commercialise complementary brands in their stores, under the oversight of Natura, a factor which increases profitability.

For consumers, the Aqui Tem Natura stores offer the convenience of a retail outlet, enabling them to buy product and receive it immediately, with one differential: the company's focus on experimentation. The points of sale are usually located on streets or in commercial galleries with high people traffic. We are also working on making our channels more complementary, which will include the possibility of a customer buying a product online and picking it up at one of the Aqui Tem Natura stores.



Natura owned stores

In Brazil



Abroad



Aqui Tem Natura stores 422 stores

In 24 states in Brazil: São Paulo, Minas Gerais, Paraná, Rio de Janeiro, Goiás, Rio Grande do Sul, Bahia, Pernambuco, Santa Catarina, Espírito Santo, Ceará, Rio Grande do Norte, Sergipe, Piauí, Rondônia, Mato Grosso do Sul, Alagoas, Amapá, Roraima, Maranhão, Pará, Tocantins and Paraíba, as well as Distrito Federal.

First store outside Brazil, in Huancayo (Peru).

* In the first quarter of 2020, we discontinued the operations of the stores in Vélizy 2 and La Défense, in Paris.

Our way of innovating

As the leader in innovation and technology in cosmetics in Latin America, we constantly strive to enhance the way in which we innovate. Our innovation cycle, which is totally geared to the company's positionings and causes, begins with careful prospecting of the country's social biodiversity and access to traditional community knowledge.

The following stages are concentrated on the Natura Innovation Centre in Cajamar, the most advanced in Latin America and which recently underwent revitalisation (*further information ahead*). In the Advanced Technology laboratory there are different research areas dedicated to the study of new molecules, cell culture, human microbiota (the bacterial ecosystem that protects the skin), biomimetics (the concept of using nature as inspiration for the conception of products) and biotechnology, which is engaged in the development of high performance, renewable ingredients.

We have the most advanced technologies at our disposal and have consistently evolved in our techniques for proving results. Employing genomic tools, we conduct the simultaneous genetic mapping of diverse active ingredients, which enables us to expand

our knowledge of their effects, resulting in high performance formulas. We also have a 3D skin bioprinter, which enables us to conduct effectiveness and safety tests of active ingredients on skin models, as well as a DNA sequencer, which analyses human microbiota. Initially used to develop products for the body and face, more recently these two technology tools have been employed in projects involving hair.

Employing the technologies discovered, we develop our products in the formula and prototype development laboratory. These are then tested by our consultants and consumers. It is important to note that the Natura portfolio formulas prioritise the use of ingredients of natural origin, from renewable sources and from Amazonian social biodiversity. We are committed to only using ingredients that do not put either our consumers or the environment at risk, and we are compliant with international legislations and best market practices.

In the development of packaging, we are also inspired by the concepts of ecodesign and pursue the creation of solutions that represent the value proposition of our brands, that are easy to use and that generate the least environmental impact.

A beauty
brand can
create
products
whose main
ingredient
is ethics

Increasingly agile innovation

With the growing use of advanced technologies and the organisation of Innovation area staff in agile teams, we have achieved important reductions in time to market (the time from the approval of a project to develop a new product to its sale to the end consumer). As an example, the agile team responsible for the gift portfolio (special sets and portfolio for commemorative dates) achieved an average 35% reduction in time to market for its projects in 2019.

Investment in networked innovation, which includes co-creation, open innovation and the establishment of partnerships, is another element that differentiates and drives the Natura innovation cycle.

Main launches

As a result of the robustness of the company's innovation cycle, in 2019 many of the projects in our pipeline were concluded and launched. During the year we invested R\$ 214 million in innovation, corresponding to 2.4% of the company's net revenue. We launched 330 new products on the Brazilian market. From this total, four launches are particularly worthy of note precisely because they symbolise the positionings made explicit in our brands and synthesize our innovation process. These are: Tododia, Lumina, Mamãe e Bebê and Ekos Alma.

Natura Mamãe e Bebê

After completing 25 years in 2018, the brand was relaunched in 2019. The new formulations are 100% vegan, dermatologically tested and approved by paediatricians; they are safe for use from baby's first day of life. The formulas, which were already free from sulphates, silicon, mineral oil, ethyl alcohol and colouring agents, now have an even higher percentage of ingredients of natural origin (96%). The packs are produced with 100% green plastic and also have refills. In addition to the emphasis on the use of technology, the launch involved unprecedented research into the factors that influence the bonds between parents and babies. Conducted by the Natura Well-Being Sciences area, in partnership with the Albert Einstein Israelite Teaching and Research Institute, the study involved 523 women in their first pregnancy and 211 partners. The bond with the baby, the mother's perception of beauty and the emotions involved were assessed in different quarters during the pregnancy and in the postnatal period. One of the main conclusions is related to the mother's self-esteem: it was shown that her feeling beautiful, happy and good about herself strengthens her bond with her baby.



Natura Tododia

The product line was already 100% vegan and gained a new formulation. This involves a combination of cocoa butter, which nourishes the deeper layers of skin, linseed oil, which protects and strengthens the skin, and prebiotics, which help the skin to adapt intelligently to changes in routine and climate. The effectiveness of prebiotic nutrition was proven in tests conducted in a sequencer, which permits the analysis of human microbiota and its interference in the skin metabolism. The packaging is made of recycled PET. The new Tododia launch was associated with the concept *I am more than just a label*, an invitation for women to reflect on the standards imposed on them by society. The line was developed by a dedicated team of professionals working based on agile methodology, which enabled a 40% decrease in the time between project approval and product launch.





Natura Lumina

The new high-performance hair line from Natura also has a 100% vegan formula and packs made from green plastic. Lumina employs Natura's exclusive pro-teia biotechnology. Based on biomimetics, we identified that the material in a web, although thinner than a strand of hair, is more resistant than steel and more malleable than nylon, in addition to consisting only of protein. In partnership with a German start-up, we developed a similar biotechnological protein which acts on all the layers of hair, regenerating it from the inside out to the exact extent of the damage. To prove the benefits of pro-teia biotechnology, in conjunction with the University of São Paulo (USP), we developed a micro x-ray tomography to analyse hair (a technique inspired by tomography examinations for health diagnoses). The micro-tomography demonstrated a 70% reduction in the porosity of the hair strands after the first application. Lumina also employs Brazilian biodiversity ingredients such as murumuru butter and Brazil nut oil.



Natura Ekos Alma

A *Deo parfum* inspired by the energy of the forest, the product reflects one of our causes, Standing Forest. In a single fragrance, an unprecedented combination of five Brazilian biodiversity oils: cumaru, which represents connection with life according to Amazonian tradition; copaiba oil, with curative properties; breu branco oil, used as incense in some of the forest peoples' rituals; oil from the Vitoria Regia lily, symbolising femininity; and priprioca essential oil, aged in Amazonian timber for a year, ensuring differentiated olfactory characteristics for each crop. Created by our perfumer Verônica Kato and Frenchman Yves Cassar, Ekos Alma has organic alcohol in its formulation, which is vegan, like all the other Ekos line products. The bottle, with its exclusive format, is made from recycled glass. We selected the Rock in Rio festival to present Natura Ekos Alma to consumers; it was then launched in the company's own stores and on its digital platform. The product was incorporated into our Relationship Selling portfolio in 2020.

Expanded experience

Ekos Alma is the first perfume on the market to offer an expanded well-being experience. By means of a QR code on the pack it is possible to access a guided meditation exercise, set in the Amazon rainforest. This experience is also available on the Natura Meditation app.

New Innovation Centre

As the first stage of the revitalisation of the Natura Innovation Centre in Cajamar, with a R\$ 32.5 million investment announced the previous year, the company inaugurated new laboratories and infrastructure in 2019.

The renovated centre will be one of the most advanced and innovative in Latin America, expanding the company's scientific capacity to enable further in-depth studies into natural ingredients with a focus on Brazilian biodiversity. Among the new spaces that have already been inaugurated is the new formula and prototype development laboratory which occupies over 800 m² and is equipped with plug and play technology, enabling diverse configurations for the installations. It comprises mobile technological totems coupled to an aerial infrastructure system which can be dislocated to serve all the laboratory benches (also mobile), enabling the connection and disconnection of installations that are normally fixed (water sources, drainage, compressed air and electricity), providing researchers with greater autonomy and boosting the success rate in formula development. It is also possible to manage the number of prototypes and natural ingredients available in the environment automatically. On average, we develop more than two thousand prototypes simultaneously.

The formula and prototype laboratory also has a pilot plant equipped with scaled down industrial equipment used to simulate manufacturing stages with small volumes. It also has a LIMS

(Laboratory Information Management System), a data management tool that interfaces with the SAP production systems, enabling complete traceability of raw materials, batches and the tests used to develop and prototype new formulas. Moreover, the tool has been customized to enable researchers to reduce the environmental impact of the formulas under development.

Additionally, the new innovation centre has an Advanced Technology laboratory dedicated to biotechnology, which gives us the autonomy to develop and test new biotechnological molecules internally, as well as a sensorial assessment laboratory and a collaborative area in which all the areas working with innovation at Natura can intensify co-creation with each other and with suppliers, start-ups and university partners.

Indicators	2017	2018	2019
Investment in innovation (R\$ million) ¹	172	188	214
% of net revenue invested in innovation ¹	2.2%	2.2%	2.4%
Number of products launched ² – Brazil	213	233	330
Innovation rate (%) ³ – Brazil	64.6%	59.9%	58.4%

1. Data refer to Brazil and the International Operations.

2. The number of products launched includes only products that represent a new value proposition for the consumer, including new packs and formulations.

3. Share of sales of products launched in the last 24 months in total gross revenue in the last 12 months.

Technical data on the Google Cloud platform

With the expansion in the use of advanced technologies, which significantly increases the number of tests we conduct to evaluate the effectiveness on an active ingredient or set of ingredients in the formulations, in 2019 we adopted the Google Cloud cloud computing platform to store technical data generated by these tests. The platform is already storing a data volume equivalent to the memory of more than three thousand computers.

Another advantage of the platform is that by means of computational simulation we are able to correlate results and generate more disruptive innovations. Google Cloud has enabled a reduction of up to 30% in the time it takes to perform some tests, positively impacting our time to market.

15 years of innovation in the Amazon

In 2019, we inaugurated a pilot biorefinery in the Natura Amazônia Innovation Nucleus (NINA), located in the Ecoparque, in Benevides (Pará). The inauguration coincided with the fifteenth anniversary of Natura's work with innovation in the Amazon region, which is based on the premise of leveraging research and development in the region while contributing towards keeping the forest standing and promoting the social and economic development of local communities.

Since we inaugurated the Ecoparque in 2014, we have had a pilot plant for research into oils from the Amazon. With new equipment (reactors, different drying and separation systems), the 280 m² space has gained the status of a biorefinery and expanded its activities to include research into oils, extracts and essential oils that may be incorporated into our product lines in the future. The focus at this stage of the innovation cycle is to evaluate the potential results of the bioactive ingredient being researched on the skin and the hair, as well as the technical and economic viability of using it in our portfolio. It should be noted that we adopt green chemistry principles, seeking to employ increasingly natural formulations that offer full safety and care with origin.

By 2021, we will implant a new area in the Ecoparque, an experimental field to test the best ways to cultivate Amazonian species that are not yet used in our formulations.

Green patent

Natura became the first Brazilian cosmetics company to obtain a green patent, granted by the industrial property agency INPI (Instituto Nacional da Propriedade Industrial), linked with the Ministry of the Economy. Thanks to the biotechnological active ingredient developed in partnership with the research institute IPT (Instituto de Pesquisas Tecnológicas), we were able to reuse the residues from Amazonian biodiversity active ingredients to manufacture a new Natura product, which will be launched in 2020. These residues are generated in the process of extracting oil from ingredients such as andiroba and murumuru, and are rich in carbohydrates, fibre and lipidium.

The INPI Green Patents programme streamlines patent requests that help combat climate change. With the filing of this patent, the company will have exclusive commercial use of this innovation in the first years

There is
no forest
standing if
we sit still

Natura Startups

We have chosen to maximise our positive impact on the world through a new medium, a connection with start-ups. Since 2016, we have drawn close to the entrepreneurial ecosystem by means of Natura Startups. In place in Brazil and Argentina, the initiative connects us with start-ups in order to leverage innovation in our business challenges and organisational transformation, inserting Natura in this ecosystem.

The company's internal team operates based on characteristic start-up work models: multidisciplinary, autonomous, no direct report to an area, and pursuit of relevant opportunities in specialised areas throughout the organisation for a connection (Plug-and-PoC) with start-ups in different areas of activity, a method known as hacking.

In a format in which both Natura and the ecosystem is strengthened, the connections occur both by means of the active pursuit of the opportunities existent in the market for the company's challenges and by analysis of the proposals submitted to the portal: www.natura.com.br/startups (in portuguese). Any entrepreneur may submit a proposal and in the event a possible synergy with Natura is identified, the start-up is invited to connect with our specialist areas to initiate tests.

Natura Startups also mobilises internal staff to implement agile working, intra-entrepreneurship and innovation from the outside

in. The company periodically organises the Natura Pitch, when start-ups are invited to present their solutions to leaders and teams. In 2019, there were three editions, with the participation of over 250 people and 21 start-ups.

At the Natura administrative headquarters we have also made room for the innovation network. In 2019, we hosted two global events connecting dozens of cities from around the world simultaneously. The *Startup Weekend Sustainable Revolution* invited more than 150 participants for a weekend visit to Natura to learn how to create a start-up focused on sustainability-related problems. *WiSE24 – Women's International Showcase of Entrepreneurs*, organised by the *Women's Startup Lab (WSLab)*, an accelerator based in Silicon Valley, connected a selection of female entrepreneurs who presented their start-ups to investors in California (United States). We contributed to this same cause in a partnership with Sebrae for the *Speed Mentoring* training programme, in which women who were initiating start-ups received mentoring from Natura technology area leaders.

At the end of the year, Natura Startups and Natura Campus organised the Natura Innovation Challenge – Zero Waste Packaging, the largest open innovation challenge ever held by Natura (further information ahead).

For us,
it is only
innovation
if it generates
positive impact

Relations with start-ups

than **4,200**
start-ups assessed
(1,451 in 2019)

Interaction

with **671**
(327 in 2019)

solutions tested with 93
(40 in 2019)

31 contracted
(9 only in 2019)

Among the companies most engaged with entrepreneurs

Natura was elected the second company most engaged with start-ups in Brazil in 2019 in the *Top 50 Open Companies* ranking elaborated by the *Movimento 100 Open Startups*.

See the video about the global challenge promoted by Natura to reduce waste.



TOGETHER
we will zero the wastes
from our packaging

Zero Waste: global open innovation challenge

Based on Natura's Sustainability Vision and its More Beauty, Less Waste cause, an unprecedented movement of network connections came into play to enable the creation of the biggest open innovation challenge ever organised by the company.

With the mission of finding solutions to combat the waste generated and the pollution caused by plastics, the Natura Startups and Natura Campus programmes joined together to create the Natura Innovation Challenge – Zero Waste Packaging. The two programmes, supported by a partner specialised in open innovation, enabled the connection of all the Natura innovation teams in pursuit of possible company-wide solutions, engaging external innovation networks on all the continents.

Launched in October, entrepreneurs, start-ups, research institutions, universities and companies were invited to present solutions with new renewable or biodegradable materials and innovations in logistics, service or commercial models. More than six million people in 28 countries were impacted by the challenge in the press and in the social networks, in pursuit not only of innovative proposals but also the extension of the debate around waste and pollution.

As a result of this work, more than 570 solutions from 37 countries were analysed. The ones with greater innovation potential and alignment with the company's strategic goals were invited to make a live presentation to a Natura executive panel on a Pitch Day organised in March 2020, which was also open to all company staff. On the occasion, the solutions presented by Brazilian and overseas entrepreneurs were assessed. Those that were selected by the panel will proceed to a proof of concept stage aimed at verifying feasibility and the possibility of establishing a partnership. Additionally, those responsible for more than 50 proposals that did not make it to the final stage, but who were identified as being of potential interest to Natura will be kept on record for potential future connections and partnerships via established innovation processes.

All the solutions analysed, from start-ups, companies, research institutes, universities, specialists, through individuals, to Natura co-workers and consultants, received feedback about the analysis conducted by the innovation teams and the specialised partner.

The *Natura Innovation Challenge* represented a landmark in open innovation for Natura, not only for connecting and inviting

innovation networks from around the world, but also for reinforcing the company's internal organisational transformation movement, in which multidisciplinary teams connect around a single purpose, based on more agile, uncomplicated, open and coordinated working models.

Collaborative solutions

more than 570 proposals analysed from Brazil, the United Kingdom, the United States, Canada, Germany, Holland, Spain, France Finland, India, Israel, China, Mexico, Argentina, Colombia, Chile and Peru, among other countries.

Projects submitted by start-ups, companies, research institutes, universities, specialist, and individuals, including Natura co-workers and consultants.

Solutions for innovation in materials, commercial and logistics models, as well as cross-cutting proposals involving more than one topic, were analysed.



No animal testing and formulas of natural origin

GRI 103-2, 103-3, 416-1, 417-1

Natura has banned animal testing for all its products and exclusive raw materials since 2006. We have also increased controls on all the ingredients we purchase from our supplier chain. In 2018, we were approved in the Leaping Bunny Programme run by Cruelty Free International, a global anti-animal testing reference, which attests to our conduct.

We currently employ more than 60 alternative methodologies to assess the safety and effectiveness of our products, work which is conducted with support from partnering research institutes and universities in Brazil and abroad.

Our products are 100% vegetarian and 80% of our portfolio is vegan, meaning it does not use any ingredient or derivative of animal origin.

In general terms, our formulations have a high percentage of natural ingredients (weighted average of 90%) – including ingredients of vegetable, mineral or biotechnological origin. In 2019, the vegetalisation rate of our formulas stood at 81%, similar to the previous year.

We also make a point of communicating Natura’s commitment in this respect on our product packaging, as is the case with the Lumina, Tododia and Ekos.

GRI 417-1 Formulations			
Origin of materials and product certification ¹ (%)	2017	2018	2019
Material of renewable vegetable origin – Brazil	81%	82%	82%
Material of renewable vegetable origin – International Operations	75%	76%	76%
Material of renewable vegetable origin – Brazil + Operations in Latin America ²	Not available	81%	81%
Material of natural vegetable origin – Brazil	6%	15%	17%
Material of natural vegetable origin – Operations in Latin America ²	Not available	24%	21%
Material of natural vegetable origin – Brazil + Operations in Latin America ²	Not available	16%	18%
Material with certification of origin – Brazil	13%	14%	15%
Material with certification of origin – Operations in Latin America ²	Not available	16%	16%
Material with certification of origin – Brazil + Operations in Latin America	Not available	14%	15%

1. Calculated on dry base of raw materials present in product formulation. Vegetable origin: raw material of vegetable origin that has been subjected to some chemical process (e.g.: organic alcohol); Natural vegetable origin: raw material of vegetable origin that has not been subjected to a chemical process (e.g.: oil extracted from seeds without a processing stage).
 2. Reporting of this information was initiated in 2018.

Greater safety for consumers

GRI 102-11, 103-2, 103-2, 416-1

We have always been committed to the health and safety of our consumers and year on year this commitment has been reinforced. We have rigorous internal processes in place, ranging from research into new ingredients, through the conceptual design of products to their launch in the marketplace. Moreover, our cosmetovigilance system guarantees that products continue to be monitored after they are launched, driving the company's continuous improvement processes. Natura formulations use only safe ingredients in accordance with the most current scientific criteria and in compliance with pertinent international legislation. In many cases, we exceed the requirements of the legislation in force. A number of controversial ingredients have been definitively excluded from our portfolio, such as triclosan, paraben and phthalate (*the complete list of ingredients banned by Natura is in the Complementary disclosures section on page 195*). In accordance with European Union recommendations, we are also gradually removing the ingredient known as MIT (methylisothiazolinone) from no-rinse products. We have already substituted it in over 90 no-rinse products and have banned its use in the development of new products.

We have also eliminated microbeads from rinse-off products, which due to their small size are not collected in sewage treatment systems and end up polluting oceans. We are substituting them with biodegradable exfoliants based on rice and bamboo.

Furthermore, the company maintains a technical and consumer perception monitoring process related to controversial subjects, campaigns and ingredients that may affect human health and the environment. Depending on the result of this monitoring, we may decide to eliminate, restrict or prohibit the use of determined ingredients in new product development. This is the case with Lyral, which should be totally eliminated from the Natura portfolio in 2020, and DMDM Hydantoin, which is prohibited in new product development.

Business Platform to leverage the network

A strength of our business is an enormous social network, born in the offline environment, which has been demonstrating great potential based on digitalisation year on year. Since 2012, Natura has been digitalising its business at an accelerated rate, with the online sales channel, the consultants' virtual stores and the Consulting Platform (in app and web format) via which consultants, leaders and the sales force access diverse sales support and training resources to help drive their businesses (*further information on page 27*). Our results in recent years show that technology boosts opportunities for our network to do business and to spread Well Being Well in a more agile manner, with multiple brands, multiple channels, in multiple geographies.

This course has enabled us to develop our Business Platform, the objective of which is the establishment of an ecosystem of people, brands, services and products, connecting the diverse links in the network, from consumers to consultants, content producers to logistics service providers, making the company's value proposition ever more attractive and differentiated.

With this ambition as a starting point, in 2019 we changed the way we structure our organisation to guarantee focus and to extract the best from each team, with attention to excellence in execution and ensuring stability, robustness and innovation. The internal reorganisation, which led to the formation of the Business Platform area, involved the widespread establishment of connections between the technology and business teams and the structuring of centres of expertise (COEs) focused on: commercial model, user experience (UX) and service design, data and e-commerce, which will enhance competencies and further differentiate Natura in this process.

Agile method

We also developed structures dedicated to the consultant journey and the consumer journey, to identify opportunities and develop new solutions that enable them to prosper, develop their businesses and have the best possible experience. The structure is complemented by the enabling nuclei, such as Digital Technology, Innovation and Digital Service Engineering and the Transformation Office.

Most of the teams act based on agile methodology. In 2019, for example, when we mapped the consultant journey, we set up some specific squads, such as the attraction and beginning squad, to enhance the process of capturing new consultants and leverage their initial phase in the activity, and the social selling squad, responsible for boosting the use of the social networks to drive results. Among the new functionalities created by these groups is Minha Divulgação (My Revelation), incorporated into the Consulting platform in 2019 (*read more on page 51*).

Moreover, the teams were given different innovation horizons to ensure competitiveness in the present while continuing to build the future. The squads work directly focused on short and medium term opportunities, developing products and services that capture value more rapidly; while the Innovation Lab teams (which act company wide integrated with the company's other innovation areas) concentrate on the medium to long term, working mainly on two fronts: Natura Startups, integrated into our processes to facilitate adoption of the mindset, the way of operating and the latest market novelties (*read more on page 78*); and garageN, a space dedicated to prototyping products and services with a high degree of innovation which, as the name suggests, may freely test the potential of initiatives to accelerate disruptive innovation. The launch of the partnership with Amazon in 2019 for a meditation experience with the help of the virtual assistant Alexa is an example of these stimuli for innovation.

With this movement and internal reorganisation, it will be possible to further increase the number of tools that the more than 1.6 million

consultants connected by our digital platform already have access to, as well as facilitate the inclusion of the others who are not yet part of this movement.

The solutions are designed for all the countries in which we operate, so that they may be implemented rapidly and simultaneously. Additionally, we have an organisation wide vision aimed at driving complementarity between channels and brands, which is fundamental in this model. With the consolidation of the Business Platform, it will be possible to multiply the power of our relationship network exponentially and consequently boost our capacity to generate a positive impact on the world.

We are one of the companies
that most promote
**digital inclusion
in Brazil**
and now we will
do this even faster
in other geographies.

Our operation in the industry 4.0 era

Concurrently with the transformations taking place in our business model, widely supported by technology and digitalisation, we continue to invest in the set of industry 4.0 solutions that will make our production processes more efficient and effective. In 2019, we invested approximately R\$ 50 million in modernising our industrial units.

During the year, there were six collaborative robots in operation on our production lines and in 2020, this number will increase to 15. With the robots, we are able to avoid having workers engaged in repetitive activities which can cause occupational injuries and diseases, in addition to increasing productivity. In parallel, we are training workers in the operational area to develop new competencies, preparing them to assume increasingly complex jobs. We reviewed our training programme and prepared a new highly interactive development plan (*read more on page 134*).

With the 3D printer introduced in 2018, we have been producing parts for in house equipment maintenance, which has helped reduce costs and the need to maintain parts in stock, as well as decreasing down time in the operation. In 2019, we produced approximately 4,000 parts in the company.

The adoption of a system that captures images of all the production lines in the perfumery plant, identifying and discarding non-conforming units represented another significant advance in 2019. The system generates results by minimising any eventual complaints from end consumers.

We also finalised the implementation of a management software that monitors all our equipment in real time, taking into account an average of 5,000 variables. This system permits the rapid identification of any failures and deviations, enabling us to act rapidly to resolve them.

With the beginning of Natura's new internationalisation cycle, based on entry into the Malaysian market, we undertook certain adaptations in our infrastructure for manufacturing the products commercialised in that country. We were granted ISO 22.716 certification, which establishes best practice guidelines exclusively for manufacturing in the cosmetics sector. The plants in Cajamar (São Paulo) and Benevides (Pará) were certified.

Evolution based on our causes

**The greater the
individual diversity,
the greater the
wealth and vitality
of the whole**

The world of Sulemi, 50, is an inspiration. She helps diverse families to believe in the special potential of disabled people. Sulemi is a Beauty Consultant whose work was recognised in the Inspiring Natura Consultant category of the Acolher Award and the Claudia Award.

Accounting for our impacts

2020 Ambition



Implement the valuation of socioenvironmental externalities taking into account the value chain

Where we are



The EP&L (Environmental Profit and Loss) has been disclosed annually since 2016. The valuation of the company's SP&L (Social Profit and Loss) social impacts has been progressing. It is currently measured among consultants and supplier communities.

To provide more accurate information for strategic planning and to inform decision making, we are enhancing our tools for assessing business impacts. Our purpose is to innovate in performance analyses and drive the development of current standards, relating business results to the generation of value for society.

The joint assessment of environmental, social and human impacts is the next frontier in this work. In 2016, we implemented the EP&L (Environmental Profit and Loss) and between 2018 and 2019, we started to calculate our SP&L (Social Profit and Loss) – with Natura consultants and supplier communities. In 2020, we will apply this monetisation methodology to our co-workers.

Following this, we should develop our first IP&L (Integrated Profit and Loss), which will express the results of the company's environmental, social and human externalities in monetary values, aimed at integrating these impacts into the business model so that the information may be used to guide the organisation's strategic decisions.

Environmental valuation

We measure the environmental impacts of our activities on nature by means of the Environmental Profit and Loss (EP&L) assessment. Aligned with Natural Capital Protocol best practices, we account for the externalities or final consequences of the environmental impacts (or benefits) caused by our value chain on society in monetary terms; these include water consumption and pollution, the emission of greenhouse gases and other atmospheric pollutants, the volume of solid waste generated and land use.

In 2019, our externalities, that is the environmental impacts that we generated, represented 6.8% of our net revenue, a negative variation of 0.6 of a percentage point compared with 2018. This variation is explained by the lower share of the hair and soap categories, as well as the higher net revenue compared with 2018. Since the first calculation, based on 2013 data, the accumulated gain in efficiency in EP&L/Net revenue has been 1.8 percentage points.

Social impact

GRI 103-2, 103-3, 413-1

Similar to the calculation of environmental externalities, we have expanded the valuation of the social impacts of our business. In 2018, we conducted the first SP&L (Social Profit and Loss) analysis with Natura consultants, and in 2019 we performed this assessment with our supplier communities.

With the consultants, we used as a basis the data gathered from monitoring the Consultant Human Development Index, the HDI-Consultant (*further information on page 139*), to measure the contributions made by the Natura business model to their quality of life. Using the minimum salary as a base, the income exceeding this amount is multiplied by impact factors determined in function of the social context of the country – in this case, Brazil –, such as inequality in income distribution and safety, health and well-being of the population.

For the supplier communities, the methodology took into account the initiatives promoted in the Natura Amazonia Programme, which extend beyond the bioingredient supply relationship. They include benefit sharing, infrastructure investments, training, support in territory development and strengthening local leaders. In practice, these measures generate improvements in managing assets, increased efficiency and production capacity and support for local projects associated with other community activities, such as fishing. The Social Progress Index (IPS in the Portuguese acronym), elaborated by Natura since 2015 with partnering companies, was also used in the assessment.

In the following pages we describe the main actions and goals related to the natural, social and human capitals. The initiatives are organised based on our causes *Standing Forest, More Beauty, Less Waste and Every Person Matters*.

Standing Forest



2020 Ambition

R\$ 1 billion in business volume in the Pan-Amazon region

Where we are



We exceeded our target by **79%**



with almost **R\$ 1.8 billion in business volume** generated since 2010.

GRI 103-2 and 103-3

In 2020, the Natura Ekos line, which marked the beginning of our relationship with the Amazonian communities supplying social biodiversity ingredients, will celebrate 20 years of existence. For almost a decade we have maintained our Natura Amazonia Programme, designed in 2011 so that we could coordinate our activities in their region in a more systematic manner, leveraging the company's commitment to promoting an economy based on the standing Forest, sustainable agriculture and placing value on the local populations, culture and traditional knowledge.

It is no coincidence that our relationship with the Amazon became the first of our causes. While we were formatting the scope of the Standing forest cause, we could see the rising levels of illegal deforestation and burning affecting various states in the north of the country in 2019, which convinced us of the urgent need to make our positioning more active and explicit.

In addition to ensuring the continuity of our work in the Natura Amazônia Programme, we decided to reinforce actions designed to sensitise consumers and intensify our participation in public debates on this issue. The goal is to contribute to the conservation of the region and not just the territories in which we interact with supplier communities and organise socioeconomic development and biodiversity conservation projects.

In August, we disclosed the company's official positioning on deforestation, issuing a warning that the world's future depends on conservation of the forest. In September, in conjunction with other actors, we conducted the event "A Dialogue for a Possible Amazon" in New York (USA), as part of the parallel programme to the 74th General Assembly of the United Nations (UN) (*further information in the following box*).

A beauty brand can make the forest grow instead of shrink

Dialogue on the future of the forest

Among its actions to foster dialogue around the conservation of the Amazon and to combat illegal deforestation, together with other partners, Natura promoted a meeting at the UN headquarters in New York (USA), in a parallel event to the General Assembly held in September. Entitled "A Dialogue for a Possible Amazon", the purpose of the meeting was to unite efforts around an effective agenda to drive the sustainable development of the region.

Participants in the event included: Guilherme Leal, founder of Natura and creator of the Instituto Arapyaú; Denise Hills, director of Sustainability at Natura; Halla Tómasdóttir, CEO of the B Team; André Guimarães, director of the environmental research body Instituto de Pesquisa Ambiental da Amazônia (Ipam) and Coalizão Brasil, Clima, Florestas e Agricultura; Carlos Nobre, scientist and researcher at the Instituto de Estudos Avançados (IEA-USP); Marcello Brito, chairman of the Associação Brasileira de Agronegócio (Abag); and the film maker Fernando Meirelles, director of the video Amazônia Possível.

The encounter also discussed the agenda of commitments of the Brazilian business sector, which was later presented at the Conference on Climate Change (COP-25), held in December 2019, in Madrid (Spain).

Business volume generated

GRI 203-1

Another significant figure is the total business volume we generate for the region. One of our ambitions established the generation of R\$ 1 billion between 2011 and 2020. By the end of 2019, we had exceeded this target by 79%, reaching a total business volume of almost R\$ 1.8 billion one year before the target date.

We are now pursuing the challenge of ensuring that 30% of the inputs used by Natura come from the region, another target for 2020. The cumulative result corresponded to 17.7% in 2019, stable in relation to the figure for the previous year, 17.8%. The absolute consumption of inputs from the Amazon, however, increased by 2% against 2018 – there was growth both in the consumption of palm and the other Amazonian biodiversity ingredients.

We also bought a higher volume of inputs from our supplier communities. This represented a 15% increase compared with 2018, without counting palm oil.

GRI 203-1 Natura Amazônia Programme	2017	2018	2019
% of raw materials purchased by Natura from the Pan-Amazon region ¹ (in relation to value of sales)	18.1	17.8	17.7
Business volume in the Pan-Amazon region² (R\$ million)	1,222	1,507	1,791

1. Total purchases of raw material of Pan-Amazon origin as a proportion of total input purchases.
2. Cumulative amount since 2010, including the purchase of Amazonian raw materials, benefit sharing, investments in the Ecoparque, local development, institutional reinforcement, innovation, environmental projects and the purchase of carbon credits, among others.

Conservation of 1.8 million hectares

Our activities and involvement in the Amazon region, in partnership with supplier communities, non-governmental organisations and public authorities, has already contributed to the conservation of 1.8 million hectares of forest land. This area is equivalent to half the size of Holland or 12 times the size of the city of São Paulo.

This volume considers the areas in which we develop Natura Amazonia Programme initiatives that contribute to maintaining the forest standing. We incorporated into our calculation data updated annually by the Brazil's space research institute Instituto Nacional de Pesquisas Espaciais in its Prodes-Inpe project, which conducts satellite mapping of deforested areas in the Legal Amazon region. Previously, the company's calculation included only the areas occupied by the supplier communities, which totalled 257,000 hectares. Now, three conservation units: two Sustainable Development reservations (Uacari and Rio Iratapuru) and one extractivist reservation (Médio Juruá) are included. In 2019, we included the complete area of these reservations in the total area, reaching the figure of 1.8 million hectares. The three reservations were chosen because they meet the following criteria:

- Families supplying ingredients to Natura represent over 50% of the people resident in the conservation unit;
- The families' relationship with Natura has existed for more than five years;
- There is a Natura Social Biodiversity Relationship And Supply area field team in the area.

In the future, other conservation units which fulfil these criteria may be included in the calculation.

Advances in the Natura Amazonia Programme

GRI 103-2, 103-3

Our actions in the Pan-Amazon region are based on the three fronts of the Natura Amazônia Programme: science, technology and innovation; social biodiversity production chains; and institutional reinforcement. The work we do is coordinated, respecting the cycles of nature and contributing towards keeping the forest standing and reinforcing Natura's community partners. Our strategy involves scientific research, technology and innovation, 100% traceability in the supply chains bringing ingredients from the communities, income generation and valuing the way of life, the knowledge and the practices of the forest peoples.

On the next pages, our main advances in 2019.

Science, technology and innovation

2020 Ambition



Where we are



Social biodiversity continues to be the main driver of innovation in the company. Each year, we increase the use of vegetable and social biodiversity active ingredients in Natura Ekos products – the symbol of our connection with the forest – as well as in other product lines in our portfolio. Natura Lumina, the new hair care line launched in 2019, is one that contains ingredients such as chestnuts and murumuru in its formulation. These active ingredients are also used in products in the Casa de Perfumaria do Brasil, Natura Homem and Chronos lines.

As early as 2004, we started working on research and innovation in the region, and today the Natura Amazonia Innovation Nucleus (NINA) continues its activities in Benevides (Pará). This involves a dedicated team of researchers engaged in bioprospecting Amazonian species, assessing the feasibility of incorporating new bioactive ingredients in the formulations of our products. This is in addition to ensuring the conservation of species by developing stewardship protocols to be observed by the communities. In 2019, NINA received a pilot biorefinery, the objective of which is to accelerate research into Amazonian oils and extracts. We are also developing an experimental forest which will, on a small scale, enable the team to test the best ways to cultivate certain local species (*further information on page 76*).

Social biodiversity production chains

GRI 103-2, 103-3, 203-1, 203-2, 411-1 and 413-1, 413-2

2020 Ambition



10,000

Families in the Pan-Amazon production chains

Where we are

We maintain relations with **5,136** families, an increase of **10%** over 2019.

The relationship we have with the social biodiversity production chains attests to our belief in an economy that keeps the forest alive. For two decades we have been fostering social inclusion and generating work and income for these populations.

In 2019, we increased the number of families with which we have relations in the Amazon region – from 4,636 to 5,136, all of them located in Brazil. We initiated relations with new families in communities which are already partners of Natura, and we included two new Amazonian communities in our network: Turiarte (Forest Tourism and Handicraft Cooperative) and Coopronat (Cooperative of Amazonian Natural Producers). Together, the two new communities total 86 families, who supply Natura with handicraft artefacts and three bioactive ingredients (cumaru, breu branco and copaiba). Overall, we maintain relations with 33 communities in the Amazon, totalling

around 20,500 people. Of these communities, 31 supply active ingredients to the company. In 2019, we initiated the process of preparing a supplier community in the Colombian Amazon, which should come into operation in 2020.

Taking into account other regions of Brazil, the total number of communities is 39, comprehending 6,197 families. In 2019, we made an agreement that established a relationship with the Cinta Larga indigenous group in the Aripuanã region of the state of Mato Grosso for access to the group's traditional knowledge associated with Brazil nuts. This relationship will be conducted in accordance with the same ethical guidelines that orient our interaction with the other communities, respecting and valuing the rights of indigenous peoples and their way of life.

The amounts paid to the communities also increased due to the higher volume of production ingredients, which totalled around R\$ 13 million in 2019. The average payment per family was R\$ 3,100 for the year, compared with R\$ 2,900 the previous year. This income normally constitutes a complement to the families' overall income, which is generated by other agro-extractivist activities.

The amounts paid in 2019 totalled R\$ 33.5 million. These included payments for benefit sharing, the purchase of carbon credits, investments undertaken in infrastructure

for the communities, training and others. The investment the previous year totalled R\$ 35.8 million. The company already expected this reduction, which is explained by the fact that in 2018 Natura made a payment relative to the sharing of benefits which went towards the formation of the Iratapuru Reservation Sustainable Development Fund in Amapá, with amounts due from previous years. The fund benefits the cooperative Cooperativa Mista dos Produtores e Extrativistas do Rio Iratapuru or Comaru – Natura's first supplier – and another seven nearby communities. The fund is compliant with the requirements of Brazil's new Biodiversity law (13.123/2015) which provides for the non-monetary payment of benefits, prioritising conservation measures and the sustainable use of natural resources, including a percentage invested in research projects aimed at conserving biodiversity – Natura does not participate in these research projects and in no way benefits from them.

GRI 203-2 Communities and families benefiting¹	2017	2018	2019
Communities with which Natura relates²	34	37	39
Families benefiting in the communities	5,296	5,664	6,197
Families benefiting in the Amazon region	4,294	4,636	5,136

1. The number of partners and families is monitored by the Social Biodiversity Chain Verification System.
 2. The number of communities includes 16 associations and 23 cooperatives.

GRI 203-2 Funds allocated by family (R\$ thousands)	2017	2018	2019
Direct funds ¹	3.2	5.2	4.5
Supply ²	2.9	2.9	3.1

1. The direct funds include payments for the supply of social biodiversity ingredients, payments related to benefit sharing and to the purchase of carbon credits.
 2. Supply: direct funds from the supply and purchase of raw materials from communities. This indicator is measured based on the shipping invoice issued by the communities.

GRI 203-1 Community investments (R\$ thousands)	2017	2018	2019
Supply ¹	9,213	10,286	12,909
Benefit sharing ²	6,075	18,711	14,951
Carbon credits ³	1,477	281	0
Image rights ⁴	5	61	14
Support and infrastructure ⁵	763	775	717
Training ⁶	70	71	156
Technical services ⁷	337	125	214
Studies ⁸	0	5,578	4,538
Total allocated to the communities	17,942	35,868	33,498

1. Supply: direct funds from the supply and purchase of raw materials from the communities. This indicator is based on the dispatch invoice issued by the communities.
 2. Benefit sharing: direct funds associated with sharing the benefits from access to genetic heritage and traditional knowledge acquired in communities.
 3. Carbon credits: purchase of carbon credits in supplier communities. In 2019, we did not invest in the purchase of carbon credits due to the fact that the project in the Reca cooperative did not fulfil requirements. We maintained emissions offsetting in 2019 through projects selected via Compromisso com o Clima (further information on Circular Carbon on page 120).
 4. Image use: amounts paid by Natura for the use of community members' images in institutional publicity or marketing materials.
 5. Support and infrastructure: support for local development and infrastructure projects, particularly ones geared to driving efficiency and adding value in production chains.
 6. Training: training in management and organisational development, technical exchanges, training in good production and stewardship practices, and occupational health and safety programme.
 7. Technical services: all technical services rendered by external consultants or contracted by Natura in the cooperatives/communities.
 8. Studies: formulation of diagnostics, management plans, stewardship plans, mapping exercises, information gathering, field research, loyalty/satisfaction surveys. The high volume invested in 2018 was due to the implantation of the agro-forestry system for palm oil production.



Ethical biotrade

GRI 103-2 and 103-3

2020 Ambition

Traceability of **100%** of the inputs of direct manufacturers and implement a traceability programme for the other links in the chain

Where we are



For the second year the Natura Ekos line maintained its UEBT (Union for Ethical Biotrade) certification, attesting to the sustainability of the supply chain (supplier communities and other partners) of all the natural ingredients in the product



Our Social Biodiversity Chain Verification System guarantees the traceability of **100%** of the Pan-Amazon supplier communities

In 2019, Natura was granted UEBT (Union for Ethical Biotrade) recertification for the Natura Ekos product line. The first certification took place the previous year. This seal attests to the sustainability of the supply chain for all the natural ingredients in Ekos products, including those supplied by the communities and by other commercial partners. It also attests to our commitment to fair and ethical trade, the conservation of biodiversity and the social and economic development of these suppliers. The recertification took into account 81 supply chains of social biodiversity ingredients, an increase of 17% compared with the first certification.

The certification represents the culmination of work than began previously when we implemented our Social Biodiversity Chain Verification System. The system, which was idealized with support from UEBT, of which we are founding members, provides a framework for the process of verifying our supplier communities in the Amazon and ensures the traceability of the chain. Since 2016, it has been applied to 100% of our supplier communities. On an annual basis, the communities are audited in the following areas: conservation of biodiversity, organisational management, good production practices, labour issues, occupational health and safety and the use of child, slave or forced labour.

To ensure certification, the chains must receive a score of above 50 points. Those with scores between 51 and 79 points present some non-conformances, which must be addressed

and resolved by the next verification cycle, which is annual. These non-conformances generate improvement plans, which may include, for example, the organisation of training, adaptation of production processes and infrastructure improvements. In 2019, we organised a round of training on the new Brazilian Forest Code due to a non-conformance identified previously. At the end of the year, we had managed to resolve the majority of the non-conformances identified in the previous verification process.

Training and engagement

By training supplier communities, we benefit our own business, while promoting the autonomy of these families and environmental conservation. Worthy of note among the initiatives undertaken in 2019 was a five-module training programme resulting from a partnership between Natura, Symrise, a company located in the Ecoparque, in Benevides (Pará), and the German Corporation for International Cooperation GIZ. The cooperation includes an investment of R\$ 10 million for the development of communities and cooperatives in the Northeast and the Transamazon region, in Pará, and in Ponta do Abunã, in Rondônia. This cooperation is enabling the development of a new supplier community in the region of Tapajós, also in Pará. Natura is also receiving support from a non-governmental organisation that operates in this region in the preparation of this community.

In 2019, we trained 476 people. For the period from 2014-2019, the number is 3,226 people. Two representatives of our supplier communities participated in the Re.Conecta Programme, aimed at Natura leaders. They not only helped Natura leaders to better understand how the company works with communities, but also

participated in leadership development training. One Re.Conecta module is conducted in loco in the Amazon region (*read more in Organisational transformation, on page 132*).

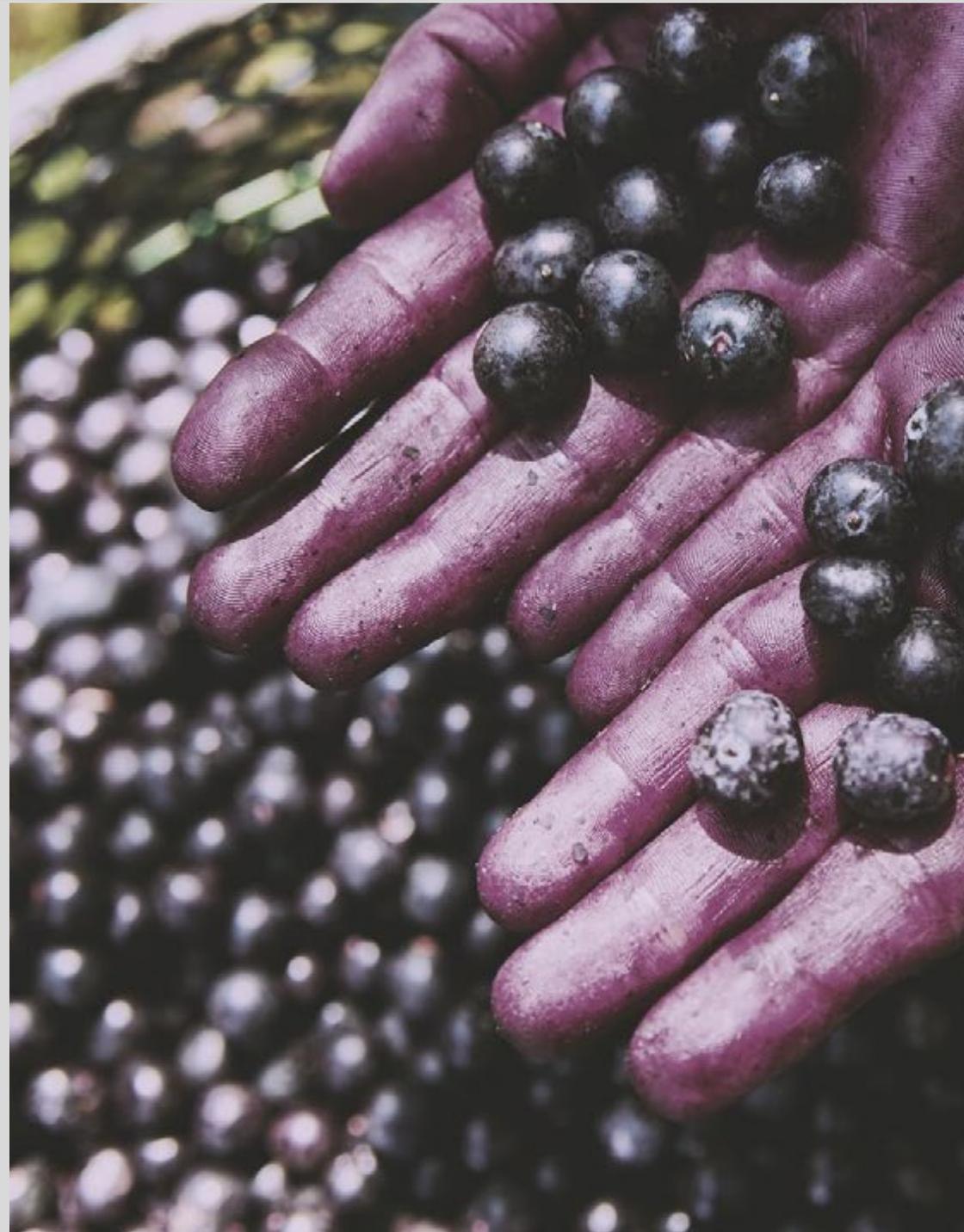
Worthy of note among the engagement actions was the Bio Qlicar award, an extension of our supplier development and recognition programme. On an annual basis, the Bio Qlicar award provides recognition for two communities, the one achieving the best score and the one whose performance evolved the most from one year to another. The assessment is based on the result of the audits conducted under the Social Biodiversity Chain Verification System, as well as taking into account whether the supply of inputs was in accordance with plans. Since the 2019 edition occurred when the company was commemorating its 50th anniversary, we also recognised two other communities that have maintained relations with Natura for over 15 years.

Respect from beginning to end

Loyalty on the rise

GRI 102-44

We conduct a loyalty survey every two years to measure the effectiveness of our relations with the communities. In the 2019 survey, the rate measured was 48% – compared with 27% in the 2017 exercise. This rise was due to the increase in the volumes of ingredients acquired by Natura during the last two years, and the consequent growth in income generated by the cultivation and extraction of ingredients, accompanied by closer relations with these communities. In each training session we organise, we reserve some time to talk about the company, its key numbers and its strategies.



Institutional reinforcement

GRI 103-2, 103-3

2020 ambitions



Develop a strategy for the social biodiversity territories by means of dialogue and collaborative construction with the population and local actors



Evolve the indicators for measuring human and social development in our communities and develop a plan to promote significant improvement

Where we are



We advanced in our sustainable development initiatives in the Mid Juruá (Amazônia) and Lower Tocantins (Pará) territories, in partnership with other civil society actors, with the communities and with local governments.



The Social Progress Index (IPS) measured in the Mid Juruá region indicated progress. We applied the index for the first time in the other priority territories for Natura.

In the institutional reinforcement component of the Natura Amazônia Programme, we work in partnership with other institutions, governments and the communities to enable environments that favour the generation of sustainable businesses, the conservation and regeneration of the environment and education related to agricultural and silviculture. In 2019, we stepped up our activities in the Mid Juruá (Amazônia) and Lower Tocantins (Pará) regions. We extended the Natura Amazônia Programme to Colombia, and we supported the consolidation of the relationship strategy with the Cinta Larga tribe in the Aripuanã indigenous region in Mato Grosso.

In Lower Tocantins, we continued to support the activities of the Jirau Network which included training and the organisation of the agro-ecological seminar Quarto Jirau Agroecológico, which fosters agro-ecology within the context of family agriculture and the social biodiversity chains. In parallel with the seminar, an agro-ecological fair was organised, the Feira Agroecológica de Economia Solidária Regional, an important space for publicising and commercialising forestry products. The event was attended by 500 people, representing more than 50 institutions that operate mainly in this territory. Also worthy of note was the support for the formation of a group of young people from the Casa Familiar Rural de Cametá, which is focused on promoting alternating technical education, whereby the students spend part of the time in school and another part working with their families, exchanging information and applying the knowledge acquired in school. To leverage local development in the Lower

Tocantins territory, we established a partnership with Instituto Humanize, which will prioritise support for the rural family home schools and territorial entrepreneurship focused on a standing forest economy.

In the Mid Juruá territory, we proceeded with the actions enabled by the USAID (United States Agency for International Development) investment, with a matching contribution from Natura and Coca-Cola, in the local development body Fórum de Desenvolvimento Territorial do Médio Juruá. The forum is a multi-institution body created to drive dialogue around boosting the potential for local development based on a standing forest economy. Diverse initiatives to promote environmental conservation, foster social biodiversity chains and encourage educational initiatives for agriculture and the forest have been undertaken under the auspices of the Forum. One of these was the distribution of solar lighting kits to 2,959 people from 56 communities. The action was initiated in 2018, when 600 kits were distributed. Training programmes were also undertaken, including one to prepare young people from the communities to work with environmental monitoring.

Another important event in the year was the inauguration of the Casa Familiar Rural in Campina, which provides training for young people who live around 8 hours by boat from the Carauari urban area. In another course, a researcher from Centro Brasileiro de Análise e Planejamento (Cebap) trained young people to work as researchers in a survey that measures the communities' Social Progress Index (IPS in the Portuguese acronym).

The IPS indicates how shared territorial development management is influencing development in a determined location. The most

recent survey indicated an eight point improvement compared with the result of the 2017 IPS, showing significant progress in areas such as water and sanitation, habitation, access to information and communication, ecosystem sustainability, individual rights and access to higher education. The methodology was developed with support from Centro Brasileiro de Análise e Planejamento (Cebap) and, after its application in Mid Juruá, it will be replicated in other priority territories.

In parallel, we evolved further in the valuation of the social impacts of our business on the communities in which we operate based on Social Profit and Loss methodology (*further information on page 189*).

The city and the forest are connected

Global biodiversity agenda

The United Nations (UN) had established 2020 as a global year for biodiversity. A series of events focused on valuing biological diversity and conserving natural resources was scheduled for the year. With the outbreak of the COVID-19 pandemic, these initiatives were postponed until 2021.

Reducing the loss of species and alerting the world to the need to regenerate degraded areas continue to be urgent issues presenting risks that can affect the entire planet. These meetings will be an opportunity for society, organisations, the private sector and public authorities to join forces.

This is also a decisive moment for the Paris Agreement, with the deadline for countries to present their plans to reduce emissions in order to limit global temperature increase to 1.5 degrees Celsius.

The Sustainable Development Goals (SDGs) complete five years in 2020, which means we have less than ten years until the deadline established in the 2030 Agenda. The world needs to step up its pace and increase its efforts to find the best solutions for issues such as pollution, climate change and the loss of biodiversity in

order to bring about significant change in societies and economies.

Believing that nature-based solutions represent the best alternative for achieving social well-being, combating climate change and protecting the planet, Natura is on the alert and is mobilising around this question and will engage its stakeholders in this discussion. The year will also be important for the company because of two landmarks: the 20th anniversary of the Ekos product line and the first cycle of targets for Natura 2050 Vision (*read more about the status of these ambitions on page 159*).

- IUCN Conservation Congress
January-2021
Marseilles (France)
- COP 26 – Climate Change Conference
(date not confirmed)
Glasgow (Scotland)
- COP 15 – Convention on Biological Diversity
(date not confirmed)
China

More Beauty, Less Waste



GRI 103-2, 103-3

Offering the most, using the least and reducing excesses is one of the bases on which we develop our products. Pioneers in the use of refills 35 years ago, and prioritising renewable or recyclable material, as well as reducing packaging material volume, we adopt a systemic approach to diminishing our environmental footprint, using and reusing materials already present in the production process.

In our 2020 Ambitions, we established targets to use more post-consumer recycled material and adopt eco-efficient, recyclable packs or ones of renewable origin. In 2019, we reached a return rate of 47% materials recycled.

We value the aesthetic beauty of products but in parallel pursue lower environmental impact alternatives and seek to demonstrate the importance of these more conscious choices to consumers. We emphasise not only the design, but also the story a product has to tell. With our More Beauty, Less Waste cause, we also want to invite our consumers and society in general to reflect on their choices and habits beyond the consumption of our products.

We are engaged in developing solutions that do not require packaging (naked products).

In 2018, we joined the New Plastic Economy global commitment, organised by the Ellen MacArthur Foundation, aimed at driving adoption of circular economy principles for the plastics chain.

Ecodesign

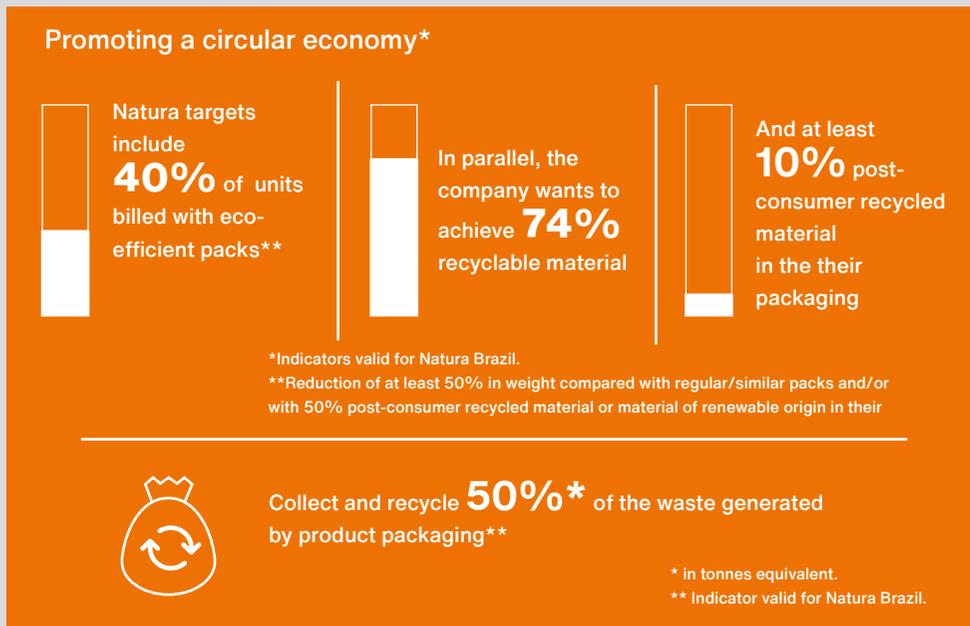
Our innovation cycle establishes that Natura should increasingly adopt the concepts of ecodesign and circularity in the development of its packaging.

The company has a multidisciplinary committee comprising people from the design, environmental, packaging development, consumer experience and sustainability areas, which is focused on identifying more circular packaging solutions and defining commitments and guidelines that will enable us to reduce our environmental footprint.

Eco-efficient packaging

GRI 103-2, 103-3 and 301-2

2020 ambitions



One of the 2020 Ambitions establishes that the company should use at least 10% post-consumer recycled material in Natura packaging in Brazil, based on total packaging mass. In 2019, this indicator reached 8.6% – compared with 5.4% the previous year. Another target is ensuring that 74% of the product packaging material used by Natura Brazil is recyclable. In this commitment, we remained stable in comparison with 2018, with our packaging containing 50% recyclable material.

The use of recycled material grew in 2019 due to the consolidation of the measure adopted the previous year, which established that the entire perfumery portfolio should have up to 30% recycled glass in its composition, in addition to the relaunch of the Natura Tododia line with 100% post-consumer recycled PET in its packs. The Natura Ekos body and hair line and the Sève line also contain 100% recycled PET, while our spray deodorant packs have 50% recycled PET in their composition, which boosted our performance in this indicator.

Where we are



The share of products with eco-efficient packs (weighing at least half of a similar pack and/or having 50% post-consumer recycled and/or 50% non-cellulosic renewable material) in the product sales mix was lower in Brazil. The indicator fell from 22% in 2018 to 18% in 2019. Even though efill sales performance was good, our result was influenced by the sales performance of products in the hair and body categories.

It is worthy of note that we also monitor these indicators in the Latin American operations even though they are not part of our ambition for 2020.

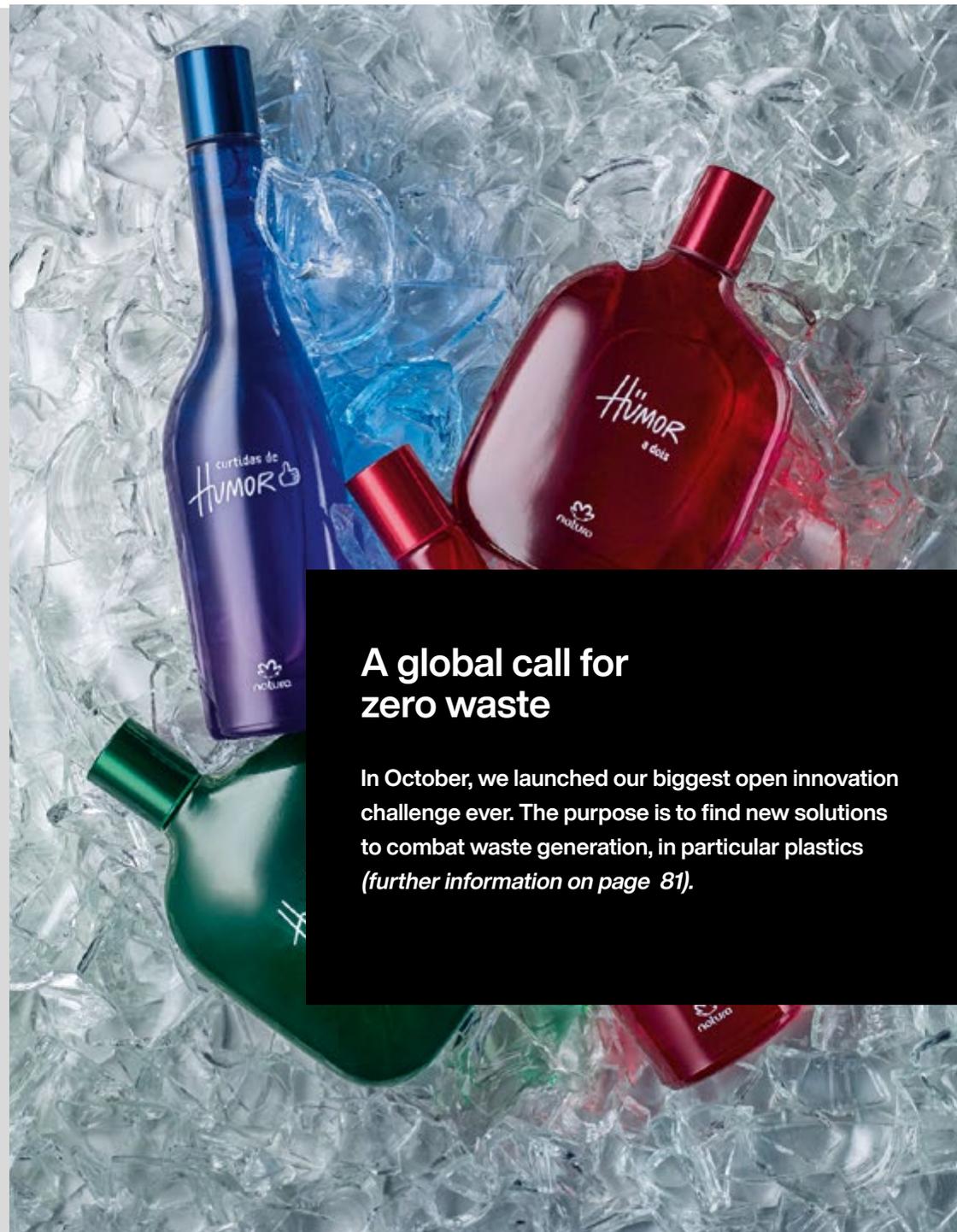
GRI 301-2 Eco-efficient packs ¹ over items billed (%)	2017	2018	2019
Brazil	21	22	18
Operations in Latin America	21	22	21
Brazil and Operations in Latin America	Not available	22	19

1. Eco-efficient packaging is at least 50% lighter than regular/similar packaging; or comprises 50% post-consumer and/or renewable non-cellulosic materials that do not increase mass.

GRI 301-2 Recycled materials used in product manufacture (%)	2017	2018	2019
Post-consumer recycled material (PCR)¹ incorporated into finished product packaging – Brazil	4.6	5.4	8.6
Post-consumer recycled material (PCR)¹ incorporated into finished product packaging – Operations in Latin America	4.5	4.5	5.2
Post-consumer recycled material (PCR)¹ incorporated into finished product packaging – Total	Not available	5.2	6.6
Recyclable² material in finished product packaging – Brazil	50.0	49.6	50.0
Recyclable² material in finished product packaging – Operations in Latin America	52.0	47.3	50.0
Recyclable² material in finished product packaging – Total	Not available	49.1	50.0

1. Percentage of post-consumer recycled material (PCR) mass in relation to total mass of packaging materials, weighted by the quantity billed.

2. Percentage of recyclable material mass in relation to total mass of packaging materials, weighted by the quantity billed.



A global call for zero waste

In October, we launched our biggest open innovation challenge ever. The purpose is to find new solutions to combat waste generation, in particular plastics (further information on page 81).

Waste management

GRI 103-2, 103-3 and 301-3

Another Natura ambition for 2020 is the collection and recycling of 50% of the company’s packaging waste in Brazil (in tonnes equivalent) . To achieve this we are investing in two work fronts: the Natura Elos Programme, a shared responsibility initiative involving Natura and its packaging suppliers (manufacturers, cooperatives, recycling operations), and the Dê a Mão para o Futuro Programme, organised by Abihpec, the Brazilian CFT industry association, with the participation of Abipla, the cleaning industry association, and Abimapi, the baking industry association.

Since 2017, the Natura Elos Programme has been engaged in developing the reverse logistics chains to supply recycled materials for manufacturing our packaging and support materials. By involving packaging manufacturers, recycling operators and waste picker cooperatives, we guarantee reverse logistics with best practices in all the links of the supply chain.

In addition to developing the reverse logistics chain, we encourage the professionalisation of all the links in the recycling chains, promoting formal relations and best management and operational practices in cooperatives, intermediaries and packaging companies.. These initiatives impact the volumes of recyclable materials recovered, generating a positive environmental impact, as well as social benefits in the form of inclusion, income generation and decent working conditions for the waste pickers involved in the material collection and sorting chains.

In 2019, we used a total 9,200 tonnes of post-consumer recycled material supplied by the programme. During the year, 11 waste picker cooperatives were engaged in this network.

As part of the programme, in October we implemented a pilot project with riverside communities in the Mid Juruá region in the Amazon, aimed at raising awareness of the need to collect and recycle plastic waste to prevent contamination of the rivers in the region. Another pilot was undertaken with consultants in the Campinas region in the state of São Paulo, whereby a recycling cooperative collected used product packs from the consultants’ homes. In 2020, we will work on raising consultant awareness all over Brazil, requesting that they collect Natura product packaging from their customers and deliver it to the company at events organised by the Sales Force.

The Natura-owned retail stores are already equipped with bins for consumers to return discarded packaging. For 2020, an agreement will be made with a partner to collect this used packaging and dispatch it for recycling.

The Dê a Mão para o Futuro Programme exceeded the recycling target established for 2019 by 10.5%.

As a result of these two initiatives, we reclaimed 47% of the equivalent waste generated by our packaging in the country.

GRI 301-3 Reclaimed products and their packaging materials – Brazil (%)	2017	2018	2019
	29	33	47

Commitment is extended to Latin America

GRI 103-2, 103-3

2019 saw the engagement of the Latin American operations in the cause More Beauty, Less Waste, with the establishment of public waste recycling targets.

The commitment is a proactive response to legislation that has been recently approved or is about to be approved by local authorities. All of the countries in which we have direct operations (Argentina, Chile, Colombia, Peru and Mexico) have access to the sea and some are beginning to feel the negative impact of the disposal of plastics in the ocean on their fishing and tourism industries.

The consolidated target for these five countries is to recycle 16% the waste generated by Natura product packaging (in equivalent volume). Each country established a target of 15% – with the exception of Chile, which set a target of 20%.

The strategy adopted established higher rates than local legislations, as well as progressive increases for the coming years. Based on a systemic approach to ensure the reintegration of these materials into the production chain – principally among the suppliers with whom we operate –, we set up two work fronts.

In the first, we created alliances and invested in recycling cooperatives to help them enhance their management and internal processes. In addition to environmental gains, the project generates positive social impacts by boosting the income of the recycling operations. Another positive impact is due to the sensitisation of our consultants who, by extension, may positively influence their customers.

On the other front, we have developed partners who manufacture products on behalf of Natura, requiring them to incorporate recycled glass into the perfume packs in our portfolio.

All of the countries met their targets in 2019, with the exception of Mexico, where recycling chains are not as advanced as they are in the other countries. At the end of the year, Natura Mexico selected a partner that will be responsible for the collection and recovery of waste.

Even so, the consolidated 16% target for the region was exceeded, with the correct destination of 20% of the waste generated by our products in the year. The targets for 2020 remain the same as the previous year.

Recycling project on the island of San Andrés

A picture postcard for Colombia and home to a wealth of biodiversity, the island of San Andrés also suffers the consequences of high levels of use of plastic. Natura Colombia asked the consultants in its network on the island to engage in a recycling initiative.

With the orders sent to the island, we include a bag so that consultants may collect dry and clean recyclable materials and deliver them to a local logistics operator who is Natura's partner in this project. The consultants may also arrange for the operator to pick up the materials from their homes. In 2019, 40 consultants managed to collect more than 1 tonne of waste. This volume was transported to Bogotá by a partnering airline company and delivered to a cooperative for recycling.

The initiative will be stepped up in 2020 with the involvement of other sectors, such as hotels and restaurants. The material will also be sorted and classified on the island by a cooperative that has joined the project.

Natura Peru says goodbye to single use plastic

To eliminate single use plastics, Natura Peru has launched its #ChauPlástico campaign. Materials such as those used to wrap gifts, the Natura magazine, the bags used for presents and the plastic used in the cartons in which orders are sent to consultants are being eliminated from the daily routine.

After mapping opportunities for eliminating plastic, Natura selected alternative materials to replace it. The material used to pack

products in the cartons in which consultants' order are shipped was replaced with kraft paper. In a period of five sales cycles, we avoided the use of 7.5 tonnes of plastic.

The movement also engaged consultants and co-workers and will be continued in 2020. Similar initiatives should be adopted in the other countries in Latin America. In the five countries, the events organised by the Sales Force are already compliant with the guidelines set forth in the sustainable events manual created by Natura Mexico, which prohibits single-use plastics, among other things.

By ourselves,
we won't
change
anything

Natura magazines become Crer Para Ver products

Based on circular economy principles, Natura Colombia decided to use Natura magazines that would be disposed of to make new products for the Crer Para Ver non-cosmetic line, the revenue from which is dedicated to educational actions for consultants and other groups. The major differential of the project is the fact that the new products are manufactured by female prisoners or women undergoing social rehabilitation. This enables them to learn a new professional activity; they are paid for the work and gain a second opportunity to rebuild their lives.

The initiative was undertaken with support from a partner who designed the new pieces for the Crer Para Ver collection (cup-holders, pencil cases, mirrors, lights, pendants and necklaces, among others) and trained the participants. The project is also supported by other institutions. Before the prisoners' training began, Natura employee volunteers decorated an area in the prison, transforming it into a classroom. The more than 40 participants had 125 hours of training, prior to producing 76,000 items. It is projected that 65 women will transform eight tonnes of paper into Crer Para Ver products by the end of 2020.



Natura Carbon Neutral Programme

GRI 103-2, 103-3

2020 ambitions

	<p>Offset all our emissions, primarily in the Pan-Amazon region</p>		<p>Reduce relative GHG emissions by 33% (base year 2012)</p>
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Where we are

	<p>We offset 100% of our emissions. We neutralise emissions by fostering projects that generate a positive impact for the climate, as well as a series of other benefits, such as generating jobs, technology transfer, reinforcement of local economies, women's empowerment, among others.</p>	<p>1.2%</p> 	<p>Cumulative reduction of 1.2%. Our challenge is to find new opportunities and to develop technologies to reduce GHG emissions throughout the value chain.</p>
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Natura is a carbon neutral company that offsets all the greenhouse gas (GHG) emissions it is unable to avoid. The Natura Carbon Neutral Programme functions in three main areas: mapping of emissions throughout the value chain, the constant pursuit of emissions reductions and neutralisation of emissions that cannot be avoided.

We adopt an expanded scope, which takes into account not only our own production process, but the entire value chain – from the extraction and transportation of raw materials to the manufacture of packaging materials by third-parties and the final disposal of packaging after use. Ongoing emissions reduction targets are incorporated into the company's 2020 ambitions.

The role we play in the Amazon biome is also an integral part of combating climate change. In our offsetting programme we seek to support projects that help keep the forest standing. Furthermore, we maintain a platform that shares our learnings from emissions neutralisation with other companies and encourages the adoption of a low carbon economy.

We are aware that we can boost the effectiveness of our measures if we work with partners who share the same goal. Our supply chain and companies from different sectors will

be fundamental for us in the development of innovative technologies that have yet to be created. Our challenges include the pursuit of alternatives for product distribution – a demand that is growing as we become increasingly global – and the ambition of be a company that generates a positive impact. We want our business model to help reduce and even sequester carbon from the atmosphere. This is the next frontier we must pass.

Our management of emissions was recognised by the UN in 2019, when Natura received the Global Climate Actionaward (*further information on page 28*). Natura was also indicated by the Carbon Disclosure Project (CDP) as a global leader due to its measures and strategies to reduce emissions and manage climate risk in its supply chain. The company received an A rating in the Supplier Engagement Index, a score that only 3% of the 4,800 companies assessed achieved.

Either we change or the climate keeps changing

Support for manifestations for the climate

On September 20, 2019 Natura-owned stores had no products on display in their windows. Instead, messages such as “The future is now” and “Either we change or the climate keeps changing” drew the public’s attention to the importance of climate action. Natura participated in the demonstrations for the Climate Strike organised worldwide on this day, on the eve of the United Nations General Assembly in New York (USA).

Additionally, the Natura Beauty Consultants were invited to join the demonstrations organised in various regions of Brazil. Furthermore, Natura released communications through its channels with instructions on how to show support for the Amazon, how to value the people and products from the region, as well as messages promoting conscious consumption and care with product origin.

Emissions reduction

In 2019, our efficiency efforts enabled a 2% reduction in absolute greenhouse gas emissions.

The relative indicator, which indicated the volume of emissions per product billed, was less efficient compared with the previous year, increasing by 1%.

In a joint effort by diverse company areas, we implemented measures such as a portfolio of lower impact products, a reduction in air freight for exports, improved logistics efficiency and a decrease in printed publicity material. The challenge remains of pursuing new opportunities and developing new technologies. Comparing company performance with 2012, the base year of our commitment to reduce emissions by 33%, the result in 2019 was a 1.2% decrease.

We also remain engaged in the pursuit of new solutions to reduce greenhouse gas emissions throughout our value chain.

Organic solar panel

We installed the largest organic photovoltaic (OPV) film in the world in one of the buildings in the company's Cajamar unit in São Paulo. This is the Natura Learning Nucleus (NAN), a building used for training, workshops and events. 1,800 m² of panels that generate energy from sunlight were installed. This should avoid carbon dioxide emissions of 37 tonnes per year – the equivalent of the monthly consumption of 459 residences in Brazil.

The film is made from non-toxic organic material in a printing process similar to that used in the textile industry. The production of the panels requires less energy, making them more efficient in terms of environmental impact. The material is produced by Sunew, the world leader in the manufacture of this film.

The initiative is part of company strategy to use renewable energy and boost efficiency. Also in 2019, we finalised the Natura Integrated Global Policy, which sets forth the company's positioning in this area.

GRI 305-1, 305-2, 305-3, 305-4	2017	2018	2019
Total CO₂e emissions (t)^{1,2}	308,048	333,183	325,840
Relative emissions (kg CO₂e/kg of product billed)	3.20	3.14	3.18
Cumulative reduction in relative emissions since 2012 (%)	0.5	1.8	1.2

1. CO₂e (or CO₂ equivalent): measure used to express greenhouse gas emissions, based on each one's global warming potential.
2. Includes GHG Protocol scopes 1, 2 and 3.

Sources used to calculate emissions:

Sources (Scope 1):

1. Intergovernmental Panel on Climate Change (IPCC). 2006 IPCC guidelines for national greenhouse gas inventories: Volume 2. IPCC National Greenhouse Gas Inventory Program (<http://www.ipcc-nggip.iges.or.jp>).
2. Intergovernmental Panel on Climate Change (IPCC). 1997b. Revised 1996 IPCC guidelines for national greenhouse gas inventories: Reference Manual (Vol 3). IPCC National Greenhouse Gas Inventory Program
3. Department for Environment, Food and Rural Affairs (Defra) - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224437/pb13988-emission-factor-methodology-130719.pdf
4. IPCC Fourth Assessment Report - AR4 (2013) - (http://www.ipcc.ch/publications_and_data/ar4/wg1/en/ch2s2-10-2.html)
5. Balanço Energético Nacional 2013 (BEN 2013) (https://ben.epe.gov.br/downloads/Relatorio_Final_BEN_2013.pdf)

Sources (Scope 2):

1. Brazilian Power Grid Emission Factor: Ministério da Ciência, Tecnologia, Inovações e Comunicações (MCTIC) - <http://www.mct.gov.br/index.php/content/view/full/74694.html>
2. Argentinian Power Grid Emission Factor: <http://energia3.mecon.gov.ar/contenidos/verpagina.php?idpagina=2311>
3. Chilean Power Grid Emission Factor: <http://huelladecarbono.minenergia.cl/emision-para-el-sic>
4. Colombian Power Grid Emission Factor: http://www.siame.gov.co/siame/documentos/Calculo_FE_SIN_2013_Nov2014.pdf
5. Power Grid Emission Factor Peru and France: CO₂ Emissions From Fuel Combustion Highlights 2013
6. Mexican Power Grid Emission Factor: <http://www.geimexico.org/factor.html>

Sources (Scope 3):

1. Intergovernmental Panel on Climate Change (IPCC). 2006 IPCC guidelines for national greenhouse gas inventories: Volume 2. IPCC National Greenhouse Gas Inventory Program (<http://www.ipcc-nggip.iges.or.jp>).
2. Intergovernmental Panel on Climate Change (IPCC). 1997b. Revised 1996 IPCC guidelines for national greenhouse gas inventories: Reference Manual (Vol 3). IPCC National Greenhouse Gas Inventory Program
3. Department for Environment, Food and Rural Affairs (Defra) 2013 - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224437/pb13988-emission-factor-methodology-130719.pdf
4. IPCC Fourth Assessment Report - AR4 (2013) - (http://www.ipcc.ch/publications_and_data/ar4/wg1/en/ch2s2-10-2.html)
5. Balanço Energético Nacional 2013 (BEN 2013) (https://ben.epe.gov.br/downloads/Relatorio_Final_BEN_2013.pdf)

GHG emissions – Scopes 1, 2 and 3 (tCO ₂ equivalent) ^{1,2}	2017	2018	2019
Direct GHG emissions - Scope 1	5,187	8,509	7,055
Indirect emissions from the acquisition of energy - Scope 2	6,006	5,072	6,636
Other GHG emissions - Scope 3	296,855	319,602	312,149
Total GHG emissions (Scopes 1, 2 and 3)	308,048	333,183	325,840

Biogenic emissions (tCO ₂ equivalent) ¹	2017	2018	2019
Direct biogenic emissions (from the burning or biodegradation of biomass) GRI 305-1	9,387	10,098	11,193
Indirect CO₂ biogenic emissions GRI 305-3	8,976	9,639	9,573
Total biogenic emissions	18,364	19,737	20,766

1. Our greenhouse gas emissions inventory takes into account total emissions from all stages of our operation, from the extraction of raw materials, through our processes and those in our production chains, to the final disposal of post-consumer packaging. We comply with GHG Protocol standards and the principles of Brazil's ABNT NBR ISO 14064-1 standard, which establish rules for their conception, development, management and elaboration. The 2019 Natura GHG inventory was audited and assured by KPMG.
2. Does not take into account the operations in France, the United States and Malaysia.

GRI 305-1, 305-2, 305-3 Emissions in the value chain (t) ¹	2017	2018	2019
Extraction and transportation of raw materials and packaging (process and transportation to direct suppliers)	119,101	131,504	127,051
Direct suppliers (process and transportation to Natura)	29,574	32,654	31,548
Industrial and internal processes	16,754	19,814	19,660
Product sales (transportation and distribution)	62,751	62,425	62,282
Use of products and disposal of packaging	79,868	86,786	85,299
Overall total	308,048	333,183	325,848

1. Our greenhouse gas emissions inventory takes into account total emissions from all stages of our operation, from the extraction of raw materials, through our processes and those in our production chains, to the final disposal of post-consumer packaging. We comply with GHG Protocol standards and the principles of Brazil's ABNT NBR ISO 14064-1 standard, which establish rules for their conception, development, management and elaboration. The 2019 Natura GHG inventory was audited and assured by KPMG. The sources of emission are the same ones taken into account in the previous tables.

GRI 305-5 Reduction of GHG emissions as a direct result of emissions reduction initiatives ¹	2017	2018	2019
	8,578	9,127	10,759

1. Reductions in indirect Scope 3 emissions.

Offsetting emissions

GRI 305-5

Within the offsetting strategy the company opted to invest in projects that also generate environmental and social benefits. These include biodiversity conservation, reforestation, fossil fuel substitution and energy efficiency projects. To encourage other companies to do likewise, in 2017 we launched our Climate Commitment Platform. The initiative connects companies with carefully chosen projects, creating a portfolio of socioenvironmental initiatives that generate carbon credits.

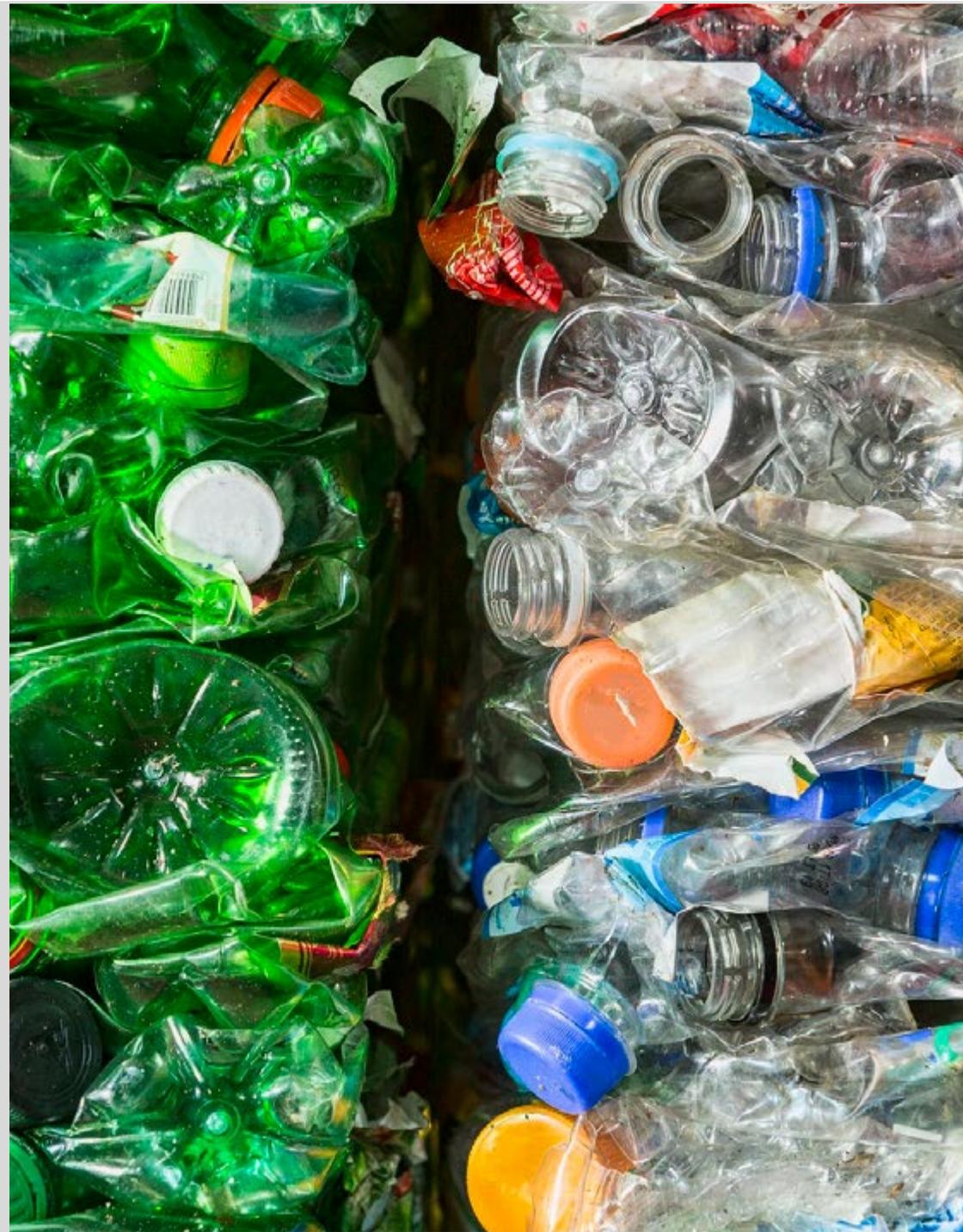
At the outset, the platform involved a partnership with Instituto Ekos Brasil and Itaú Unibanco. In 2018 and 2019, Lojas Renner, MRV Engenharia and B3 joined the initiative. The participation of B3 (São Paulo Stock Exchange) represents an important opportunity to further promote the initiative among other publicly traded companies. Companies listed on the Corporate Sustainability Index (ISE) and the Carbon Efficient Index (ICO2), both on the B3 index, also receive a membership discount.

The programme underscores the need to adopt a thorough approach, which includes mapping all sources of emissions, implementing reduction measures and lastly, offsetting emissions that cannot be avoided.

In 2019, we launched a second tender for new projects, making a further five options of carbon offsetting initiatives available. A total of 22 projects were submitted to the tender. As an improvement to the process, we included a legal and risk assessment of the projects approved, providing the companies participating on the platform with more complete information for their decision making.

Further information at:

<http://compromisso.ekos.social/> (website in Portuguese)



Strategy also helps combat deforestation

GRI 305-5

The acquisition of carbon credits from Natura supplier communities that use social biodiversity active ingredients sustainably and contribute towards keeping the forest standing is another initiative that increases income generation in the Amazon region and helps to prevent deforestation.

The project to pay for offsetting carbon within our supply chain (a practice known internationally as carbon insetting), initiated in 2018, was called Circular Carbon and is the result of an integrated vision of the Amazonia and the Carbon Neutral programmes.

The first partnership was undertaken with the reforestation cooperative Reça (Cooperativa de Reflorestamento Econômico Consorciado e Adensado), located on the border between the states of Acre, Amazonas and Rondônia.

The contract provides for annual payments during 25 years for the environmental services generated by the communities'

contributions to combating deforestation. Part of the funds are distributed among the smallholders' families, while the remainder goes into a cooperative fund. The transfer of funds is conditional on the preparation of an annual emissions inventory audited by a third-party.

In 2019, we initiated an expansion plan for the Circular Carbon model. A feasibility study was undertaken to evaluate the implementation of the project with the cooperative Coopavam (Cooperativa dos Agricultores do Vale do Amanhecer), which supplies Brazil nuts for the Ekos product line. Located in Juruena, in Mato Grosso, the region is under great pressure from deforestation. The Vale do Amanhecer settlement where the cooperative operates, has the first community legal reservation area in the country and employs an alternative model which, through the sustainable extraction of Brazil nuts, keeps the forest standing.

Additional benefits

Each R\$ 1 invested by the Natura Carbon Neutral programme generates R\$ 31 in social and environmental co-benefits.

Methodology: The Social Return on Investment (SROI) measures how the changes generated by the projects impact community life in monetary terms.

This takes into account aspects that include human health, community development, ecosystem services and climate change. For each area assessed, the impacts caused were mapped, identifying and quantifying the changes generated.

From 2010 to 2019

more than 3.6 million
tCO₂ equivalent offset

generated

+ R\$ 1.6 billion*
in co-benefits

* Amount calculated for the period between 2007 and 2018.

We share
the same time
and the
same world

Offsetting on the Colombian coast

We are also engaged in emissions offsetting projects in the other Latin American countries in which we operate as part of our strategy to compensate for our local impacts. As in Brazil, the projects must drive additional socioenvironmental benefits besides the carbon credits generated.

In Colombia, the company supports the SUPP project, the acronym standing for four community councils (Sivurú, San Andrés de Usaragá, Pizarro and Pilizá) in the Chocó-Darién region on the Pacific coast. The region is rich in biodiversity, with a large number of species that are vulnerable and some that are threatened with extinction. Historically the local population – mainly black and indigenous – has been impacted by drug trafficking.

The project offers local communities improved living conditions by fostering the açai production chain and fishing. Natura's proposal involves the purchase of 40,000 carbon credits (2019-2020) generated based on reduced deforestation and protection of local biodiversity. The distribution of funds is

decided at council meetings and involves approximately 1,340 people from 335 families.

In the first half of 2019, the Natura Colombia team undertook a field trip to get to know the area (around 42,000 hectares) and the communities, as well as the governance structure of the councils. The council members also had the opportunity to learn more about our purpose in order to approve the negotiation. With this project, Natura became the first private company to invest in these communities.

In Argentina, we support a wind energy generation project in the region of Patagonia. In Mexico, the company invested in a project to replace wood-fired stoves with more efficient models, in an initiative similar to one undertaken in Brazil. In Chile and Peru, the offsetting measures up to 2018 involved projects aimed at preventing deforestation, one on the Chilean coast and the other in the Peruvian Amazon region. A new purchase will occur in 2020.

Water footprint

GRI 103-2, 103-3 and 303-1

2020 Ambition



Implement a water consumption reduction and neutralisation strategy taking into account our value chain

Where we are



We advanced in the analysis of ecotoxicity in the product safety assessment process, and we included studies on plastics pollution in rivers and oceans in the Integrated Profit & Loss – IP&L tool (*read more on page 89*).



We also evaluated alternative tools to build a reduction and neutralisation strategy for our

In 2017 we concluded our studies on mapping the water footprint of our products – taking into account the entire value chain, from the extraction of raw materials, through the production process to use of the products by consumers. These studies showed that the energy spent by consumers to heat water in their households is the stage with the highest impact, especially in Brazil, whose energy matrix comprises principally hydroelectric power.

These studies will provide the basis for the company's future strategy to reduce and neutralise the impacts caused by the company's water consumption. The advances in our formulations in recent years, involving increasingly natural ingredients, and the adoption of biodegradable microspheres in exfoliant products are also part of our efforts to reduce the impact of water pollution. For the coming years, our strategy will involve the development of no rinse products, as well as other disruptive innovations.

Water consumption within the company is monitored on a monthly basis by co-worker and by unit produced. Measurement in our four factories is conducted on a daily basis. We also monitor water consumption at our main suppliers, such as those who manufacture products on behalf of Natura. Effective monitoring will enable the company to rapidly develop improvement and reduction plans. In 2019, relative consumption (total litres per unit produced) was 0.59, an increase compared with the 0.52 litre per unit produced in 2018. This increase in water consumption per unit produced was in part due to changes in diverse sanitary processes. During the year we included water consumption in the Latin American operations in the calculation.

Every Person Matters



Every person
is a world.
And the whole
world matters

The third cause assumed by Natura is an expression of the importance we attribute to our relationship network. By means of direct selling and a business model that shares wealth throughout our value chain, we generate income for 1.8 million consultants in Brazil and in Latin America, and for our suppliers and communities. We seek to strengthen these relations and invest in the development of our network.

Our goal is to leverage this impact, especially through support for education, income generation and diversity. In terms of economic inclusion, the objective is to contribute even more effectively to ensure everyone involved has access to a decent income, enabling an adequate standard of living, including food, housing, education, medical assistance, transportation and other essential needs.

Here is a description of the main measures undertaken for our stakeholder groups in 2019.

Diversity and inclusion

GRI 103-2, 103-3 and 405-1

2020 ambitions



Where we are



Based on a detailed study of the reality in each country in which Natura operates, we have established areas of activity with a view to promoting a diverse and inclusive environment that reflects the cultural wealth of the surrounding society. We have prioritised four main areas of activity: gender equality, inclusion of disabled people, ethnic-racial diversity and the LGBTI+ audience.

The company maintains its groups of volunteer employees who seek to reinforce Natura's diversity agendas both inside and outside the company. We also organised our second Diversity Week, with simultaneous initiatives in Brazil and in the Latin American operations, the main theme of which was prejudice, employing the motto "We need to talk about this".

We disseminated the concept of an inclusive culture, which in 2019 encompassed the sensitisation of senior management and the work force. The goal is to ensure an organisational environment free of stereotypes, in which people may increasingly feel secure to express themselves as they truly are.

The diversity and inclusion front gained even greater relevance with the definition of Natura's causes. The theme has also been incorporated into the company's new strategic planning (2020-2024) as part of the organisational transformation pillar, with targets that are monitored by the Executive Committee and the People, Organisation and Culture area. A specific management area was created to oversee this aspect. This work is supported by the Natura Valuing Diversity Policy, in place since 2016.



Gender

The focuses are females leaders, co-responsibility and combating violence against women. We ended 2019 with 41.4% women occupying leadership positions (director level and above), a 3.4 percentage point increase over 2018 (38.2%). The target for 2020 is 50%. The advance in this area is partially due to the commitment to ensure that 50% of the finalists in selection processes at any hierarchical level are women. Currently, women occupy 55.6% of the management functions in the company and represent 61.9% of the work force. Externally, we work on women's empowerment, with a special impact on the consultants (*read more on page 41*) and the women in the supplier communities in the Amazon (*read more on page 53*).

Since 2018, we have provided vacancies for the children of male employees in our two nurseries in Brazil. In 2019, 36 fathers used this benefit. We also offer paternity leave of 40 days for all co-workers in Brazil and in the International Operations. Women are entitled to maternity leave of six months. In partnership with the Instituto Papo de Homem, we also conducted the biggest survey on masculinity undertaken in Brazil, which involved more than 40,000 people and gave rise to the documentary *O Silêncio dos Homens* (The Silence of Men). **GRI 401-3**

Regarding violence against women, in 2019 in Brazil we formed the Anti-Domestic Violence Committee, comprising representatives of leaders and an external

specialist. The committee meets as required to analyse highly critical cases. We provide a toll-free help line for female co-workers who are victims of domestic violence in Brazil, through which they may receive specific guidance from psychologists, social workers and lawyers. In Latin America, we also have protocols in place and work with partners and public bodies specialised in violence against women. In some cases, the support provided by Natura may include temporary leave from work, credit to deal with additional expenses and the possibility of transfer to other company units. Also worthy of note during the year was the intense effort to raise awareness throughout the company, including operational workers, business managers and leaders, who acted as multipliers of this question, disseminating it to the consultants.

On November 25, International Day for the Elimination of Violence against Women, we organised activities in all our operations. With the incorporation of Avon, which is equally involved in combating violence against women, we will have the opportunity to enhance and extend our actions. In March 2020, Natura joined the Business Coalition to End Violence against Women, organised by the Instituto Avon, with support from UN Women and the Fundação Dom Cabral and the participation of companies from different sectors of activity.

Disabled people

We strive to promote accessibility and the effective inclusion of the disabled, offering ways in which they may develop at Natura. Our

2020 Ambition establishes having 8% of people with some form of disability on the workforce in Brazil. In 2019, this rate reached 7.2%. At the São Paulo Distribution Centre (CD SP), 20.6% of the work force have some type of disability.

Regarding accessibility, in 2019 we prepared 50 new godfathers, co-workers who have voluntarily learned Brazilian sign language, Libras, to assist hearing impaired team mates in their daily routine. During feedback processes with management and medical consultations in the company health centres, sign language interpreters are available to provide support via videoconference. For co-workers with intellectual impairment, we use supported employment methodology with specialists who accompany these co-workers and their managers on a periodic basis. In 2019, we extended the initiative to Natura-owned stores. In December, 23% of our points of sale had staff with some form of intellectual impairment.

In the other operations in Latin America, we conducted a study during the course of the year to better understand the realities in each country. In the operation in Argentina, we formed a squad with a multidisciplinary team whose mission is to design and implement a program to include disabled people in the operation.

Based on our experience in this area, we decided to contribute external discussions and positively influence the public agenda on inclusion of the disabled.

Ethnic-racial inclusion

In Brazil, Natura's priority is to increase representation of black people in the work force. In 2019, over 50% of the candidates selected in the two editions of our intern program were young black university students, exceeding the 33% target that had been established for hiring black people. There were more than 19,000 candidates in the selection process, which was distinguished by a number of elements: we organised meetings to help candidates to prepare for the process, with Natura staff acting as mentors.

The meetings took place out of working hours to ensure candidates who work and study would be able to participate. We also provided transportation to facilitate travel to the Natura premises, as well as eliminating requirements such as university education, age and mastery of foreign languages. For one group of candidates who were not selected but were participating in other selection processes, we established a partnership to provide them with free English language courses.

In parallel, we are working with human resources consultancies specialised in ethnic-racial diversity to attract more black women to our sales force.

In addition to these initiatives to attract candidates, we are also promoting measures to ensure the development of these co-workers with a view to enabling them to grow at all levels within the company.

During the year we also took measures to increase the awareness of leaders and co-workers in relation to the risk of covert racism, including the actions organised for Black Consciousness Week in November. With support from our ethnic-racial affinity group we prepared an anti-racist manual, which had a positive repercussion in the social networks.

In Latin America, we will undertake a study to better understand ethnic questions in each country in order to format specific work plans.

LGBTI+ Audience

In partnership with our LGBTI+ affinity group, we prioritised awareness measures during the course of the year. As with the other groups that collaborate with different areas in the company, the Natura in Colours affinity group assisted in the development of the All the Colours of Love campaign, which reinforced the Natura Faces brand's support for the cause.

We have offered health benefits for LGBTI+ couples for 15 years. Similarly, the company nursery may be used by the children of co-workers who have taken maternity leave, irrespective of their gender identity. We also guarantee adoption of an individual's chosen name. To support new measures along these lines, questions of gender identity and sexual orientation will be part of the survey that will measure Natura co-workers' Human Development Index (HDI), which should be concluded in 2020.

Another focus is promoting work and income opportunities for the LGBTI+ audience. In partnership with Casa 1, a civil society organisation that promotes the interests of this group, we offer makeup courses for transsexuals. The initiative is sponsored by the Natura Faces brand. In 2019, we also participated in the Employability Fair organised by Casa 1, which resulted in the hiring of a number of individuals to work in our stores during the Christmas period. It is our intention to promote a more structured manner of showing how Relationship Selling could be a viable alternative for generating income and development opportunities for this audience.

Recognition

In 2019, we were elected the fourth most open publicly traded company in diversity and inclusion in the *Top 25 Most Diverse & Inclusive Companies Organizations Globally* ranking, organised by Refinitiv, a company belonging to the Reuters news agency and the Blackstone private equity fund. Natura was the only Brazilian company on the list and the only cosmetics company in the world in the top ten places.

We also received WOB (Women on Board) certification, supported by UN Women, which recognizes companies that have at least two women on the board of directors. At the end of 2019, the Natura &Co group had three women on its Board. The CEO of Avon, Angela Cretu, took a seat on the board in January 2020, after the finalisation of the acquisition of the company by Natura &Co.

In Argentina, we were elected the best company for women to work for in the Great Place to Work award. Our work in including disabled people received a distinction in the first edition of the Exame Diversity Guide, launched in partnership with the Instituto Ethos. We were also recognised in the silver category of the 2019 WEPs (Women's Empowerment Principles) award promoted by UN Women and the Global Compact.

GRI 405-1 Employees by functional category and gender (Brazil and International Operations ^{1,2}) %	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Operational	62.4	37.6	100.0	65.4	34.6	100.0	66.0	34.0	100.0
Administrative	21.5	78.5	100.0	21.9	78.0	100.0	23.3	76.7	100.0
Management	43.3	56.7	100.0	43.8	56.2	100.0	44.4	55.6	100.0
Director level	67.3	32.7	100.0	61.8	38.2	100.0	58.6	41.4	100.0
Total	37.2	62.8	100.0	37.9	62.1	100.0	38.1	61.9	100.0

1. The International Operations include our operations in Latin America, the United States and France.
2. The strategic thrusts of Natura diversity policy are gender, ethnic-racial questions and the disabled. Stratification by age group is not considered to be priority in the context of the business, which is why it is not disclosed.

GRI 405-1 Black co-workers by functional category and gender - Brazil (%) ^{1,2,3}	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Operational	13.6	7.9	20.9	13.5	6.6	20.1	12.9	6.0	18.9
Administrative	3.1	6.3	9.5	3.7	7.4	11.1	4.1	8.3	12.4
Management	0.3	0.2	0.5	0.3	0.2	0.5	0.3	0.3	0.6
Director level	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	17.1	13.8	30.9	17.6	14.2	31.8	17.3	14.6	32.0

1. The International Operations include our operations in Latin America, the United States and France.
2. There are no black members on the Board of Directors.
3. The strategic thrusts of Natura diversity policy are gender, ethnic-racial questions and the disabled. Stratification by age group is not considered to be priority in the context of the business, which is why it is not disclosed.

GRI 405-1 Disabled co-workers, by functional category and gender - Brazil ^{1,2,3} (%)	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Operational	2.2	1.5	3.8	2.5	1.4	4.0	2.6	1.7	4.0
Administrative	0.7	1.5	2.2	0.8	1.7	2.4	0.9	1.9	3.0
Management	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Director level	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	2.9	3.1	6.0	3.4	3.1	6.5	3.5	3.6	7.2

1. The International Operations include our operations in Latin America, the United States and France.
2. There are no disabled members on the Board of Directors.
3. The strategic thrusts of Natura diversity policy are gender, ethnic-racial questions and the disabled. Stratification by age group is not considered to be priority in the context of the business, which is why it is not disclosed.

Organisational transformation

GRI 103-2, 103-3 and 405-1

2020 Ambition



Implement a strategy to leverage employees' execution potential through engagement in the Natura culture.

Where we are



Updating of culture behaviours and learning and development processes in 2019.

In line with the organisational transformation currently in progress in the company, in 2019 we concluded the updating of the Priority Cultural Behaviours, based on the Natura Way of Being and Doing Things, which should be encouraged among all co-workers.

The new culture drivers were designed jointly by the People (or Human Resources) team and representatives from diverse areas. The Culture team, as it became known, currently comprises some 20 individuals who share the mission of disseminating these values among their teams and gathering perceptions that may support new work plans.

Two priority behaviours from the previous cycle were maintained: placing the consultant at the centre of our decisions and focusing actions on the result of the whole. These were complemented by two new behaviours: the first reinforces networking (more coordinated, agile and uncomplicated), while the second values entrepreneurship and innovation as drivers of positive impact. Oriented by these behaviours, our co-workers will contribute to the fulfilment of our strategy, which increasingly positions Natura as a global, digital omnichannel company. It is no coincidence that this set of behaviours is already incorporated into the company's learning, development (*see ahead*) and team review processes.

Currently, the review process provides for Networked Feedback, in which individuals may share their perceptions of their colleagues' deliveries and performance based on the priority behaviours. This feedback is taken into account in the People Forum, in which managers and the Human Resources team assess co-worker performance and determine development and recognition measures. The process also provides for alignment between the individual and their manager a number of times during the year and the updating of individual targets every four months. In 2019, we started to review the current model to include individuals who work in different formats, for example the agile teams, which are designed based on the concept of a network, without the need for the individual to report to a single manager, as is the case in the traditional structures. A number of employees were consulted as part of the review process. In 2020, we will test part of this new model on members of the agile teams in operation in Natura.

Learning ecosystem

GRI 103-2, 103-3, 404-1

In 2019, the company's educational architecture evolved into the Natura Learning Ecosystem. This comprises five learning journeys. Two of them are aimed at developing competencies that reinforce the connection with our essence and are centred on Relationship Selling, on our brands and products and on sustainability and diversity – key principles guiding our behaviour. Two others are focused on the future and comprehend competencies linked with digitalisation and networking. The fifth journey prioritises leadership development and cuts across the other four journeys.

The learning journeys employ different formats and methodologies. The formats include face to face courses, e-learning, experiences, webinars and podcasts, among others.. Based on the idea that instead of just providing learning contents, the Organisational Development area should promote connections between co-workers that master specific business-related knowledge and those who do not, we are also consolidating an online platform that will host our ecosystem. In 2019, we conducted a pilot project involving some 200 people. The platform will be launched officially in 2020. For the individuals who work in the areas that already operate

based on the agile cell model (Brand, Innovation, Internationalisation and Sustainability, co-workers in Latin America and in the digitalisation area), in 2019 we prioritised training in new competencies, such as agile working, design thinking, user experience and distributed leadership. Co-workers were also trained to assume new roles, such as product owner and scrum master. This focus is based on the company's decision to develop talent internally, whenever possible. In 2019, approximately 75% of the management openings in the company were filled internally.

In addition to the teams already working in the agile model, co-workers selected for the the CorageN Programme introduced in 2018, and which innovated by not demanding professional qualifications or establishing age requirements, have worked in this format since the beginning. This group comprises 18 professionals who have an entrepreneurial profile and are engaged in four Natura radical innovation projects. They do not belong to a specific area, but receive support from mentors, directors or vice presidents.

With the consolidation of the Natura &Co group, we face the additional challenge of increasingly ensuring that our co-workers are fluent in a second language, in particular English. For company executives, we provide a 70% subsidy for language courses. We also offer virtual English courses for 50 co-workers in areas that have already become global in scope. In parallel, we have

maintained the Natura Education Programme, which provides study scholarships for technical, degree, postgraduate and language courses for co-workers in the operational and administrative areas, as well as in the sales force. At the end of the year, 131 people were benefiting from this programme. **GRI 404-2**

Due to the redesign of our training and development strategies, the number of hours of training was lower than in 2018.

Development of operational staff

The evolution of our manufacturing and logistics operations, which increasingly employ industry 4.0 based technologies requiring differentiated skills, led us to rethink training for operational workers. In 2019, we undertook a diagnosis which resulted in the updating of our Industry Integration Programme (Pind). One new feature was the use of a digital platform which goes beyond online training and assessment, employing differentiated means of sustaining learning and features that stimulate the production and sharing of educational contents created by the staff themselves. Using a gaming strategy, the more online training pills the co-worker creates, the greater the number of points he/she earns. These points can be converted into Natura products.

Reconnected leaders

We elaborated a new development programme for leaders. Called Re.conecta, this is a four-day experience in the Amazon region which, as the name suggests, is designed to reconnect leaders with Natura's causes and its essence, while underscoring the skills and competencies required by new organisational environments. To enrich this process, leaders from our supplier communities and consultants also took part in these reflections. A total of 130 leaders from the Brazilian and Latin American operations took part in Re.Conecta in 2019.

GRI 404-1 Average hours training per functional category and gender – Brazil and International Operations ¹	2017			2018			2019		
	Women	Men	Average no. of hours	Women	Men	Average no. of hours	Women	Men	Average no. of hours
Director level	5.4	6.6	6.2	29.3	22.2	24.6	16.1	13.0	14.2
Management	18.7	23.4	20.9	36.0	35.9	36.0	15.8	14.6	15.3
Administrative	15.5	27.6	18.6	30.2	34.4	31.1	10.3	13.5	11.0
Operational	16.9	37.6	30.0	12.9	20.0	17.3	10.0	17.5	14.9
Apprentice	44.6	40.6	43.4	17.7	19.1	18.1	21.9	19.1	18.2
Intern	42.2	45.8	43.2	42.8	47.7	44.3	22.7	17.4	21.1

1. The International Operations include our operations in Latin America, the United States and France.

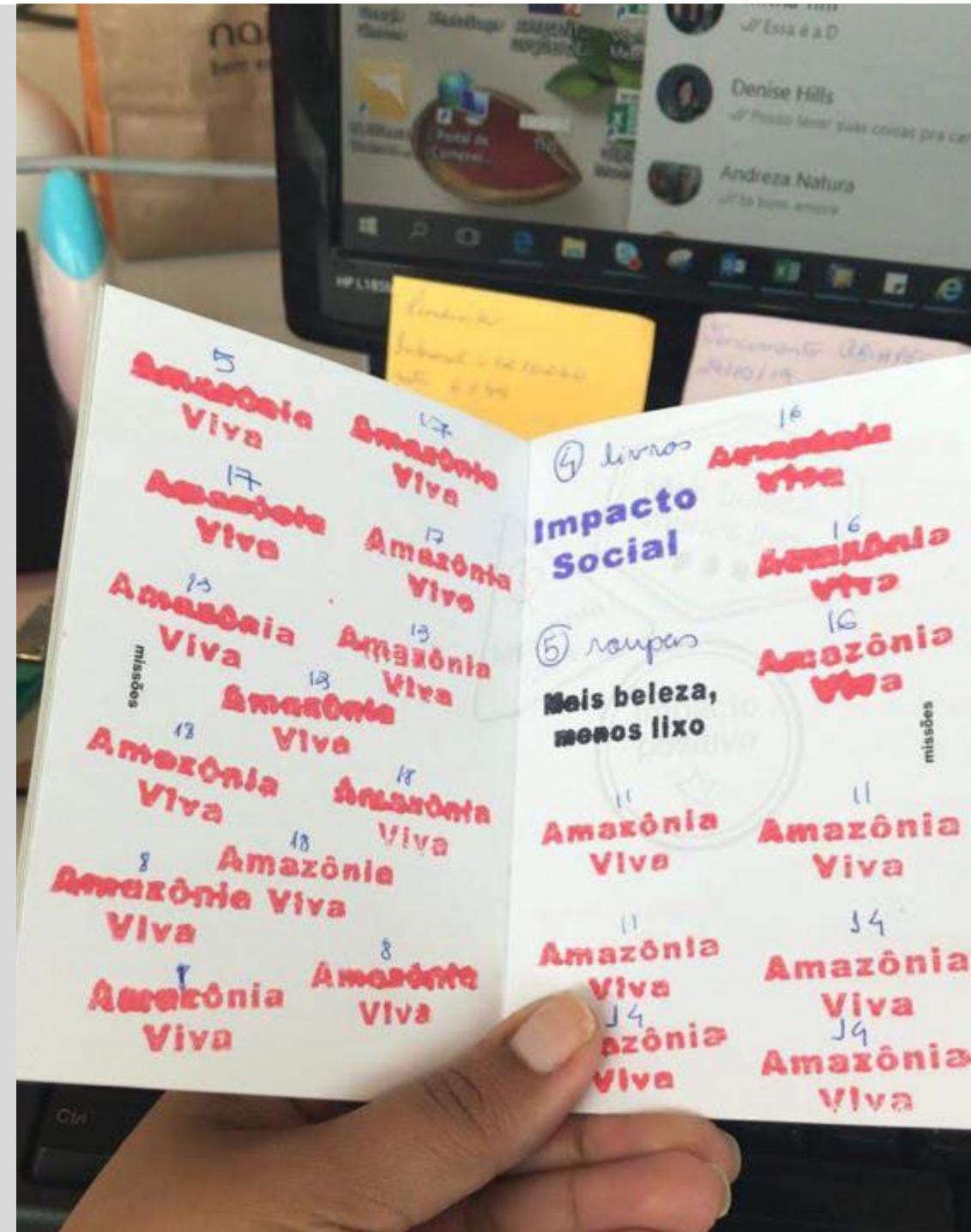
GRI 404-2 Investments in education by operation (R\$ thousands)	2017	2018	2019
Brazil	8,300	7,938	7,524
Argentina	2,556	1,677	701
Chile	802	421	235
Mexico	598	338	241
Peru	397	303	320
Colombia	1,075	1,373	212
Total	13,728	12,051	9,233

2nd Sustainability Week

In October, Natura organised its second Sustainability Week, aimed at further reinforcing co-worker connection with sustainability and raising awareness so they may become agents of change both inside and outside of Natura. The event was entitled Natura Challenge for a More Beautiful World and addressed the company's three causes: Standing Forest, More Beauty, Less Waste; and Every Person Matters. In Brazil, event activities were organised simultaneously in the units in Cajamar, Benevides and our administrative headquarters in the city of São Paulo.

In addition to activities such as rounds of conversation, cultural presentations and fairs involving the exchange of clothes and books, every day attendees were invited to take part in specific missions related to one of the Natura causes. There were also special projects, such as planting seedlings at the Cajamar site and a visit to a recycling cooperative. Participants were given a passport, which was stamped after every mission accomplished. At the end, there were prizes in accordance with the number of stamps. These ranged from products from the Natura portfolio to sustainable products such as metal straws, as well as donations to a social cause on behalf of the participant.

As occurred in the first edition, the Sustainability Week was also held in our operations in Latin America.



Natura Beauty Consultants

GRI 103-2, 103-3 and 203-1

2020 Ambition



Significantly increase the real average income of Natura Beauty Consultants in Brazil

Where we are



The consultants' income **remained stable** compared with 2018, while the average income of the leaders grew by **12%**. In comparison with 2017, income increased by **25%** and **40%**, respectively.



In 2019, we adopted the concept of a living wage to assess the consultants' earnings. The initial analysis considered the three most advanced stages in the consultant career. At this level **95%** of the leaders earned more than this reference (*further information on page 54*).

The Relationship Selling model generates income for 1.8 million consultants in Brazil and in Latin America. In addition to being a business option, this network, currently in place in all the 5,570 Brazilian municipalities and in the other five Latin American countries in which the company operates, also benefits from Natura initiatives to foster personal development, provide healthcare and promote self-esteem.

In addition to the sales model, which is currently focused on boosting the consultants' income and promoting enterprise, we operate in three other specific pillars aimed at leveraging positive socio-economic impact in our network: education, women's rights and healthcare. The work is organised by the Movimento Natura and, particularly in the education area, is supported by the Instituto Natura. All the profit from the sale of the Crer para Ver non-cosmetic product line is invested in education initiatives managed by the Instituto Natura. From this total, 30% is channelled into education initiatives for our consultants and their family members.

The activities of the Movimento Natura are based on different surveys aimed at determining the priorities to be worked on, such as the Consultant-HDI and the company's SP&L (*Social Profit and Loss*), the purpose of which is to monetise the contributions our business model generates in the lives of the consultants (*further information on page 89*).

The contributions from this study and others like it orientate the activity focuses of our social innovation laboratory, a pioneering initiative in Brazil, which has the mission of designing solutions to increase the positive impact the business has on consultants' lives, transforming their reality and their prospects. The laboratory operates based on agile methodologies and develops projects in partnerships with start-ups and internal areas of Natura.

In addition to the funds from the Crer Para Ver line, in 2019 we invested around R\$ 2.5 million in three priority areas: education, women's rights (domestic violence) and healthcare.

The world needs people together



Consultant HDI

2020 ambitions



To create an indicator to assess the human development of the consultants and develop a strategy to promote a significant improvement.



To stimulate the consultants' interest in ongoing learning and provide a broad educational offering that meets their needs

Where we are

2014

The Consultant Human Development Index (HDI) has been measured since 2014 in Brazil. In 2019, we measured the indicator in the five operations in Latin America.

2019



Our strategy to promote significant improvement in the consultants' quality of life is organised based on three areas: education, women's rights and healthcare. We offer study scholarships in Brazil and organise educational initiatives for the consultants and their families in the other countries in Latin America .



In 2019, **59,000** training sessions were concluded, including courses in basic mathematics, healthcare, women's rights and diversity, among others.

One of the main diagnostics of our consultant profile is elaborated based on the Consultant Human Development Index (HDI), a proprietary Natura methodology inspired by the indicators created by the United Nations Development Programme (UNDP). The survey has been in place in Brazil for six years – since 2017 it has been conducted on a biennial basis – and covers three dimensions: health, education and work, with a rating ranging from 0 to 1. In 2019, we conducted the fifth measurement of the index with consultants in Brazil, which indicated a growth of 4.5% compared with the last survey in 2017. The indicator increased from 0.593 to 0.620. The result presented advances in the education (especially financial education) and health areas, demonstrating the effectiveness of our actions in these two areas. In contrast, there was a decrease in relation to civic awareness, indicating the need for us to focus more closely on training for consultants in this area.

In 2018, we also applied the Consultant HDI in our operations in Argentina, Chile, Colombia, Mexico and Peru. The research, released in 2019, showed a consolidated indicator of 0.620. The survey enables us to understand regional differences and should guide our strategy. The data are also analysed individually by country, to provide a more accurate portrait of the reality of our consultants. Among the survey highlights, in the education area digital inclusion was rated a strength, while financial literacy and civic awareness were shown to be challenges for consultants in these countries.



Dalva de Oliveira is a Business Leader in Barretos (São Paulo) and resumed her studies together with her daughter, Eduarda, using the educational benefit offered to consultants, leaders and their families. They are studying on a Human Resources Management course

Education

Worthy of note during the year was the growth in the number of training programmes concluded by the consultants. Previously offered on an external platform, in 2019 we made them available via the Consulting app and mobile website. These feature a series of activities related to the Beauty Consultant career, such as order entry. The courses are grouped in a specific category entitled Development for Life, which includes training in basic mathematics, health, women's rights and diversity, among others. The total number of training sessions undertaken in the year was 59,000. In women's rights and basic Maths alone, the number of participations was 38,000.

The Instituto Natura also reinforced its activities with the consultants. In 2019, the institute expanded the group researched with regard to writing, reading and mathematics skills, inspired by the Inaf (Functional Literacy index) methodology developed by the organisation Ação Educativa. The results of the survey, segmented by consultants and business leaders, help orientate educational measures.

We maintained the offer of study scholarships for degree and postgraduate courses at the Estácio University and the partnerships with the language school chains Wizard by Pearson and English Live. This benefit may be used by the consultant or by her children. The Instituto Natura is currently engaged in developing new ways of providing support for the development of the consultants and their families.

Education for consultants in Latin America

Based on the results of the Consultant HDI in Latin America, Natura Argentina and Natura Chile initiated two education projects. In Argentina, the initiative sought to help consultants who had not finished their secondary education and consisted of a tutoring and monitoring programme. Consultants were also able to indicate a direct family member to participate in the programme. In Chile, we created a financial education platform with contents that help the consultants to organise their finances, benefiting their consulting work. Together, the initiatives impacted 4,000 consultants in the two countries.

Women's rights

Work in the women's rights area involves a partnership between the Movimento Natura and the company's Diversity and Inclusion area. In 2019, we invested heavily in communication on domestic violence, with face to face training for leaders all over Brazil and virtual training on women's rights, one of the programmes in the personal development area on the company's mobile website and the Consulting app. In the first month that the programme was made available, there were 25,000 participants. The launch of a series of podcasts is being scheduled in partnership with the initiative Mamilos, with statements from consultants in our network who managed to overcome the cycle of domestic violence.

We also employed the experience of the company's toll-free help line for co-workers who are victims of domestic violence to develop a similar service channel for leaders. Baptised Tina (www.tinaajuda.me), the channel offers outreach, support and guidance 24 hours a day for leaders who are facing a cycle of domestic violence or who have a consultant in their group with the same problem. The service is manned by specialised social workers and lawyers. In 2019, the channel was launched in pilot format for our leaders in the state of Pernambuco. From April 2020, it will be extended to the whole of Brazil.

In Latin America, combating domestic violence against women is integrated into communication with our consultants, with emphasis on raising awareness of this problem and publicising the official channels that provide assistance in this area.

Support in combating domestic violence

Inspiration

In partnership with the initiative Mamilos, we launched podcasts with statements from consultants who have managed to overcome the cycle of domestic violence.

Outreach

Tina is an online channel for business leaders seeking help in overcoming the cycle of domestic violence or who have consultants in their group suffering from

Healthcare

Since 2017, we have had a programme that offers subsidised healthcare services for consultants in Brazil and for one family member. The programme includes discounts of up to 60% on doctors' visits, examinations and medication. In 2019, 52,500 consultants were registered in the programme. During the year, these consultants received a virtual card, available on the company's Consulting platform.

Engaging our network

We also see our consultants as agents of social transformation, and we invest in measures to mobilize them around the company's causes. In 2019, for example, we intensified the dissemination of contents around the company causes Standing Forest and More Beauty, Less Waste, aimed at engaging our consultants. We also sent out more than 700,000 pamphlets on the funds raised by Crer para Ver products, explaining how this money is invested in educational initiatives that benefit both the consultants and society in general.

Still addressing education, part of Natura's third cause, at the beginning of 2020 we mobilised more than 1,000 consultants, who took part in a walk for literacy at the right age in Recife (Pernambuco), an initiative organised by the Instituto Natura, Fundação Lemann and Associação Bem Comum in partnership with the state Education and Sports Ministry.

During the course of 2019, we also conducted a pilot project in Campinas, in São Paulo state, to collect empty packages in courses and events organised by the sales force, as a means of engaging the consultants in the cause of More Beauty, Less Waste.

Acolher Award

Since 2010, the Acolher Award has recognised socioenvironmental initiatives organised by Natura consultants that generate a positive impact on society and on the environment. A total of 81 initiatives have won the award in this period, receiving technical and financial support from the Movimento Natura and impacting over 65,000 people. In 2019, a process to update the initiative was initiated with the conclusion scheduled for the first half of 2020.



Engaged consumers

GRI 102-43, 102-44

2020 Ambition



Implement a strategy to leverage employees' execution potential through engagement in the Natura culture.

Where we are



With the positioning "When you care, you create beauty" we invited our audiences to participate in attributing value to sustainability. We defined three priority causes Standing Forest; More Beauty, Less Waste; and Every Person Matters.

The celebration of the 50th anniversary of Natura, a company that has always believed in the power of relationships and in the individual's harmonious relationship with himself, with others and with the surrounding environment, spurred us to reaffirm our commitment to Well Being Well, a concept that has permeated our activities for five decades. The question posed at the beginning of 2019 "What can a beauty brand do for the world?" led to our new positioning "When you care, you create beauty", which will shape the course adopted by the company in the future. More than this, it brings us closer to consumers who choose Natura because of attributes such as quality and safety, but increasingly prefer us because they identify with our commitment to adopting more sustainable production methods, preserving the Amazon, reducing waste and promoting diversity, income generation and a fairer distribution of wealth. Above all, the expression "When you care, you create beauty" makes our belief that each person has a fundamental role to play in building a better world for everyone explicit.

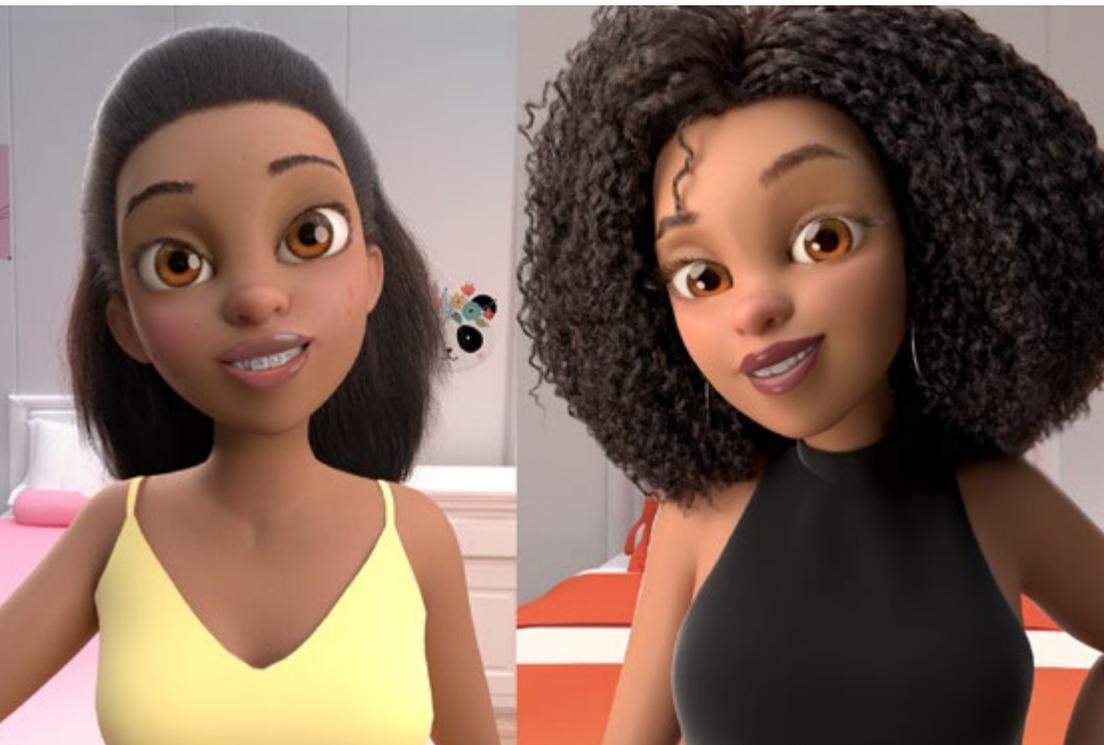
During the course of the year, we launched other movements to disseminate our causes. With Natura Ekos, for example, we conducted campaigns emphasizing our Standing Forest cause. With the Natura Faces brand, we ran the campaign "Love embraces every colour", which was a call for greater diversity, one of the pillars of our third cause, Every Person Matters. In the #SouMaisQueUmRótulo (#IAMoreThanALabel) movement, Natura Tododia proposed discussing the common habit of labelling people, especially women, in accordance with their appearance, mindset, personality and age.

The Rock in Rio Experience

We chose the Rock in Rio music festival – the biggest music and entertainment event in the world –, which agitated the city of Rio de Janeiro at the end of September and the beginning of October, to launch a collective call for the construction of a more beautiful, more empathetic and more sustainable world. It was the first time that Natura had sponsored the festival and involved a series of activations. The installation “Nave – our future is now”, a co-creation between the festival and the company, used art, music and technology to drive an immersive and playful sensory experience, inviting participants to reflect on their role in the world and their potential for transformation. The début of the attraction was successful. It received the most mentions in the social networks and had the second highest attendance during the seven days of the festival, coming second only to the traditional big wheel installed in the City of Rock.

We also established an unprecedented partnership with Heineken whereby all the beer glasses distributed during Rock in Rio were recycled and transformed into caps for the company’s Humor deo body spray, which are already made from recycled material, driving interest in our More Beauty, Less Waste cause and encouraging debates about conscious consumption and recycling. Approximately 10,000 tonnes of cups were collected and will be used to produce 670,000 caps. This action helped avoid the emission of 15 tonnes of CO₂ in the atmosphere, the same amount of carbon gas a car would emit driving around the world three times. Rock in Rio employs a waste management plan that ensures the proper disposal of the trash generated in the festival. The festival also has ISO 20121 certification for sustainable event management.





Nat: the spokeswoman for our causes in the social networks

In December, a post by Nat on Twitter that provides a humorous description of our virtual assistant's hair transition, enabling her to assume her natural curls, enjoyed widespread repercussion.

A simple example but one that shows consumers' empathy and engagement in questions addressing respect for individuality. In less than a month, more than 3.6 million single users had been impacted by the tweet. This and other numbers made this tweet on hair transition the best Twitter story in Brazil.

On Nat's timeline in the channel, there are countless posts about preserving the Amazon, reducing the use of plastics, accepting one's body and the importance of self-esteem, ethnic-racial representation, combating violence against women and femicide, among other questions that are relevant for Natura.

Read more about Nat on page 60.

#NaturaDialogues in Latin America

GRI 102-43, 102-44

We launched the initiative #NaturaDialogues in our operations in Latin America in 2019. This is a series of thematic meetings aimed at promoting dialogue as a tool to provoke reflection about issues of importance in the region, such as gender, social networks, beauty stereotypes and activism. At each meeting we invited different spokespersons who, based on the conversations, helped build a true mosaic of perceptions.

In all there were 17 meetings: four in Argentina, one in Chile, six in Colombia, three in Mexico and two in Peru. By way of example, the three encounters in Mexico debated toxic masculinity, diversity and the circular economy. In Argentina, one of the meetings took place during the Semana Mais, which united co-workers, consultants and consumers in the same space. These events were also broadcast live through our profiles on the social networks, receiving over a 100,000 views.

15 years of Natura Musical

The company celebrated 15 years of its Natura Musical Programme in 2019. Since it was created, the programme has fostered the diversity and wealth of Brazilian music and artists. The programme has been transformed into a platform for connection and dialogue that helps reinforce our causes and our positioning in the eyes of consumers and society as a whole. In 2019, after the launch of our “When you care, you create beauty” positioning, we sought to disseminate the concept that music is one of the instruments that will enable us to build this more beautiful world.

In 2019, around 265,000 people were impacted by more than 260 shows and nine festivals sponsored by Natura Musical. In parallel, Casa Natura Musical, which opened in the city of São Paulo in 2017, maintained its full programming. The total invested in Natura Musical was almost R\$ 14 million – R\$ 8 million of which from the company’s own funds. We also engaged a further 1.5 million people by transmitting contents via the programme’s digital channels. During the year, a number of artists supported by Natura Musical recorded the soundtracks for our perfumery portfolio campaigns, such as the singers Gabi Amarantos and Jaloo.

A total of 2,647 projects were submitted to the Natura Musical tender in 2019. With the support of 22 curators, we selected 41 projects, ranging from recording albums, the organisation of national tours and support for cultural bodies, to musical education projects and the documentation of local cultural scenes. The selected projects, which will be executed during the course of 2020, receive direct funding from Natura, complemented by funds from the national tax incentive for culture and ICMS tax incentives in the states of Minas Gerais, Bahia, Pará and Rio Grande do Sul. The artists supported include Elza Soares, Letrux, Emericida, the women’s band Ilú Obá De Min, not to mention the posthumous album of samba artist Clementino Rodrigues (Riachão). Another project will sponsor the documentary *Essas Mina é Zica* about women in the Belo Horizonte rap scene in Minas Gerais.

Everyone
teaches,
everyone
learns,
everyone
grows
together

Instituto Natura: our pact with education

GRI 103-2, 103-3, 203-1

About to complete 10 years of activities in 2020, the Instituto Natura reviewed its strategic planning and reinforced its goal of participating in the formulation of public policies capable of generating the changes necessary to boost the quality of public education in Brazil.

By focusing further on strategy, the institute organised its activities into four major commitments: literacy at the right age, quality of learning in secondary education, articulation with public authorities and the third sector to drive other educational agendas and educational incentives for Natura Beauty Consultants.

In 2019, agreements were made with five state governments for partnerships to promote literacy on a collaborative basis. The initiative, undertaken jointly with the Fundação Lemann and the Associação Bem Comum, provides technical support for states and municipalities to enable them to develop and execute policies aimed at joint collaboration in addressing challenges.

The number of teaching institutions that implemented full-time schooling for secondary education students in the states supported by Instituto Natura increased from 1,207 to 1,533 in 2019. In this initiative, the institute partners with state governments, supporting training, monitoring, planning and financial management measures.

Other questions are of equal importance for improving the quality of education, such as the teaching career, early childhood activities and the basic curriculum. Essentially the Instituto Natura supports the work done by other social organisations that have the knowledge and experience to drive these agendas.

We believe that this connection with a powerful network of institutions working together with public authorities will enable the realisation of the dream of quality education for everyone.

Educational support for consultants and their families

As mothers, family members, educators or students, the Natura Beauty Consultants help us to spread the message about the need for improved public education all over Brazil. We are increasing the number of measures designed to help the consultants with their own education and that of their families (*further information on page 137*).



Activities will be expanded in Latin America

GRI 103-2, 103-3 and 203-1

The Instituto Natura is non-profit organisation responsible for managing and investing Crer Para Ver funds. Additionally, the institute provides support in managing the funds raised from the sale of this product line in the other countries in Latin America. These are invested locally, respecting the characteristics of each society.

From 2020, the Instituto Natura will step up its activities in Argentina, Chile and Mexico. The objective is to expand the level of support for these countries as the amount of funds raised and our consultants' engagement increases. Each country should have its own legal organisation financed with local Crer Para Ver funds, based on a similar model to the one adopted in Brazil. A global board of directors will formulate the strategic planning as a means of ensuring the alignment of Instituto Natura purposes in all the countries.

In 2019, the countries in Latin America in which Natura has direct operations proceeded with initiatives to support the transformation of schools into Learning Communities, a proposal based on a set of successful educational measures to generate social transformation and greater involvement of administrators, teachers, students, families and communities in the schools. At the end of the year more than 8,000 schools were involved in the initiative, particularly worthy of note being Argentina, with 5,300, and Peru, with 2,200. Additionally, around 500 more schools are currently engaged in the process of becoming Learning Communities. These are institutions that involve the community in school routines, promoting greater dialogue in school management and adopting practices such as the formation of interactive groups to leverage learning and to improve the school experience.

Measures have also been implemented to promote education for Natura consultants and their families in Argentina and Chile (*further information on page 140*).

Further information about Instituto Natura activities at:

www.institutonatura.org.br

Growth in Crer Para Ver revenues

GRI 103-2, 103-3, 203-1

Crer Para Ver is a special line of non-cosmetic products commercialised by the consultants and by Natura, in which all the profit is invested in educational measures. The line is sold in Brazil and in the other countries in Latin America in which Natura operates, with all the proceeds invested locally.

In 2019, we achieved a new record in sales volume, totalling R\$ 53.8 million in Brazil and the other Latin American countries. Consultant engagement in selling these items also grew, reaching a penetration of 35% in Brazil and 17.8% in the Latin American operations (average percentage of consultants who bought at least one Crer Para Ver product in each sales cycle).

GRI 203-1 Investments benefiting public education	2017	2018	2019
Brazil			
Crer para Ver Programme Revenue¹ (R\$ million)	22.8	29.1	38.7
Crer para Ver Penetration² (% cycle)	28.5	30.5	35.4
Operations in Latin America			
Crer para Ver Programme Revenue¹ (R\$ million)	12.8	15.1	15.1
Crer para Ver Penetration² (% cycle)	17.7	18.8	17.8

1. Refers to earnings before tax on the Crer Para Ver product line.

2. Average indicator of percentage of Natura Beauty Consultants who bought any Crer Para Ver product from the total number of Natura consultants active during the 19 cycles.

GRI 203-1 Crer Para Ver Programme Actions – Brazil	2017	2018	2019
Cost of projects developed and supported by Crer Para Ver (R\$ million)	24,097	25,043	28,916 ¹
Municipalities involved	1,601	2,015	1,898
Schools	1,053	1,299	1,671
Teachers	34,633	33,598	14,406
Students	1,174,238	1,191,902	957,257
Municipal Education Departments	1,601	2,015	1,898
State Education Departments in partnership with the Instituto Natura	25	22	22
Natura Beauty Consultants impacted by education benefits	62,000	80,657	99,320

1. Total invested in projects was R\$ 23.5 million. The remainder of the amount consists of payroll and mobilisation expenses. These amounts may be adjusted after auditing, which had not been concluded by the publication of this report. The amount raised is different from the amount invested in the same year because the Instituto Natura takes into account the records from the previous years and its own strategic planning to project its budget and to ensure responsible fund management. Any surplus in the fund is invested in the following years. All the funds are audited. The amounts for the projects developed and supported by Crer para Ver may be altered as a result of the audit that will be conducted in the Instituto Natura.

GRI 203-1 Crer Para Ver Programme Actions – Operations in Latin America	2017	2018	2019
Cost of projects developed and supported by Crer para Ver¹ (R\$ million)	10,431	13,273	11,010
Schools impacted	2,433	5,745	8,072
Teachers, coordinators and headmasters impacted	10,459	24,125	32,288
Students involved	173,074	407,824	573,112
Municipal, state and national governments partnering with the project	28	61	27

1. The amounts for the projects developed and supported by Crer para Ver may be altered as a result of the audit that will be conducted in the Instituto Natura.

Local development

GRI 103-2, 103-3 and 204-1

2020 Ambition



Developing a strategy for the communities surrounding the main operations in Brazil by means of dialogue and collaborative construction with the local populations and actors.

Where we are



Spending on local suppliers in Cajamar (SP) and Benevides (PA) totalled **R\$ 219 million** in 2019, growth of **5.7%**.



We support educational, entrepreneurial and sustainable development initiatives in the three surrounding communities: Cajamar (SP), Benevides (PA) and Vila Jaguara, in São Paulo (SP).

We remain committed to generating positive social impact in the communities in which our main operations are installed. The priority regions are the municipalities of Cajamar (São Paulo) and Benevides (Pará), where our industrial units are located, and the Vila Jaguara district in the city of São Paulo, the location of our administrative headquarters (NASP) and our distribution centre (DC SP).

We contribute towards generating work and income by contracting co-workers from these communities and by means of the indirect jobs created in other companies in some way related to the business. We foster the local economy in these communities through the partnerships we establish with suppliers. Our spending with suppliers in Cajamar and Benevides totalled R\$ 219 million in 2019, growing 5.7% compared with the R\$ 207 million spent the previous year. During the year, these partners accounted for 4.1% of the total amount paid out to company suppliers, a slight drop compared with the 2018 rate of 4.3%. We also work with governments, civil society bodies and other companies active in these locations to promote human and social development, focusing on educational and entrepreneurial initiatives.

With the definition of Natura's causes, we reviewed our strategy for surrounding communities, prioritising the cause of social impact

(Every Person Matters) and, in the case of Benevides, also the Standing Forest cause. This revision will ensure that the actions promoted in the three priority territories will be even further aligned with our commitments to generate transformation by means of economic inclusion, education and promoting diversity and, in Benevides, by fostering a standing forest economy.

GRI 204-1 Total amount spent on local suppliers by operational unit ¹ (R\$ million)	2017	2018	2019
Cajamar	169	193	204
Benevides	12	14	15
Total	181	207	219
Percentage of budget spent on local suppliers²	5.2%	4.3%	4.1%

1. Only the manufacturing units (Cajamar and Benevides) are considered to be operational units. We maintained the definition of local, considering total purchases from suppliers located in the same municipality as the manufacturing units (Cajamar and Benevides) supplying any Natura unit. Since only the manufacturing units are considered to be operational units, the Latin American operations are not considered in the calculation.
2. The total amount paid to suppliers used for the calculation was R\$ 5,381,842,300.

GRI 203-1 Investments in surrounding communities (R\$ thousands)	2017	2018	2019
Natura funds	280	265	176
Crer Para Ver funds	847	767	726

2019 highlights

GRI 413-1, 413-2

In 2019, we organised the second edition of the Acolher Surroundings Award, which supports socioenvironmental projects in the communities. In this second edition, the initiative focused exclusively on Benevides (PA), where the Ecoparque is installed. 31 projects were submitted, from which two were selected and will receive technical and financial support. Also in Benevides, we held the ninth Ecoparque Social and Environmental Communication Panel, when the industrial complex opens its gates to the surrounding communities, as well as local suppliers, consultants and representatives of public authorities, the third sector and academia. In the event, Natura strengthens its ties with the community and has the opportunity to learn about local perceptions and measure the company's impacts.

In line with our positioning of combating violence against women, we supported the First Lilac August Walk in Cajamar, the theme of which was attention, empowerment and awareness. Also in Cajamar, we established a partnership with Sesi (Serviço Social da Indústria) in a project to promote entrepreneurship among residents in the region.

In the Vila Jaguara district in the city of São Paulo, Natura co-workers and employees, parents and students from a local municipal school joined forces to repair one of the institution's walls.

Through the Instituto Natura, the company also develops the Education Support Network (RAE in the Portuguese acronym) in the cities of Cajamar and Benevides. This involves measures to improve educational administration and learning results in partnership with the municipal education departments in the two regions. The effectiveness of the project is measured by the improvements in the scores obtained by the municipal schools in the federal government's Basic Education Development Index (Ideb).

Our suppliers

GRI 102-9, 103-2 and 103-3

2020 Ambition



Evolve the supplier selection and management process, further integrating socioenvironmental and financial parameters

Where we are



We progressed in auditing critical suppliers and screening new suppliers for social and environmental impacts.

In function of the implementation of a new management platform, the review of the selection and management process should be concluded in 2020.

In 2019, Natura &Co consolidated its Global Procurement Organisation, with a single virtual structure which operates as a network and centralises all Natura, The Body Shop and Aesop purchases. This unification generates gains in scale for the group which, by negotiating more significant volumes of products and services, is able to obtain better payment terms and delivery times, in addition to other advantages.

During the course of the year, the standardisation of processes and policies also advanced. By way of example, the group launched its Global Supplier Code of Conduct, which sets forth guidelines for all business partners, regardless of the company they supply. The group also concluded the standardisation of general contracting terms and supply contracts. Currently, supply chain management is through the SAP Ariba platform, which ensures total traceability and conformance with compliance rules. Employing data analytics, the platform also generates a set of systematized data that supports decision making in the area.

Natura alone had a supply chain comprising 11,900 companies in 2019; these are classified as production or non-production suppliers. The former supply materials used in manufacturing our products, such as packaging and raw materials, or manufacture products on behalf of Natura. Non-production suppliers supply products or services not applied directly in manufacture (maintenance services, freight haulage and logistics operators, among others).

In 2019, Natura production volume increased once again, resulting in higher demand, in particular for materials used in product manufacture. The amount spent on suppliers corresponded to R\$ 6.5 billion in 2019, of which R\$ 5.3 billion went to suppliers in Brazil and R\$ 1.2 billion to overseas suppliers. The consolidated result was 9.8% higher than in 2018. Of the total suppliers, 198 are considered to be strategic and accounted for 55% of our purchase volume.

GRI 102-9 Supply chain	2017	2018	2019
Estimated monetary value of payments to suppliers (R\$ billion)	5.1	5.9	6.5
Annual renewal rate¹ (%)	11	13	9

1. Percentage of new suppliers registered in the year in relation to the total number of suppliers registered.

Contracting criteria

GRI 103-2, 103-3, 308-1 and 414-1

To supply Natura it is necessary to adhere to the Supplier Global Code of Conduct, whereby the partner attests that it recognises and shares the company's values and ethical commitments. In the new supplier approval process, Natura also verifies providers' financial health, registration data, in addition to socioenvironmental criteria. As a result of the internationalisation of the company, in 2019 we required partners to comply with additional requisites in line with international legislations. Examples of these requisites are reforestation measures and the non-use of ingredients prohibited on international lists.

Every year, we perform audit processes on critical suppliers and on new ones. New suppliers are selected in accordance with the nature of their activity, as well as the socioenvironmental risks that they present. We audited a total of 415 suppliers in 2019, compared with 280 the previous year. It should be noted that due to the updating of the supply chain management platform to SAP Ariba, it was not possible to report the number of new suppliers screened for socioenvironmental criteria. This information will be available in the coming years.

In environmental terms we screen for compliance with legal requirements (environmental operating licenses and water withdrawal permits), the existence and dissemination of an environmental policy, environmental emergency and waste rendering plans, environmental risk assessments and management of water and energy consumption, as well as controls for effluents and atmospheric emissions.

On the social side, we check for the existence and dissemination of codes of conduct, commitments assumed in relation to anti-corruption, human rights and decent working conditions (prohibition of child and slave labour), compliance with pre-established government quotas (in Brazil related to apprentices and disabled employees) and the undertaking of community development measures. We also consult public listings. For example, in Brazil we verify presence on the CEIS and CNEP blacklists.

Enhancing relationships

GRI 102-43 and 102-44

Natura strives to maintain close relations with its business partners, considered to be strategic stakeholders. Every year, we organise a strategic meeting with production and non-production suppliers with the purpose of sharing our plans for the future. As a result of the supply chain development programme Qlicar, we also hold an annual recognition award which has consolidated its status as a key moment for celebrating and reinforcing our links with suppliers (see the following box). Another initiative is the Innovation Fair, the purpose of which is to foster the development of innovative and disruptive projects among suppliers. The fair is held in Cajamar and staff from the technical and developments areas participate in electing the best proposals. For example, in 2019, we asked packaging suppliers to present projects that enabled the production of more sustainable packaging. We received proposals from 12 raw material suppliers and 29 which involved finished packs and products, which are now under analysis.

For the first time, we conducted a survey with around 30% of our suppliers to map all their interactions with Natura and to identify strengths and critical points in the relationship. With all the stages of the supplier interactions identified, the next step is to draft improvement plans.

We also systematically measure supplier satisfaction and loyalty. In 2019, this survey included The Body Shop and Aesop suppliers for the first time. Loyalty, which takes into account satisfaction, intention to continue as a Natura &Co supplier and recommendation of the group as a customer, obtained the highest rating since measurement was begun. On a consolidated basis, our loyalty rating increased from 33% to 50%.

Supplier loyalty (%)	2017	2018	2019
Satisfaction ¹ by supplier	89%	90%	89%
Supplier loyalty ² Brazil	30%	28%	44%
Supplier loyalty ² Latin America	45%	38%	60%
Consolidated ³ loyalty ²	37%	33%	50%

1. Satisfaction: percentage of suppliers who are satisfied and completely satisfied, who gave a score of 4 or 5 ("Top2Box") on a scale from 1 to 5 points in relation to their overall satisfaction with Natura.
 2. Loyalty: percentage of suppliers consulted who gave the top score ("Top1Box") on a scale from 1 to 5 points, in three aspects: overall satisfaction, intention to continue supplying and recommendation as customer.
 3. Takes into account consolidated loyalty (Brazil and Latin America). Indicators based on satisfaction survey with main suppliers.

We believe
that
businesses
can and
should be
a true force
for good

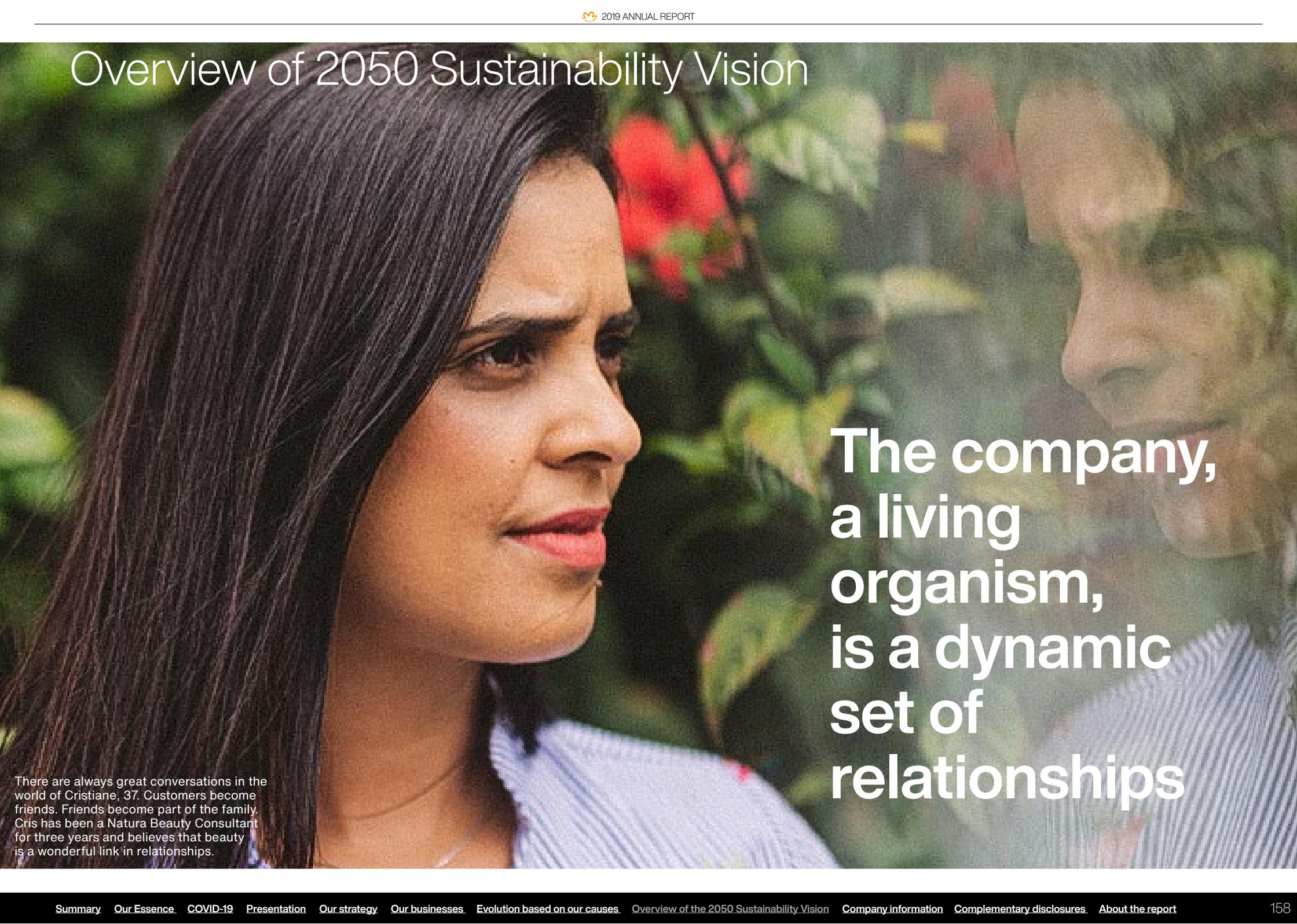
15 years of Qlicar

In 2004, Natura launched its Qlicar Programme, to assess suppliers in the areas of Quality, Logistics, Innovation, Competitiveness, Environment/Social and Relationship. Today, the programme is a reference for our business partners, a process that helps enhance their management, their processes and their socioenvironmental performance. The partners are assessed annually. Based on the results we establish improvement plans that are executed by the partners themselves with support from Natura. The suppliers Natura considers to be strategic take part in the Qlicar programme; in 2019 there were 198 of them.

There is an award ceremony for the partners with the most outstanding performance in the year. In the 2019 award, a total of 23 suppliers were recognised, including the categories Bio Qlicar, for the supplier communities, Qlicar Innovation and Qlicar DT, focused on partners in the areas of research and development and digital technology. There is also the socioenvironmental distinction category which in 2019 was awarded to the transportation operator Patrus, the first company in the segment worldwide to receive B Corp certification, attesting to its commitment to promote economic growth in conjunction with social and environmental well-being.

To celebrate 15 years of the programme and Natura's 50th anniversary, we also recognised suppliers who have been partners for many decades.

Overview of 2050 Sustainability Vision



**The company,
a living
organism,
is a dynamic
set of
relationships**

There are always great conversations in the world of Cristiane, 37. Customers become friends. Friends become part of the family. Cris has been a Natura Beauty Consultant for three years and believes that beauty is a wonderful link in relationships.

Overview of 2050 Sustainability Vision

The first cycle of targets will terminate at the end of 2020. Here we present the status of these ambitions.

Pillar	Topic	2020 Commitment/Ambition	Correlated material topics	SDG	SDG targets	Progress	Status
Brands and Products	Brands	The environmental and social footprints of all Natura brand products will be disclosed, as will all the respective improvement commitments.	Transparency and origin of products	12	12.2, 12.8	50%	On track
	Formulations	Guarantee that 30% in value of the total inputs consumed by Natura in Brazil come from the Pan-Amazon region.	Valuation of social biodiversity	3 12 15	3.9, 12.7, 15.1, 15.2	59%	On track
	Packaging	To use at least 10% recycled post-consumer material in the total mass of Natura packaging in Brazil.	Waste Climate Change			86%	Target achieved
		Use at least 74% recyclable material in the total mass of Natura packaging in Brazil.	Waste Climate Change	3 11 12	3.9, 11.6, 12.2, 12.4, 12.5	68%	On track
		Guarantee that 40% of the units billed by Natura in Brazil have eco-efficient packaging.	Waste Climate Change			47%	Behind target
	Social biodiversity	To reach 10,000 families in the Pan-Amazon production chains.	Valuation of social biodiversity	1 10 15	11, 10.1, 10.2, 10.3, 15.1, 15.2	51%	Behind target
		To achieve a business volume of R\$ 1 billion in the Pan-Amazon region.	Valuation of social biodiversity	1 6 10 12 15	11, 6.6, 6.b, 10.1, 10.2, 10.3, 12.2, 15.1, 15.2	100%	Target achieved
	Climate change	For the Natura brand, reduce relative greenhouse gas emissions (scopes 1, 2 and 3) by 33%.	Climate change	13 17	13.1, 13.3, 17.3, 17.14	35%	Behind target
		To continue to offset all the emissions that cannot be avoided through initiatives that in addition to reducing and/or sequestering greenhouse gases, are aimed at driving socioenvironmental benefits, primarily in the Pan-Amazon region.	Climate change Valuation of social biodiversity	6 13 15 17	6.6, 13.1, 13.3, 13.b, 15.1, 17.3, 17.14	100%	Target achieved
	Energy	Implement a strategy to diversify sources of renewable energy for the Natura operations in Brazil.	Climate change	13	13.1	75%	Target achieved
Waste	To collect and recycle 50% of the volume of waste generated by Natura product packaging in Brazil (in t equivalent).	Waste	11 12 14 15	11.6, 12.2, 12.4, 12.5, 14.1, 15.5	79%	Target achieved	

● Target achieved ● On track ● Behind target



Pillar	Topic	2020 Commitment/Ambition	Correlated material topics	SDG	SDG targets	Progress	Status
Our Network	Water	For the Natura brand in Brazil, implement a strategy to reduce and neutralize impact, based on measurement of our water footprint, taking into account the entire value chain.	Water	6	6.3, 6.4, 6.6	0%	
	Supply chain	Guarantee the traceability of 100% of the inputs produced by the direct manufacturers (last link) by 2015. Implement a traceability programme for the remaining links in the Natura brand value chain by 2020.	Transparency and product origin	8 12	8.3, 12.8	75%	
	Consumers	Define priority topics and implement a strategy that mobilizes Natura brand consumers.	-	12	12.8	75%	
	Natura consultants	Significantly increase the real average income of Natura Beauty Consultants in Brazil.	-	1 5 8 10	1.1, 1.2, 1.4, 5.5, 8.3, 10.1, 10.2, 10.3	75%	
		Stimulate their interest in ongoing learning and provide a broad educational offering that meets their needs.	Education for the development of co-workers and consultants	4 5 8	4.3, 5.5, 8.3	100%	
		Create an indicator to assess the human development of this stakeholder group and develop a strategy to promote significant improvement.	-	5 8	5.5, 8.3	100%	
		Expand the collaboration network, supporting socioenvironmental entrepreneurial actions.	Education for the development of co-workers and consultants	4 5 8	4.3, 5.5, 8.3	100%	
	Co-workers	For the Natura brand, reach the rate of 50% women occupying leadership positions (director level and above).	-	5 10	5.5, 10.2	75%	
		For the Natura brand in Brazil, to have 8% disabled employees in the workforce.	-	8 10	8.3, 10.2, 10.3	89%	
		Implement a strategy to leverage employees' execution potential through engagement in the Natura culture.	Education for the development of co-workers and consultants	4 12 16	4.3, 12.2, 16.6, 16.7	100%	
Communities	Improve the indicators for measuring human and social development in our communities and develop a plan to promote significant improvement.	-	8 10 16	8.3, 10.2, 10.3, 16.6	75%		
	Develop a strategy for the social biodiversity territories in the Pan-Amazon region and the communities surrounding our main operations in Brazil, by means of dialogue and collaborative construction together with the local populations and actors.	Valuation of social biodiversity	8 10 15	8.3, 10.2, 10.3, 15.1	100%		
Suppliers	Evolve the supplier selection and management process, further integrating socioenvironmental and financial parameters.	Transparency and product origin	8 12 16	8.3, 12.8, 16.6	50%		
Management and Organisation	Management model	For the Natura brand, implement the valuation of socioenvironmental externalities, taking into account the positive and negative impacts of the extended value chain (from the extraction of raw materials to product disposal).	Transparency and product origin	6 12 13 15	6.6, 12.8, 13.1, 15.1	50%	
	Government and society	Stimulate public discussion and debate around our material topics based on the review of the materiality matrix elaborated in 2014.	-	16 17	16.6, 17.14	50%	
	Stakeholder engagement	Institutionalise a governance model with external engagement to evolve management and sustainability strategy	-	12 16	12.1, 16.6	50%	
	Ethics and transparency	For the Natura brand, to implant full transparency in the provision of information about products and progress in the Sustainability Vision.	Transparency and product origin	12	12.8	75%	
	Governance of Sustainability	Implant a Consulting Council comprising external specialists to assess the company's progress and to help develop its strategy.	-	12 16	12.1, 16.6	75%	

Company information



**Continuously
striving for
improvement
develops
individuals,
organisations
and society**

The world of Lucimara, 50, is believing that education transforms. As a school teacher and headmistress, Lucimara created an environmental education project that received the 2016 Acolher Award. Today, she is a business leader, supporting and stimulating the growth of a network of hundreds of friends.

Corporate governance

GRI 102-5, 102-18, 102-19, 102-20, 102-21, 102-23, 102-24, 102-26

As a process geared to the growth and internationalisation of the group, the corporate governance structure continues to advance to keep pace with the growing complexity of the business. This is reflected, for example, in the increase in the number of members of the Board of Directors and the greater cultural diversity and broader competencies of the board members.

2019 saw the incorporation of Natura &Co Holding, which controls the group's brands, with shares listed on the São Paulo B3 stock exchange (under the ticker symbol NTCO3), in addition to ADRs (American Depositary Receipts) traded on the New York Stock Exchange (further information ahead). Natura Cosméticos S.A. continues to be a public company and is now a wholly owned unlisted subsidiary of the group. **GRI 102-5**

The company's principal decision making body is the Natura &Co Board of Directors, which was altered to reflect the group's new

structure. Three new members, previously on the Avon Board, were nominated: Nancy Killefer, who was previously a senior associate at McKinsey & Company; Andrew G. McMaster Jr., who worked as executive vice president and vice president of Deloitte & Touche LLP; and W. Don Cornwell, who occupied the positions of lead director (leader of the independent board members) on the Avon Board and CEO of Granite Broadcasting Corporation. In 2019, Ian Bickley joined the board, benefiting the group with his in-depth knowledge of the dynamics of the Southeast Asian markets. Silvia Lagnado left the Board in February 2020 to assume a function on the Group Operations Committee (GOC). The process of replacing her is underway.

As a result, the Board was increased to 12 members, eight of whom independent. At the end of 2019, the period covered by this report, the Board of Directors had ten members, six of whom were independent.

Leadership is exercised by the co-chairmen Luiz Seabra, Guilherme Leal and Pedro Passos and by the executive chairman Roberto Marques, who also assumed the position of chief executive of the group. Since January 2020, the CEOs of the business units have been members of the GOC : Angela Cretu, from Avon; João Paulo Ferreira, from Natura &Co Latin America (responsible for the Natura brand and for the operations of the group's four companies in the Latin American countries); David Boynton, from the The Body Shop; and Michael O'Keeffe, from Aesop. Representatives of key areas, such as finance, operations and legal are also members of the GOC.

To reinforce integration between board members and group executives, Natura organised an in-depth meeting in New York (USA) in June, 2019. In addition to the ordinary meeting of the Board of Directors, this occasion was used to further strengthen connections and to debate the development of strategic plans for the group and for each of the brands.

Besides the meeting in New York, ordinary Board meetings were held in Brazil (two), England (one) and Mexico (one). Other extraordinary meetings were necessary, particularly because of the negotiation with Avon. Many of these took place via video conference to streamline the process and to reduce the need for travel, not to mention the expenses this involves.

Avon integration

The Natura &Co corporate governance structure underwent alterations in 2019 in function of the Avon acquisition. The operation, concluded in January 2020, involved a share swap resulting in the creation of Natura &Co Holding, which assumed full control of both Avon and Natura Cosméticos S.A., with the latter, in turn, controlling Aesop and The Body Shop.

The incorporation of the stock of Natura Cosméticos was concluded on December 17, 2019, after approval in an Extraordinary General Meeting, when the holders of Natura Cosméticos S.A. shares received shares in Natura &Co, under the ticker symbol NTCO3. In January 2020, Natura &Co also initiated trading in ADRs (American Depositary Receipts) on the New York Stock Exchange.

Advisory committees

The Board of Directors is advised by five committees, including the Group Operations Committee (GOC), created in 2017 and headed by the executive chairman of the Board, Roberto Marques. The CEOs of the three companies and representatives of key areas in the group are also on the committee. The committee assists in the definition and implementation of global strategy and serves as a forum for discussion and recommendations of administrative and operational structures. It also contributes to the formation of centres of excellence among the business units, seeking to promote best practices and excellence.

Three of the other four Board of Directors advisory committees are made up exclusively of board members: Strategic; People and Organisational Development; Corporate Governance. The Audit, Risk Management and Finance Committee, which is now statutory, has an independent member who is not on the board.

Further information about the composition of each committee and its attributions: <https://ri.naturaeco.com/en/naturaco-holding-s-a/board-members-and-committees/>

Self-evaluation

GRI 102-28

The board members conducted a self-evaluation of their activities in 2019, a process aimed at assessing performance and seeking opportunities to improve governance. Natura conducts periodic evaluations, but these did not occur in 2017 and 2018, since the

Board of Directors was involved in formatting the Natura &Co group, entailing a series of adjustments and the expansion of its composition and scope.

In function of this, the evaluation gained even greater relevance given the need to determine matters such as the frequency of meetings, the sharing of information, among others. The results of the evaluation indicated that the composition of the Board is coherent with the group's growth and internationalisation and the new competencies required for this process.

The selection of board members takes into account their qualifications, complementary executive experience, identification with Natura's business principles and the absence of conflicts of interest. The term of office is one year, which may be renewed upon approval of the shareholders' meeting. Additionally, the process should ensure that membership of the Board of Directors takes into account the availability of members to exercise their functions and diversity of knowledge, experiences, behaviours, cultural aspects, age group and gender. In line with best practice, Natura &Co Holding also seeks to maintain a majority of external members on the board and at least one third of independent members. The proposed re-election of board members should take into account the periodic evaluation of the Board of Directors and any conclusions as to adequacy or the need for adjustments in the composition of the board. The process is detailed in the Policy of Indication of Company Administrators, available on the Natura &Co website. **GRI 102-24**

Economic, social and environmental analysis

GRI 102-26, 102-27, 102-29, 102-31

It is the function of the Board of Directors to determine and to monitor the implementation of company strategy and to assess the performance of the chief executive and main leaders of the group periodically. This assessment includes the evaluation of quarterly performance and the Natura &Co annual management report, which encompasses the main socioenvironmental indicators considered relevant for the company, expansion projects and investment programmes, as well as risk management and definition of profit share parameters for Natura &Co co-workers.

The board also undertakes the assessment and approval of Natura &Co's strategic activities and performance in the socioenvironmental areas, including engagement actions and presentations related to data collection and progress.

Composition of the Board of Directors*

GRI 102-22

- Pedro Luiz Barreiros Passos
- Antonio Luiz da Cunha Seabra
- Guilherme Peirão Leal
- Roberto de Oliveira Marques
- Carla Schmitzberger
- Fábio Colletti Barbosa
- Sílvia Freire Dente da Silva Dias Lagnado
- Gilberto Mifano
- Jessica DiLullo Herrin
- Ian Bickley

** Composition of the Board of Directors up to December 31, 2019. In January 2020, changes were made due to the Avon acquisition, with the inclusion of three new members: Nancy Killefer, Andrew G. McMaster Jr., and W. Don Cornwell. In February 2020, Silvia Lagnado left the board to join the Natura GOC.*

The résumé of each member of the Natura &Co Board of

Directors may be seen at: <https://ri.naturaeco.com/en/naturaco-holding-s-a/board-members-and-committees/>

GRI 102-22, 405-1 Composition of the Board of Directors		
By age group	Up to 45 years	0
	Over 45 years	10
By gender	Women	3
	Men	7
By origin	Brazilian	8
	Foreign	2
By length of service	Up to one year	1
	Between one and three years	3
	Over three years	6

Natura Executive Committee (Comex)*

GRI 102-22

- João Paulo Brotto Gonçalves Ferreira
- Agenor Leão de Almeida Júnior
- Andréa Figueiredo Teixeira Alvares
- Erasmio Toledo
- Flavio Pesiguelo
- Itamar Gaino Filho
- Joselena Peressinoto Romero
- José Antonio de Andrade Filippo

**Composition on December 31, 2019.*

Risk management

GRI 102-30, 102-31

To increase the transparency of company guidelines, principles, roles and responsibilities regarding corporate risk management, we reviewed and published the Corporate Risk Management Policy. This document is available on the company's Investor Relations website. Its scope is global, meaning it is valid for all the companies in the Natura &Co group.

The policy systematises risk management and underscores the co-responsibility of all co-workers in terms of awareness of the risks in their areas and the requirement that such risks be managed in accordance with three lines of defence model: the first comprising the business areas, the second the control structures and the third, internal audit, responsible for independent oversight in order to verify the effectiveness of the model.

After risks have been identified and assessed, the management process involves analysis of the sources, areas and processes affected; evaluation of the impacts and the probability of occurrence; addressing any risk by means of appropriate action plans; communication and sharing of information; and, monitoring.

The organisation's risk map was reviewed in 2019 in accordance with strategic planning and the greater complexity of the business model in view of the entry of the new brands and Natura's internationalisation. With the integration of the Natura &Co group, questions such as supply chain, culture, people development and leadership also gain greater relevance.

Another area that mobilised efforts in 2019 was managing information security, including cyber-security, an area in which practices and processes were reinforced in accordance with Brazil's General Personal Data Protection law and the preparations for the control environment necessary to fulfil the requirements of the Sarbanes-Oxley (SOX) act (*further information ahead*).

The entire risk management process is monitored by the Executive Committee (Comex) and the Board of Directors. The Audit, Risk Management and Finance Committee, which reports directly to the board, is responsible for overseeing internal and external audit processes, risk management mechanisms and controls, as well as evaluating the coherence of financial policies and the risk profile of the business.

Main risks monitored GRI 102-15, 102-34	
Risks	Monitoring and mitigation measures
Complexity of the business model, including the commercial model, brands, channels, internationalisation and attractiveness to consultants	We constantly monitor our industry, including consumer preferences and spending patterns. We continue to evolve the commercial model in accordance with our value proposition, the sales channels, maintaining significant investments in the Natura Beauty Consultant prosperity plan. On a periodic basis the company measures attributes of the brand's value and brand innovation and power indicators. The results are discussed and monitored by the committees established jointly with the executives.
Implantation of strategy	Annual review of the company's strategic planning and short, medium and long-term targets, including investment decisions involving acquisitions and holdings and entry in new markets. The strategies and reviews are presented to and debated with the Executive Committee and approved by the Board of Directors; main indicators and initiatives are tracked periodically in order to ensure the timely adoption of any necessary adjustments.
Innovation capacity	We consider different dimensions of innovation: commercial strategy, digital platforms, product development, logistics and distribution network etc. We maintain rigorous control over the registration of intellectual property, in particular patents, industrial designs and brands. The company periodically reviews its product portfolio, managing the pipeline in accordance with the mix of types of innovation and the performance of established indicators.
Research, development, manufacturing and product quality	We are totally committed to ensuring customer health and safety, with rigorous internal processes ranging from the conceptual development of the product to its launch, based on the principles of truth and transparency. Natura's Occupational Health and Safety policy and Work Safety Management system, as well as diverse accident prevention programmes, mitigate the occupational risks inherent to our operations. Furthermore, the company maintains open communication and relationship channels with unions, recognising them as the legitimate representatives of the interests of our co-workers in each area, always striving for understanding and reconciliation of interests between the parties.
Competitors	Monitoring of behaviours and trends by means of periodic measurement of market share and interpretation of the activities of the company's main competitors.
Interruptions to IT systems, including cyberattacks	Natura's main IT systems are managed with a view to ensuring operational stability. We ensure data and server redundancy, information back up routines, control of access to our systems and continuous monitoring to detect safety vulnerabilities in data banks and infrastructure components, web systems and mobile applications, network perimeter security tools, multi-factor authentication, protection against malware, viruses and malicious codes, as well as real time network and cloud monitoring to contain any attacks in progress. Natura has a fully structured management process for information security, with guidelines set forth in the Code of Conduct, co-worker awareness measures, mapping and handling of information security risks and adherence to the ISO 27002:2013 standard, including the assessment of information security criteria applied to third-party services, and periodic disaster recovery plan tests in the technology environment.
Developing people and leaders	A more simplified and networked process, driving greater autonomy, non-hierarchical assessments and feedback in real time, enabling co-workers to indicate and be aware of strengths and opportunities for improvement. Annual review of the succession map, with ongoing identification of individuals with the potential to occupy executive positions in the short, medium and long-term and mapping focused on critical leadership positions to identify the need for acceleration and development.

Ethics and culture (compliance)	We review the Code of Conduct on an annual basis, including permitted practices, expected standards of behaviour, anti-corruption legislation, conflicts of interest and other relevant questions. Suppliers and third-parties are subject to the company's Global Supplier Code of Conduct. Suppliers must read this code and consent to it, with written confirmation from a legal representative. Co-workers may communicate any concerns, suggestions, complaints and report breaches of conduct to the Ombudsman channel. These may be communicated by email, intranet, internet, telephone, post office box or personally, with the option to remain anonymous. Telephone contact is available 24 hours a day in Portuguese, English and Spanish.
Compliance with Brazil's Personal Data Protection law	Diagnosis with support from a legal consultancy specialised in digital law, workshops for the main agents impacted by the law, generation of documentation on uses and sharing of data, legal bases, mapping of potential improvements to processes, routines and items of consent. Design and implantation of improvement projects/measures, including the review of policies, standards and procedures.
Raw materials, supply chain and distribution chain	The company conducts periodic audits at strategic suppliers and in critical chains, which includes the monthly monitoring of the financial health of the main production suppliers and integrity due diligence processes. The results of these processes are tracked periodically and measures taken when necessary. Regarding the distribution chain, we have a decentralized logistics network and distribution centres with a high degree of investment in technology, enabling online control of distribution with real time detection of failures and implementation of corrective measures.
Climate change GRI 201-2	Our activities are aimed at combining economic and socioenvironmental gains. Strategic mitigation projects span the entire company and have been incorporated into formal routines, such as the Carbon Neutral programme, which prioritises the reduction of direct and indirect emissions throughout the production chain, in addition to offsetting 100% of emissions that cannot be avoided through projects that drive socioenvironmental benefits. Based on the climate range risk matrix, the company prioritised the assessment of risks and opportunities in the supply of ingredients from the Amazon region in 2019.
Social biodiversity	The use of social biodiversity ingredients is governed by the Natura Sustainable Use of Social Biodiversity Products and Services policy, which ensures the fair sharing of benefits with the supplier communities and the sustainable stewardship of these assets, in addition to complying with Brazilian legislation on access to genetic heritage. To ensure greater security, we also elaborated a risk matrix for the social biodiversity chains. By means of the Natura Amazonia Programme, Natura also seeks to drive the generation of sustainable businesses based on biodiversity and traditional knowledge.
Legal, sector regulation and tax load	We actively monitor regulatory changes applicable to our business in all the judicial spheres in order to manage the impacts any alterations may have on our operational and financial results. We continuously track federal and state level tributary processes and work with sector associations such as Abihpec and ABEVD to advocate industry interests.
Other external risks (interest rate, exchange variation, inflation etc.)	Constant monitoring of external risks related to the economic conjuncture by senior management, with the redefinition of strategic planning, when necessary.
Institutional conjuncture (Brazil and International Operations)	Constant monitoring of the political-economic conjuncture in the countries in which we operate, with the reformulation of strategy as required.

Internal controls

Based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework, the organisation's internal control matrix is updated annually. All controls are submitted to effectiveness tests, and there are plans in place to monitor and remedy any non-conformance that is detected. All the work is documented and presented to the company's independent auditors, who at their discretion, may complement their analyses with additional tests. The results of the tests undertaken by both the company and the independent auditors are reported to the managers responsible for the controls and to the Audit, Risk Management and Finance Committee, linked with Natura &Co Board of Directors.

Since 2010, Natura has voluntarily maintained SOX related practices, ensuring high standards in the assessment of the effectiveness of internal controls. With the acquisition of Avon, the company came to have ADRs (American Depositary Receipts) traded on the New York Stock Exchange, consequently SOX practices will be determinant for the entire Natura &Co group. Therefore, in 2019 we expanded assessment of the effectiveness of internal controls in the other companies of the group, The Body Shop and Aesop.

The gains achieved with this work were greater knowledge of processes and details of the operations and the governance of internal controls, in addition to alignment of methodologies and standards.

Adaptation to Brazil's Data Protection Law

To review its processes and guarantee alignment with Brazil's General Data Protection Law (LGPD), Natura conducted a diagnosis of its

procedures, use profiles and sharing of personal data, potential vulnerabilities and questions of consent, among other aspects. This process led to a series of projects and measures to protect the data bank and implement controls to segregate functions. Specific policies will also be formulated to ensure privacy for co-workers, consultants and consumers. Since this legislation is Brazilian, the initial focus is on the the operation in Brazil, but the initiative will generate gains in protection in the other countries in Latin America. Due to its experience in operating in a more mature regulatory environment where data privacy is concerned, governed by European legislation, The Body Shop made an active contribution to this process.

Climate change and risk management

GRI 201-2

To reinforce analysis of the effects that significant changes in climate could have on our business, a working group involving the Risk Management and Internal Controls and the Sustainability areas undertook an exercise to map risks and opportunities due to climate change. The work was orientated by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), a global movement in which Natura engaged in 2017, which pursues the development of standards for the disclosure of climate-related financial risks.

Given the relevance of our business strategy, the time scale and the audiences involved, we determined that the initial focus of the assessment would be the influence of climate change on the supply of social biodiversity ingredients for our products, in particular those originating in the Amazon. The multidisciplinary group used available research and internal field knowledge to identify possible impacts. We crossed-analysed models projecting climate change impacts in Brazil with the ingredient stewardship areas and the financial impacts that should be evaluated in accordance with mitigation or adaptation scenarios that are still under construction.

These possible financial impacts still under qualitative evaluation (for example, net revenue, operational costs, working capital and cash flow) will provide the basis for decision making. This work should be concluded in 2020 and will help to evolve the approach to these effects not only in the company's communications to the market, but will also contribute as an effective instrument for managing the business.

There follows a prior analysis based on the four pillars recommended by the TCFD.

Governance	<p>Management and decision making on sustainability-related topics, including the effects of climate change on the business are shared by leaders and teams across the organisation. Accordingly, there is no specific sustainability committee in our governance structure. We identify and prioritise the main socioenvironmental challenges for our business through the prism of the 2050 Vision and the organisation's Strategic Planning. Tracking these is a responsibility shared by leaders. Commitment to these goals also influences executives' variable compensation, which encompasses socioenvironmental targets, such as greenhouse gas (GHG) emissions. Moreover, the status of the 2020 ambitions and the 2050 Vision is presented to the Executive Committee on a monthly basis and to the Board of Directors every quarter.</p>	<p>Further information on pages 36-40</p>
Strategy	<p>In addition to driving innovation, sustainability is a lever for value generation that is becoming increasingly explicit in managing company strategy and its brands and categories. In particular, the use of Amazonian social biodiversity ingredients for over 20 years has resulted in valuable learning in relation to the importance of keeping the forest standing as an element for combating climate change. Through the Natura Amazonia Programme, we advocate zero illegal deforestation and the promotion of science and local technology to reinforce higher added value businesses in the region. To keep the risks and opportunities on our radar, we support global movements that seek to reduce emissions and limit their effects on the planet, such as the Paris Agreement, the Sustainable Development Goals and the UN Climate Conference, among other initiatives. We also have strategies to develop packaging with a lower climate change impact, such as refills, materials of renewable origin or made from post-consumer recycled material, and the development of packaging that uses less material. These solutions are evaluated by the internal ecodesign committee.</p>	<p>Further information on pages 36-40 and 92</p>
Risk management	<p>Even if it is not completely clear how the climate is going to change, it would seem to be correct to state that the associated risks may provoke wide-ranging effects on the business world. At Natura, for example, this could influence our competitiveness, generate research and development expenses and the need to invest in new technologies; it could also provoke an increase in the cost of raw materials and expenses with the transition to low intensity GHG emission technologies. The effects could extend to our value chain, including reductions in consultants' sales and in the amounts paid to supplier communities for social biodiversity ingredients, changes in consumer behaviour and preferences, among other things. Questions related to climate change and social biodiversity are part of our strategic risk map monitored by the Natura Risk Management and Internal Controls area, which prioritised the assessment of risks and opportunities in the supply of inputs from the Amazon region in 2019 (see the table on page 167). The area is responsible for reviewing related current and potential risks and making recommendations to senior management.</p>	<p>Read more on page 167</p>
Metrics and targets	<p>We are progressing continually in our tools for assessing impacts, not only related to greenhouse gases (GHG), but also other important socioenvironmental questions, such as EP&L (<i>Environmental Profit and Loss</i>), SP&L (<i>Social Profit and Loss</i>), the Social Progress Index of the Amazonian supplier communities, among others, included in the 2050 Vision. The Carbon Neutral Programme has been in place for 13 years and underscores Natura's pioneering stance in managing atmospheric emissions throughout its entire value chain, from the extraction of raw materials to the disposal of post-consumer waste. Natura has been carbon neutral since 2007. Since then, we have maintained emissions reduction targets and measures to offset our GHG emissions and boost efficiency, always encompassing the entire value chain.</p>	<p>Further information on pages 159-160</p>

Ethics and integrity

GRI 102-17

Under the auspices of its Ethics and Compliance area, Natura bases its activities on a vision that goes beyond compliance with standards and legislation and is integrated into the company's sustainability agenda. This ranges from transparency in tax practices and the use of ingredients, through anti-corruption and promoting civic awareness, to engagement in topics such as respect for civil and for women's rights.

After formalising its compliance structure under an executive director in 2018, Natura consolidated its processes and practices for the global structure of the Natura &Co group. This involved adapting procedures that reinforce the organisation's principles and values in alignment with international best practices. The team was increased to support this structure, with dedicated managers for the company's main markets, including Brazil; the other countries in Latin America; North America; Europe, Africa and the Middle East; and Asia and Oceania.

Corporate policies were revised and new ones created based on this structure. These include the Global Code of Conduct and documents oriented to matters such as donations and sponsorship, relations with public authorities, competition, anti-corruption and

money laundering. An important part of this work was to reflect the cultural differences in the group and the maturity of standards and processes in each company in the group.

The guidelines were used as a basis to orientate training for managers, the Executive Committee and the Board of Directors. The training programmes addressed questions such as anti-corruption legislation in all the countries in which the company operates, in particular European and North American regulations. Other questions addressed were behaviour in the workplace, discrimination, harassment and conflicts of interest.

We launched the Ethics Line, a channel available to the entire group in Portuguese, Spanish and English, for reports on breaches of the Code of Conduct. There is a guarantee of anonymity and confidentiality for all contacts and the reports are handled by the Ethics Committee. The Ombudsman Channel already in existence at Natura was maintained to receive other types of contact from users, such as doubts and complaints about the structure of the company. Communication campaigns publicised these channels and the purpose of each one.

Natura continually gains recognition because of its commitment to ethical conduct. Since 2016, Natura has maintained the Empresa Pró-Ética (Pro-Ethical Company) seal awarded by Brazil's Federal Comptroller General and the Instituto Ethos for the measures implemented to prevent, detect and remedy corruption and fraud. Moreover, for the ninth year running we were recognised as one of the most ethical companies in the world by the Ethisphere Institute, the global leader in defining and developing ethical standards for business conduct. The company is also a signatory to the Instituto Ethos Pacto Empresarial pela Integridade e Contra a Corrupção (Business Integrity and Anti-corruption Pact); we support the Alliance for Integrity, a global anti-corruption initiative; we are signatories to the Global Compact; and we participate in the ICC Brasil Corporate Responsibility and Anti-corruption Commission.

Read more about the company's anti-corruption practices on pages 183-184

Responsible tax practices

To promote greater transparency, Natura is a member of the group that established the Responsible Tax Principles, aimed at communicating the tax practices of companies around the world. The initiative is led by the B Team, a global movement comprising leaders of companies, civil society and government to promote best business practices, prioritising the well being of people and the planet.

The B Team Principles adopted by Natura espouse transparency and responsible tax practices and strategies, including information about effective tax burdens. Based on this, in this report we disclose Natura's revenues (not including the The Body Shop and Aesop) in Brazil and in the other countries in Latin America where we have operations, as well as the income tax due in each of them. We are committed to enhancing this practice and extending commitment to the principles to the other companies in the group (*further information on page 33*).

Commitments and partnerships

Who is with us in pursuit of a more beautiful world

GRI-102-12, 102-13

Seals and certifications:

- We have been certified as a B Corp since 2014. This is an initiative of the B System movement which recognises companies that give equal weight to economic and socioenvironmental results. | <https://bcorporation.net> |
- UEBT (Union of Ethical Bioproducts) seal for the Natura Ekos product line, in recognition of the traceability of the natural ingredient supply chain and the company's commitment to fair trade, the conservation of biodiversity and community development. | <https://www.ethicalbioproducts.org/brands-1/2018/6/12/natura> |
- Leaping Bunny certification from Cruelty Free International, which attests to the non use of animal testing in the entire Natura portfolio. The Body Shop also has this certification. | <https://www.leapingbunny.org> |

- RSPO Palm – 78% of palm oil are certified by the Roundtable on Sustainable Palm Oil.*
- Organic alcohol – we use 100% organic alcohol in our perfumery, with IBD (Instituto Biodinâmico) and Ecocert certification.
- FSC paper (Forest Stewardship Council) – we use FSC certified paper in our product packaging and the cartons used to ship product to consultants.
- LEED certification – in 2018 the Natura administrative building NASP was awarded LEED (Leadership in Energy and Environmental Design) GOLD certification. Developed by the U.S. Green Building Council (USGBC).

*The previous version of this report contained an error and erroneously stated that all palm used by Natura is certified by Roundtable on Sustainable Palm Oil.

Organisations with which we maintain relations:

- The United Nations (UN) Global Compact, a movement of companies, workers and civil society to promote citizenship and sustainable growth. | <https://www.unglobalcompact.org/> |
- We are signatories to the Global Compact, and Guilherme Leal is a member of its council, the highest governance body responsible for defining the initiative's strategies and policies.
- We participate in the Global Compact Brazil Network and the Natura Sustainability director is vice president of the Board of Directors. | <https://pactoglobal.org.br> |
- We have aligned our Sustainability Vision with the Sustainable Development Goals (SDGs), a global agenda that sets forth 169 targets within the 17 goals to be achieved by 2030.
- World Business Council for Sustainable Development (WBCSD), led by the CEOs of more than 200 leading companies that are working together to accelerate the transition to a sustainable world. | <https://www.wbcsd.org> |
 - The Natura vice president of Innovation and Sustainability, Andréa Alvares, is a member of the executive committee.
 - We are signatories to the Natural Capital Coalition – a multi-stakeholder global collaboration oriented to conserving and improving natural capital. | <https://naturalcapitalcoalition.org/> |
 - We are also members of the Brazilian sustainable development business council CEBDS (Conselho

Empresarial Brasileiro para o Desenvolvimento Sustentável).

| <https://cebds.org/> |

- UEBT (Union for Ethical Biotrade), member of the management committee. | <https://www.ethicalbiotrade.org/> |
- B-team – a group comprising world leaders with the goal of engaging corporations and global leaders in the cause “People-Planet-Profit” and proposing solutions that reconcile revenues and socioenvironmental responsibility. | <http://www.bteam.org/> |
 - Natura board member Guilherme Leal is a member of the B Team.
 - Signatories to Net Zero, a coalition dedicated to accelerating the transition to a low carbon economy by 2050. | <http://www.bteam.org/plan-b/net-zero-by-2050/> |
- TCFD (Task Force on Climate-related Financial Disclosures), a task force aimed at developing standards for the disclosure of climate-related financial risks. | <https://www.fsb-tcfd.org/about/> |
- Science Based Targets, a group of global institutions that aims to define science-based emissions reduction targets in line with the scale of reduction necessary to maintain the increase in global temperature below 2°C. | <https://sciencebasedtargets.org/companies-taking-action/> |

- Ellen MacArthur Foundation, whose mission is to accelerate the

transition to a circular economy. | <https://www.ellenmacarthurfoundation.org/> |

- In 2018, we became signatories to the New Plastics Economy initiative, which establishes targets related to plastic packaging for 2025. For Natura, the targets are the commitments assumed for 2020 in the company's Sustainability Vision.

| <https://newplasticseconomy.org/> |

- Instituto Ethos | <https://www.ethos.org.br/> |

- Andréa Alvares is a member of the Steering Council.
- Natura is a member of the Coalizão Brasil, Clima, Florestas e Agricultura.

- PPA (Parceiros pela Amazônia), a group organised by small private sector companies, NGOs and financiers in the

Amazon region to promote sustainable development.

| <https://ppa.org.br/> |

- The CFT association Abihpec (Associação Brasileira da Indústria de Higiene Pessoal e Cosméticos). | <https://abihpec.org.br/> |

- Members of the initiatives: the sector programme Dê a Mão para o Futuro, a coalition of companies that promotes racial and gender equality and the Climate Forum.

- LGBTI Conduct Standards Pact, by the UN Free & Equal movement, aimed at promoting equality of rights and fair treatment at work for the LGBTI audience.

- Business Initiative for Equality (Iniciativa Empresarial pela Igualdade), aimed at promoting opportunities in the labour market for the black population. Upon joining the initiative, companies adhere to 10 Commitments for the

Promotion of Racial Equality.

- Win-Win: gender equality means good business, implanted by the

International Labour Organisation (ILO) in Argentina, Brazil, Chile, Costa Rica, Jamaica and Uruguay. Natura Brazil and Natura Chile are engaged in the initiative.

Complementary disclosures



**Commitment
to the truth
is the way to
enhance quality
in relationships**

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Natura Operations

Regarding the locations informed in the indicators, we take into account:

- Cajamar: Natura plants and office in Cajamar (São Paulo)
- NASP: Natura administrative headquarters in São Paulo (SP)
- SP DC: São Paulo Distribution Centre (SP), located next to NASP
- Ecoparque: Natura plant and office in Benevides (Pará)
- Itupeva Hub: logistics warehouse located in Itupeva (SP)
- Operations in Latin America: Argentina, Chile, Colombia, Mexico and Peru
- IOs: The International Operations which, in addition to the countries in Latin America, include stores, offices and e-commerce operations in the United States and France.

People management

Labour practices

Information about co-workers

GRI 102-7 Number of co-workers per country¹

Region		2017	2018	2019
Brazil	Total	4,765	4,958	5,085
	% Men	43%	44.2%	43.9%
	% Women	57%	55.8%	56.1%
Argentina	Total	641	690	716
	% Men	16%	17%	19%
	% Women	84%	83%	81%
Chile	Total	189	224	225
	% Men	22%	20%	20%
	% Women	78%	80%	80%
Mexico	Total	116	122	133
	% Men	39%	43%	50%
	% Women	61%	57%	50%
Peru	Total	219	228	224
	% Men	13%	13%	15%
	% Women	87%	87%	85%
Colombia	Total	362	378	402
	% Men	18%	17%	20%
	% Women	82%	83%	80%
France	Total	19	21	16
	% Men	37%	71%	19%
	% Women	63%	29%	81%
United States ²	Total	Not available	Not available	19
	% Men	Not available	Not available	11%
	% Women	Not available	Not available	89%
Total		6,311	6,621	6,820

1. Malaysia, where we initiated an operation in September 2019, is not within the scope.

2. The country was incorporated into the indicator in 2018, and classification by gender, in 2019.

GRI 102-8 Employees by type of work contract and gender^{1 2 3}

Type of contract	2017			2018			2019		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Fixed term									
Brazil	54	20%	80%	97	27%	73%	96	30%	70%
Permanent									
International Operations	33	3%	97%	54	11%	89%	59	24%	76%
Permanent									
Brazil	4,711	44%	56%	4,861	45%	55%	4,989	44%	56%
Permanent									
International Operations	1,513	19%	81%	1,609	19%	81%	1,676	21%	79%
Total	6,311	37%	63%	6,621	38%	62%	6,820	38%	62%

1. Expatriates, interns, members of the Board Directors and Instituto Natura employees were not taken into account.

2. Workers hired on a temporary basis are allocated in diverse areas/segments in the company (total in Brazil: 415). Apprentices are allocated in diverse administrative areas of the company (total in Brazil: 124). Third-party workers are allocated in diverse areas/segments in the company, with a work load that varies in accordance with each activity (total in Brazil: 3,006). Interns are allocated in diverse administrative areas of the company (total in Brazil: 93).

3. We do not disclose a classification by type of employment. This information is not relevant for the Natura operation because there are no part-time workers.

People management

Remuneration and benefits GRI 103-2, 103-3

Ratio of women's salary to men's GRI 405-2

The variations in women's salaries to men's occur exclusively in function of the distribution of remuneration within the Natura structure because there is a single salary grid which is not defined by gender.

For Natura Brazil collective bargaining agreements resulted in increases of from 2.5% to 5% for operational and administrative co-workers in 2019. Managers received a fixed increment to their base salary. There were also spontaneous pay rises and pay rises related to promotions and merit awards, in addition to hires, terminations and transfers during the year.

In 2018, the methodology for calculating the amounts was based on the concept of monetary remuneration and did not

include the proceeds of sales bonuses and commissions. This change impacts mainly women in the administrative area, reducing their average monthly

remuneration. The same occurs in the other countries in Latin America, where the median sales bonuses also negatively impact the salary difference between women and men, principally in Chile.

It should be noted that Natura has been progressing in terms of the percentage of women occupying leadership positions, with 41% in in director or vice president level roles and 56% in management positions. Further information about diversity policies \ from page 126.

Ratio of women's salary to men's by functional category – Brazil (%)

	2017 ¹	2018	2019
Director level	-19	-19	-17
Management	-3	-3	-5
Administrative	18	-8	-12
Operational	-22	-20	-20

1. The 2017 number is not comparable due to adjustments in monetary remuneration methodology in 2018, not including sales bonuses and commissions. The change mostly impacts female administrative staff, reducing their average monthly remuneration.

Ratio of women's base salary to men's by functional category – – Operations in Latin America (%)¹

	2017	2018	2019
Argentina			
Management	-11	-8	-9
Administrative	3	-16	-12
Chile			
Management	3	-4	-2
Administrative	33	-27	-24
Colombia			
Management	-9	-3	-14
Administrative	-4	-17	-15
Mexico			
Management	7	10	27
Administrative	-1	-4	4
Peru			
Management	-5	-6	1
Administrative	-28	-24	-23

1. In these countries only administrative and management positions were reported, because of their representative mass in salary analyses.

People management

Remuneration and benefits GRI 103-2, 103-3 (cont'd)

Total annual compensation ratio GRI 102-38

Natura does not disclose this information, considering that compensation data is confidential.

Maternity and paternity leave GRI 401-3

The retention rate after maternity/paternity leave continues to follow an upward trend. The number of male co-workers who take paternity leave also shows a slight increase,

maintaining the upward trend observed since 2016, when this benefit was extended to 40 days.

Maternity and paternity leave		2017	2018	2019
Employees who took parental leave	men	112	121	123
	women	144	138	119
Employees who returned to work after the end of the leave and were still employed 12 months after returning ¹	men	73	94	113
	women	105	118	124

1. Frequently the leave does not end in the same year it is requested, consequently in some years there are more people returning than leaving.

Turnover GRI 103-2, 103-3

New employee hires and employee turnover GRI 401-1

The total number of Natura co-workers showed a slight variation in 2019 (see the table on page 177), with the total headcount reaching 6,820 – compared with 6,625 the previous year.

The number of new hires was lower than in 2018, when the demand was due mainly to

the expansion of the Natura stores at that time. But we continue to hire a significantly higher number of women, which contributes to achieving our target of equality between men and women in leadership positions (further information on page 127). The number of terminations grew by 3% in 2019.

Co-workers hired, by gender – Brazil and the International Operations

Gender	2017		2018		2019	
	Number	Rate	Number	Rate	Number	Rate
Men	414	38%	569	38%	511	37%
Women	687	62%	910	62%	856	63%
Total	1,101	100%	1,479	100%	1,367	100%

Co-workers who left the company, by gender – Brazil and the International Operations

Gender	2017		2018		2019	
	Number	Rate	Number	Rate	Number	Rate
Men	395	34%	420	36%	429	36%
Women	772	66%	743	64%	768	64%
Total	1,167	100%	1,163	100%	1,197	100%

People management

Career development

GRI 404-2 Programmes for upgrading employee skills – Brazil			
	2017	2018	2019
Number of scholarships granted	210	238	131
Scholarships granted/enrolments ¹	78%	49%	-
Amount invested in the Natura Education programme (R\$ thousands)	690	897	504

GRI 404-2 Courses subsidised by Natura for co-workers and family members – Brazil			
	2017	2018	2019
Technical/vocational	12	23	13
Languages ²	55	88	56
University entry preparation	0	0	0
University	52	37	46
MBA and postgraduate	91	90	16
Total scholarship holders	210	238	131

GRI 404-3 Co-workers receiving regular performance and development reviews, by functional category and gender^{1,2}

Functional category	2017		2018		2019	
	Men	Women	Men	Women	Men	Women
Total co-workers						
Director level	36	17	38	17	26	22
Management	263	333	264	339	214	268
Administrative	776	2,832	754	1,377	726	1,955
Operational	1,280	774	1,223	698	1,267	607
Co-workers submitted to performance and career development reviews						
Director level	36	17	31	16	24	19
Management	263	324	245	320	195	248
Administrative	726	2,638	681	1,247	607	1,013
Operational	1,188	672	1,149	658	1,254	627
% by gender						
Director level	100%	100%	82%	94%	92%	86%
Management	100%	97%	93%	94%	91%	93%
Administrative	94%	93%	90%	91%	84%	52%
Operational	93%	87%	94%	94%	99%	103%

1. The process was conducted in 2019, but refers to 2018. The process did not take into account the sales force, retail co-workers, interns, Instituto Natura employees, expatriates, co-workers in the United States and operational area co-workers in Brazil admitted from November 2018.

2. The performance and development review process is ongoing and covers co-workers admitted up to January 31, 2019.

People management

Relationship quality

Co-worker engagement GRI 102-43

The result of the engagement survey showed an increase in the majority of the countries in 2019 with an average rating of 4.17. In Brazil, the rating reached 4.14 and in the Latin American countries (grouping of countries that excludes Brazil and France) it was 4.26.

The level of co-worker engagement increased and the point receiving the highest rating in the survey was recognition by co-workers that they have the opportunity to improve every day.

Engagement Survey – favourability (%)	2017	2018	2019
Brazil	3.96	4.08	4.14
International Businesses Board	4.19	4.12	4.15
Argentina	4.33	4.26	4.23
Peru	4.41	4.14	4.23
Chile	4.1	4.2	4.14
Mexico	4.28	4.55	4.6
France	4.18	3.89	4.17
Colombia	4.21	4.26	4.34
Overall average – Natura	4.04	4.12	4.17

1. The survey was conducted electronically via direct contact with the Gallup consultancy system. The percentage participation in the survey was 86% – lower than the 94% rate the previous year. This was due to an error in the participant base that year, which included people who were not supposed to take part in the survey (people on leave and new hires).

Health and safety GRI 103-2, 103-3

Promoting worker safety GRI 403-6

In addition to the medical assistance plan offered to co-workers and dependents, the company has three Einstein clinics in the Cajamar, NASP and Benevides units, qualified to provide first aid, with family doctors, nurses and nursing assistants. In the units with the largest number of co-workers (Cajamar and NASP), the clinics are also staffed by specialists in: gynaecology, orthopaedics, physiotherapy, nutrition and psychology. We also provide the Einstein Telemedicine service free of charge to all co-workers and dependents covered by the medical assistance plan for the treatment of low-complexity cases. The clinics in Cajamar, NASP and Benevides function 24 hours a day, six days a week. Ambulances are stationed at the units to deal with emergencies.

A healthcare committee comprising healthcare professionals and administrators

meets every two months to analyse epidemiological incidents, aimed at developing wide-ranging preventive programmes in accordance with the needs of the work force. The data are analysed and the programmes are proposed with the objective of containing the most prevalent risks: obesity, sedentary lifestyle, hypertension, dislipidemia, among others. Physical activities are encouraged via the leisure infrastructure at the Natura Club in Cajamar. The sales force is entitled to Gympass, a service providing access to gyms with a discount. In the company canteens, the menu is prepared with a focus on micro-nutrients inducing the work force to make healthy dietary choices. Co-workers receive tips and are challenged to adopt healthy habits and improve their quality of life via an application. The company also organises annual vaccination campaigns against influenza and other diseases.

Hazard identification, risk assessment and incident investigation GRI 403-2

Activities are subject to hazard and risk assessment to identify routine risks; non-routine activities are subject to preliminary risk assessments. Based on these assessments, we define the degree of risk in each activity and, if necessary, propose new control measures or mitigation barriers.

To reinforce safety practices, we implemented the Rules Save Lives programme, in accordance with the risks in each operation (industry, distribution, sales). Operational procedures provide guidance for co-workers on how to

conduct their activities safely. Any co-worker is entitled to refuse to perform any activity that he/she understands involves risks. All co-workers may communicate risks using the “Report a risk” function on the co-worker application or using the communication tools available in the operational areas. This practice is encouraged and any non-compliance should be reported to the Ombudsman, with full guarantee of anonymity.

All new co-workers and third parties receive induction training in occupational health and

People management

Health and safety GRI 103-2, 103-3 (cont'd)

safety before beginning work. All co-workers who carry out high-risk activities, such as work at heights, confined spaces, inflammable items, machinery operation, among others, receive formal training in accordance with the applicable standard. It should be noted that 100% of the work force is covered by an occupational health and safety management system based on legal requirements and/or recognised standards

and guidelines. This is extended to workers who are not employed by Natura but who work in environments controlled by the company. Since 2018, this system has applied both to the operations in Brazil and to those in the other countries in Latin America in which we operate. The management system is based on the requirements of the ISO 45001 standard.

GRI 403-8

Work-related injuries GRI 403-9

The increase in the accident rate from 2017 to 2018 was due to the inclusion of the other Latin American operations in the scope reported. These had just initiated the implementation of a management system and were therefore less mature than Brazil. In 2019,

there was a reduction in the accident rate in these operations, but this reduction was offset by the expansion in retail operations and the opening of new stores in which a number of accidents were recorded until the stabilisation of the operation.

Work-related injuries¹

	2017		2018		2019	
	Co-workers	People whose work and/or workplace is controlled by the organisation	Co-workers	People whose work and/or workplace is controlled by the organisation	Co-workers	People whose work and/or workplace is controlled by the organisation
Hours worked ²	10,499,748	9,626,486	13,295,488	11,247,479	13,941,792	11,841,597
Serious injuries	2	0	3	5	8	2
Serious injury rate	0.19	0	0.23	0.44	0.57	0.17
Injuries recorded	8	14	17	24	20	23
Injury rate recorded	0.76	1.45	1.28	2.13	1.43	1.94

Number of work-related incidents identified as having high likelihood of occurrence ¹	2017	2018	2019
	56	40	42

Number of work-related near misses	2017	2018	2019
	Not available	1015	643

1. The number of high potential incidents was accounted for by means of all the incidents classified as Potential A in accordance with internal procedures.

Freedom of association

Possible breach or risk of breach of freedom of association and collective bargaining GRI 103-2, 103-3, 407-1

Natura did not identify operations or suppliers at which the right to exercise freedom of association or conduct collective bargaining had been violated.

The Ombudsman is available for suppliers in Brazil and in the International Operations. The company has also had specific codes of conduct for suppliers from 2014 in Brazil

and from 2015 in the International Operations. These documents address freedom of association and collective bargaining. In 2019, the code was reviewed and expanded to include the entire Natura &Co group. With this global approach, the document was complemented with elements that reinforce the company's position on ethics and transparency.

Ethics and human rights GRI 103-2, 103-3

Operations assessed for risks related to corruption GRI 205-1

Anti-corruption and anti-bribery measures are coordinated and managed by the Compliance, Legal, Internal Audit, Internal Controls and Risk Management areas.

Natura employs documents such as the Global Code of Conduct, which is reviewed annually, to ensure adherence to the reality of the business environment and to incorporate any relevant matters identified by the control areas. The document is available for all Natura &Co co-workers and contains a specific section that addresses anti-corruption and anti-bribery measures. Natura also has a Global Anti-corruption Policy, which is disseminated to co-workers by means of distance and face to face courses and internal communications, as well as a Policy on Relations with Public Authorities. Additionally, Natura provides: an e-learning course on the Code of Conduct (mandatory for co-workers), a reporting channel called the Ethics Line, which guarantees the safe, anonymous and confidential reporting of any suspected breach of the code. This is supported by the Ethics Committee, responsible for deciding on more complex reports, as well as the Audit Committee, which oversees strategic direction based on the indicators reported on a quarterly basis.

In 2019, the Compliance area, in conjunction with Internal Controls and Risk Management, implemented the following measures related to

Brazil's anti-corruption legislation: face to face training for co-workers (managers, directors, administrative and operational staff); testing of the controls related to the Code of Conduct and reporting channel; communication of pertinent guidelines; online training in the Code of Conduct for co-workers, covering anti-corruption, bribery and fraud; training for medium-sized and small suppliers of products and services; mapping of potential corruption-related risks; and the review and formulation of global policies.

The control activities designed by Natura address questions such as conflicts of interest, family relations with public authorities or co-workers who have worked in public authorities; monitoring of gifts presented to public authorities; recording of minutes of meetings with public authorities, contract clauses for suppliers and/or service providers, donation, support and sponsorship policies and procedures; managing consultants, suppliers and agents; procedures for external events involving public authorities; due diligence of suppliers to verify the involvement of third-parties in corruption-related matters; and training courses for employees, in particular those who may interact with government agents in the course of their work.

Given that Natura commercialises consumer goods, the degree of interaction with public

authorities is low. In view of the set of tools in place (training, third-party due diligence, policies and controls) and the company's management practices, we believe corruption-related risks to be mitigated. Accordingly we classify the company's exposure to such risks as moderate to low. We conduct corruption-related risk assessments in 100% of the company's operations, including all the areas and management areas in Brazil and in Latin America.

Ethics and human rights

Anti-corruption GRI 103-2, 103-3

Communication and training about anti-corruption policies and procedures GRI 205-2

The Code of Conduct was communicated to 100% of the workforce, accompanied by mandatory training. In 2019, the document was revised with a view to global application for all Natura &Co co-workers and will be relaunched in 2020, when a new distance learning course will be developed.

The Anti-Corruption and Anti-Bribery Integrity policy was reviewed and disseminated to Natura &Co co-workers, and is another instrument already adapted for global application. The policy is designed to assess the integrity of suppliers that may interact with public authorities.

We conduct face to face anti-corruption training for co-workers in Brazil who may interact with public entities. In 2019, we communicated and trained 80% of the work force in Brazil and initiated reporting for the operations in Latin America, where we trained 62% of the work force.

Moreover, we have a Code of Conduct for suppliers, that was revised and relaunched in 2019, and is applicable globally for all suppliers

of the Natura &Co group. Since September 2019, Natura suppliers are obliged to adhere to the Code of Conduct for registration in the company's system. This specific code for business partners sets forth the fundamental guidelines for relationship with Natura. Third-parties are also covered by the supplier code of conduct. And this audience, as with other suppliers, participated in face to face workshops addressing conduct and integrity.

Among company suppliers, 1,519 business partners in Brazil received communications related to anti-corruption policies and procedures, while 402 were trained. These numbers are significantly higher than in previous years due to the relaunch of the code in 2019.

Confirmed cases of fraud and measures taken GRI 205-3

The publication of clear and specific codes of conduct for these different audiences helps ensure clarity about questions related to non-conformance, as well as underscoring the existence of the reporting channel and the importance of ethical conduct to the company. There was a decrease in the volume of reports involving Natura consultants and Business Leaders. This was due to the review of the classification

criteria of reports and the restructuring of the report channel. There were no cases of fraud involving public entities.

From 2019, Natura started directing reports of fraud and other suspected violations of the Code of Conduct to its new Ethics Line, which applies to all the Natura &Co group companies. The new channel was broadly disseminated to all co-workers.

Cases of fraud ¹	2017	2018	2019
Total number of confirmed cases of fraud	13	23	9
Total number of confirmed cases of fraud in which co-workers were dismissed or punished for fraud	2	5	5
Total number of confirmed cases in which members (non co-workers) of the sales force were dismissed or punished for fraud	6	18	1
Total number of confirmed cases in which contracts with commercial partners were rescinded or were not renewed as a result of violations related to fraud	0	0	0

1. Total cases proven by the Ombudsman that involved fraud (understood to be any intentional act or omission aimed at deceiving third-parties, resulting in a loss for the victim or a gain for the perpetrator). Natura has never recorded any cases of corruption, this term being understood to be any offer, promise or authorisation of a payment by an individual or company to a public authority or a representative thereof, when this payment is aimed at influencing the person receiving it to use their position or function to obtain or retain an unwarranted business gain or advantage.

Ethics and human rights

Public policies

Political contributions GRI 103-2, 103-3, 415-1

In accordance with a specific internal policy, valid in Brazil and the International Operations, Natura does not make contributions to campaigns, parties and/or candidates for public office, during or outside of electoral processes.

Human rights

Operations and suppliers at significant risk for incidents of child, forced or slave labour and measures taken GRI 103-2, 103-3, 408-1, 409-1

Our suppliers declare the working conditions they provide for their work force and are audited periodically.

In the supplier communities we conduct audits by means of the Social Biodiversity Chain Verification System, which monitors the risk of the occurrence of child, forced or slave labour, as well as formal labour relations, ergonomics, and worker health and safety. The system implemented in 2016 ensures traceability in the natural ingredient supply chain and is certified by the UEBT (Union for Ethical BioTrade).

No cases were identified in 2019. However, in some supplier communities there are indications of the involvement of children and adolescents in the production chain. These children sometimes help their parents out, but they do attend school regularly. This is a cultural tradition in some communities, which does not constitute violation of the principles of ethical biotrade. This situation constitutes the reality of our 39 supplier communities, which are concentrated in the Amazon, and in the Southeast and Northeast regions.

Human rights

Violation of indigenous peoples' rights GRI 103-2, 103-3, 411-1

In 2019, there were no incidents involving indigenous people's in the locations in which we operate. This year, we formalised a relationship with the Cinta Larga indigenous group in Aripuanã, Mato Grosso (*further*

information on page 98). The cooperative Coopavam (Cooperativa dos Agricultores do Vale do Amanhecer), a community that supplies Brazil nuts and has been a Natura partner for years, is also located in this region.

Non-discrimination

Incidents of discrimination and corrective actions taken GRI 103-2, 103-3, 406-1

In 2019, diverse actions were taken related to behaviour in the workplace, including discrimination. As a result there was an increase in the number of reports to our Ethics Line. Nine cases were reported during the year, compared with one in 2018 and two in 2017.

This is an indication of greater confidence in the reporting channel, which was also unified for the Natura &Co group. All the reports received were duly investigated by the Ethics and Compliance area, with the applicable measures taken in accordance with each case.

Anti-competitive behaviour GRI 103-2, 103-3

Non-compliance with social and economic laws and regulations GRI 206-1, 419-1

As in previous years, Natura did not receive any administrative or judicial sanctions for non-compliance with laws and regulations governing anti-competitive behaviour.

Environmental management

Emissions

Emissions of ozone depleting substances (ODS), NO_x, SO_x and other significant atmospheric emissions GRI 305-6/305-7

There are no indications that emissions of ozone depleting substances, NO_x, SO_x and other atmospheric emissions at Cajamar and the Ecoparque, where the Natura production plants are located, are significant.

GRI 305-7 Significant atmospheric emissions (kg/h) ^{1,2}	2017	2018	2019
NO_x	0.87	0.94 ³	0.82
SO_x	0.06	0.09	0.04
Persistent organic pollutants (POP)	Not Applicable	Not Applicable	Not Applicable
Volatile organic compounds (VOCs)	Not Applicable	Not Applicable	Not Applicable
Hazardous atmospheric pollutants (HAP)	Not Applicable	Not Applicable	Not Applicable
Particulate material (PM)	0.86	2.10	1.51
Other standard categories of atmospheric emissions identified in regulations	Not Applicable	Not Applicable	Not Applicable

1. As clean fuels (ethanol and LPG) are used in the boilers at Cajamar, there are no significant measurable quantities of these gases.

2. At the Ecoparque, we considered the biomass boiler chimney emissions analysis reports drafted by the consultancy Bioagri Ambiental between August and September 2019. To calculate the index, we took into account the median of the last six measurements undertaken.

3. The number was corrected.

Energy GRI 103-2, 103-3

Energy consumption within and outside the organisation GRI 302-1, 302-2

The company's energy consumption increased by approximately 14% in 2019. This was due to the variation in production, which was lower than projected, resulting in overcapacity in the boiler system, which accounts for 26% of energy consumption.

The factories were also subjected to adjustments for international production certifications. These require stages involving validation and changes, resulting in higher fuel and energy consumption.

GRI 302-1 Total energy consumed (MWh)	2017	2018	2019
Fuels from non-renewable sources	3,761	5,358	4,356
Fuels from renewable sources	82,444	88,968	100,330
Total	86,204	94,326	104,686

GRI 302-1, 302-2 Energy consumption, by location (MWh) ¹	2017	2018	2019
Cajamar and Benevides	63,939	68,541	70,100
Other locations in Brazil	17,720	19,181	21,835
Third-party manufacturers in Brazil	5,380	6,652	5,067
Locations in Latin America	Not available	673	862
Other locations in Latin America	Not available	2,869	3,017
Third-party manufacturers in Latin America	Not available	1,033	2,373
Total	86,204	98,949	103,255

1. The indicator incorporated the operations in Latin America in 2019. The 2018 total was recalculated to maintain comparability. The 2017 data only take into account the units in Brazil and are not comparable.

Environmental management

Energy GRI 103-2, 103-3 (cont'd)

Energy consumption within and outside the organisation GRI 302-1, 302-2

GRI 302-1 Energy matrix (%)	2017	2018	2019 Total ¹
Electricity (grid)	71	69	71
Solar energy	0.006	0	0.006
Briquettes	9.8	10	12
Alcohol	15	15	14
Diesel oil	1.5	2.5	1.2
LPG gas	2.1	2	1.5
Natural gas	0.8	1.2	1.3

1. The 2019 data refer to the operations in Brazil and in Latin America. Accordingly, the numbers are not comparable with those for the previous year when the scope only covered Brazil.

GRI 302-1 Consumption of fuels from renewable sources (MWh) ¹	2017	2018	2019
Solar energy ²	6	0	7
Alcohol ³	12,770	14,568	14,751
Briquettes ⁴	8,488	9,423	12,271
Electrical energy (from the grid)	61,179	64,977	73,302
Total	82,444	88,968	100,330

1. Electricity and fuel consumption in 2019 in Cajamar, Benevides, NASP and the Itupeva Hub, as well as in the distribution centres (Rio Grande do Sul, Minas Gerais, Bahia, Pernambuco and Pará) and six third-party manufacturers, due to representativeness of volume.

2. Natura resumed the generation and consumption of solar energy in 2019 with the installation of photovoltaic panels in Cajamar, which came into operation in November (further information on page 116).

3. Renewable fuel used to generate steam at Cajamar.

4. Biomass boiler at Benevides.

GRI 302-1 Consumption of fuels from non-renewable sources (MWh)	2017	2018	2019 ¹
Diesel oil (generator sets) ²	1,301	2,408	888
LPG gas	1,784	1,852	2,133
Natural gas	676	1,098	1,335
Total	3,761	5,358	4,356

1. We extended the scope of the indicator to include the operations in Latin America from 2019.

2. Fuel used when the public power supply is interrupted. 2018 was atypical, with many interruptions. In 2019, diesel consumption amounted to 40% of the 2018 figure.

GRI 302-1 Energy consumed (MWh)	2017	2018	2019
Electricity	62,486	53,908	59,358
Heating	432	799	1,146
Refrigeration ¹	0	13,477	14,837
Steam	23,286	26,141	29,343
Total	86,204	94,326	104,686

1. We estimate that 20% of the electricity is used in refrigeration, because segregated measurement is not possible.

Environmental management

Energy GRI 103-2, 103-3 (cont'd)

Energy intensity GRI 302-3

The increase in consumption, in conjunction with the variation in production, led to an 8% rise in energy intensity.

GRI 302-3 Energy intensity	2017	2018	2019 Total ¹
Energy consumption within the organisation (MWh)	80,819	87,722	96,660
Energy intensity (within the organisation) (Wh/unit)	190	178	205
Types of energy included in the intensity rate (fuel, electricity, heating, refrigeration, steam or all)	All	All	All
Energy consumption outside the organisation (MWh)	5,380	6,652	7,845
Energy intensity (outside the organisation) (Wh/unit)	44	44	41
Types of energy included in the intensity rate (fuel, electricity, heating, refrigeration, steam or all)	All	All	All
Total energy consumption by the organisation (MWh)	86,199	94,374	104,573
Energy intensity (total for organisation) (Wh/unit)	157.16	146.40	157.99 ²
Types of energy included in the intensity rate (fuel, electricity, heating, refrigeration, steam or all)	All	All	All

1. The 2019 data refer to the operations in Brazil and in Latin America. Accordingly, the numbers are not comparable with those for the previous years when the scope only covered Brazil.

2. The amount refers only to the operation in Brazil.

Proportion of energy intensity within/outside the organisation (Wh/unit)	2017	2018	2019 ¹
Total	4.32	4.09	4.94

1. Takes into account the operations in Latin America.

Water

Water consumption GRI 303-1, 303-5

The production process is the main source of water consumption at Natura, involving its plants in Cajamar (SP) and Benevides (PA). In 2019, changes in diverse cleaning processes elevated overall water consumption, as well as the relative indicator, which calculates consumption in litres per unit produced. Studies are underway to optimise the process and reduce consumption.

The indicators are tracked on a monthly basis, as is the analysis of effluents at the plants – locations where water consumption is measured daily.

Based on this monitoring, we drafted action plans to better understand water consumption and/or reduce consumption. The company applies constant measures to prevent leaks and wastage, such as reading water meters on a daily basis and conducting inspections. We also monitor the consumption of the company's main third-party manufacturers.

In the supplier development process, there is zero tolerance for non-compliance with environmental legislation, which encompasses water consumption. We do not have information related to the distribution centres.

Water at Cajamar and the Ecoparque is withdrawn from duly licensed wells. Effluent is treated and discharged in water bodies in compliance with all applicable regulatory criteria. The company also monitors consumption in relation to the volumes permitted.

At the Ecoparque, located in Benevides (PA), the company harvests rainwater. At NASP, in São Paulo (SP), water supply and effluent discharge is dependent on the public utility network. The site also has rainwater harvesting facilities.

Environmental management

Water (cont'd)

Water consumption GRI 303-1, 303-5

GRI 303-5 Water consumption (m ³) ¹	2017	2018	2019 ² Total	2019 Brazil	2019 Operations in Latin America
Natura sites ³	245,386	276,193	335,210	323,763	11,447
Other sites ⁴	19,084	20,093	41,451	25,704	15,837
Third-party manufacturers ⁵	25,504	39,779	44,188	29,982	14,206
Total	289,974	336,065	420,939	379,449	41,490

1. Natura does not have operations in locations considered to be subject to water stress.
2. In 2019, we included the operations in the other countries in Latin America in the scope of the indicator.
3. Sites operated by Natura: Cajamar, Benevides, Lapa, NASP, SP DC and Itupeva Hub.
4. Distribution centres operated by third-parties.
5. Third-party manufacturers: manufacture finished products on behalf of Natura.

GRI 303-3 Volume of water withdrawn, by source (ml) ^{1,2}	2017	2018	2019
Surface water ³	0	0.35	1.11
Ground water ⁴	240.73	267.75	289.56
Supplied by third-parties (purchased) ⁵	37.81	57.94	77.39
Total water withdrawn⁶	278.54	326.05	368.06

1. Natura does not have operations in locations considered to be subject to water stress.
2. Actual water consumption at all the Natura Brazil sites is measured by on site equipment, based on the source described in the withdrawal permit. We use the data declared by the third-party suppliers who manufacture finished products for Natura.
3. Rainwater harvested at Ecoparque and NASP.
4. Includes the following locations: Cajamar, Ecoparque, Itupeva Hub and the distribution centres in Canoas (RS), Uberlândia (MG), Castanhal (PA), Jaboatão dos Guararapes (PE) and the third-party suppliers with the highest business volumes.
5. Supply from public utility network at NASP, in the Simões Filho, Matias Barbosa and São Paulo distribution centres, as well as suppliers.
6. We do not have detailed information for the operations in Latin America and for the third-party suppliers in these countries.

GRI 303-5 Change in water storage if water storage has been identified as having a significant water-related impact (m³)

	2017	2018	2019
Water stored at the beginning of the reporting period	684	487	610
Water stored at the end of the reporting period	487	428	854
Change in water storage	-197	-59	244

Water sources significantly affected by withdrawal of water GRI 303-2

The minimum standards adopted for effluent discharge are based on Conama Resolution 430/2011, which operates on a federal level taking into account the classification of water bodies in each region. With the exception of the minimum BOD value at Ecoparque, stipulated at 70 mg/l as a condition in the operating license.

Waste and effluents

Water discharge (discriminated by quality and disposal) and water bodies affected by water discharges and/or drainage GRI 103-2, 103-3, 303-4

Total volume of water discharged, by destination (MI)	2017	2018	2019
	All areas	All areas	All areas
Surface waters	187.48	234.60	204.98

Environmental management

Waste and effluents (cont'd)

Water discharge (discriminated by quality and disposal) and water bodies affected by water discharges and/or drainage GRI 103-2, 103-3, 303-4

Treated effluent in Cajamar (mg/l)	2017	2018	2019
BOD ¹	10.53	9.73	24.00
COD ²	56.67	62.72	43.00
Oils and grease	15.78	16.10	10.00

Treated effluent Ecoparque (mg/l)	2017	2018	2019
BOD ¹	5.20	6.60	7.00
COD ²	30.70	54.90	41.00
Oils and grease	5.00	5.00	5.00

1. BOD: Biological oxygen demand.
2. COD: Chemical oxygen demand.

GRI 303-4 Suppliers with effluent discharge-related impacts who implemented minimum standards for the quality of their discharges

	2017	2018	2019
Suppliers with related impacts ¹	12	19	31 ²
Suppliers with effluent related impacts who implemented minimum standards for the quality of their discharges ³	6	10	10
Percentage ⁴	50%	53%	32%

1. Equal to total of deviations (non-conformances and opportunities for improvement) in I (indefeasible) and IRL (Legal) aspects of effluent discharges of active suppliers audited during the year.
2. The increase in number of suppliers is due to the internationalisation process at Natura and the new sales channels, such as stores and e-commerce.
3. Equal to the number of active suppliers audited during the year, with effluent discharges classified as non-conformances and opportunities for improvement whose action plan was concluded.
4. Data take into account global information (Brazil and the International Operations).

Waste, discriminated by type and disposal method GRI 103-2, 103-3, 306-2

Indirect waste (t)	2017	2018	2019 Total	2019 Brazil	2019 Operations in Latin America
Class I waste – Natura installations ¹	5,062	1,396	2,160	2,160	0
Non-hazardous waste – Natura installations ¹	7,677	9,294	9,912	8,765	1,147
Other Natura installations ²	1,135	1,326	2,396	1,270	1,127
Natura third-party manufacturers ³	866	1,037	1,237	885	352
Total	14,740	13,054	15,706	13,080	2,626

1. Refers to the facilities at Cajamar, Ecoparque, NASP+SP DC and the Itupeva Hub. In this indicator Natura does not report the waste generated in civil construction works (rubble) undertaken at its facilities.
2. Refers to the distribution centres, with the exception of the São Paulo depot.
3. This refers to the six largest third-party manufacturers.

Transport of hazardous waste GRI 103-2, 103-3, 306-4

Waste per unit produced ¹	2017	2018	2019 Total	2019 Brazil	2019 Operations in Latin America
	25.93	22.06	23.8	20.68	103.11

1. The waste/unit produced indicator is the sum of all Natura's direct and indirect waste, in grams, divided by the total of units produced directly and indirectly by Natura.

Environmental management

Waste and effluents (cont'd)

Waste by type and disposal method GRI 103-2, 103-3 306-2

Disposal of hazardous waste – class I (%) ¹					
Destination	2017	2018	2019 Total	2019 Brazil	2019 Operations in Latin America
% recovery (including energy recovery)	46.30	96.77	96.29	96.29	22.22
% incineration (mass burn)	53.70	3.05	3.71	3.71	0.00
% landfill ²	0.00	0.18	0.00	0.00	77.78

1. Disposal determined and controlled by the Natura Environment department, in accordance with the type of waste. The sorting and transportation is undertaken by a service provider installed in our units. Final disposal is undertaken in accordance with legal requirements.

2. Disposed of in landfills appropriate for this type of waste.

Disposal of non-hazardous waste					
Destination	2017	2018	2019 Total	2019 Brazil	2019 Operations in Latin America
% recycling ¹	91.25	94.34	94.12	93.73	97.55
% incineration (mass burn)	3.15	0.25	1.97	2.19	0.00
% landfill	5.60	5.40	3.91	4.08	2.45

1. Composting, co-processing and recycling processes are all considered to be types of waste recycling.

Transport of hazardous waste GRI 103-2, 103-3, 306-4

Hazardous waste transported (t) ¹	2017	2018	2019 Total	2019 Brazil	2019 Operations in Latin America
	5,062	1,626	2,160	2,160	0

1. Natura does not import, export or transport waste internationally.

Biodiversity

Operating units inside or adjacent to protected areas or areas with a high biodiversity rates¹ GRI 304-1

Classification	Cajamar	Ecoparque	NASP/ SP DC
Geographical location	City of Cajamar (SP)	City of Benevides (PA)	City of São Paulo (SP)
Surface and underground areas owned, rented or administered by the organization	Own area	Own area	Rented area
Position in relation to protected area	Permanent protection area inside the unit (areas close to Juqueri River and a spring)	Permanent protection area inside the unit (areas close to a tributary of the Benfca River and a spring)	ZIP (Primarily industrial zone)
Type of operation	Administrative and industrial cosmetics production cosméticos	Administrative and industrial production of basic soap mass and toilet soap	Administrative and logistics with warehousing and distribution of cosmetics
Size of operational unit (m ²)	646,000 m ²	1,729,000 m ²	111,700 m ²
Biodiversity value in accordance with protection status listing ²	Permanent protection area	Permanent protection area	Not Applicable

1. There are no preservation areas in our distribution centres because they are located in condominiums in industrial zones. In Brazil, the distribution centres are located in rented areas, housing administrative, logistics and distribution activities related to cosmetics in the following cities: Jaboatão dos Guararapes (PE); Simões Filho (BA); Castanhal (PA); Mathias Barbosa (MG); Uberlândia (MG); and C anoas (RS) – the last one was deactivated in 2019.

2. Information about the value of biodiversity and the type of ecosystem in the areas is not available.

Environmental management

Biodiversity (cont'd)

IUCN Red List species and national conservation list species with habitats in areas affected by operations GRI 304-4

Brazilian biodiversity vegetable species that are used by Natura and are on the red lists were taken into account. In addition to conservation projects for the most critical species, the company implements conservationist practices for all species to promote sustainable usage. In addition to non-timber related forestry stewardship with techniques to enrich production areas,

we promote the adoption of agroforestry systems and agro-ecological production to encourage the conservation of natural resources and species threatened with extinction. In 2018, Natura was granted international UEFT (Union for Ethical Bioproducts) certification, which attests to the traceability and the application of best practices in the production of these raw materials.

Environmental compliance

Non-compliance with social and economic laws and regulations GRI 103-2, 103-3, 307-1

There were no significant fines or non-monetary sanctions

related to environmental questions. Natura considers significant fines to be ones in excess of R\$ 5 million or that represent medium to high risk for the company's image.

Red lists and criteria for species threatened with extinction¹

Species of Brazilian biodiversity present in Natura product lines	MMA	IUCN	CITES
Ucuuba – <i>Virola surinamensis</i>	Vulnerable	In danger	x
Brazil nut – <i>Bertholletia excelsa</i>	Vulnerable	Vulnerable	x
Andiroba – <i>Carapa guianensis</i>	x	Least concern	x
Priprioca – <i>Cyperus articulatus</i>	x	Least concern	x
Guaçatonga – <i>Casearia sylvestris</i>	x	Least concern	x
Jatobá – <i>Hymenaea courbaril</i>	Least concern	Least concern	x
Sapucainha – <i>Carpotroche brasiliensis</i>	x	Least concern	x

1. The red lists of the IUCN (International Union for Conservation of Nature and Natural Resources) and the Brazilian Ministry of the Environment (MMA), as well as the Cites (Convention on International Trade in Endangered Species of Wild Fauna and Flora) data bank were considered in relation to traceability.

List:

<http://www.iucnredlist.org>

<https://cites.org/sites/default/files/eng/app/2019/E-Appendices-2019-11-26.pdf>

<http://www.floradobrasil.jbrj.gov.br/reflora/listaBrasil>

http://cncflora.jbrj.gov.br/portal/static/pdf/portaria_mma_443_2014.pdf

<http://www.mma.gov.br/biodiversidade/especies-ameacadas-de-extincao/flora-ameacada>

list of threatened species of flora_Ruling n° 443, December 17, 2014

Natura Beauty Consultants

Training

For the 2019 highlights, see the text on training for consultants on page 55.

Number of consultants in training – Brazil (units)	2017	2018	2019
New consultants	457,837	408,262	457,472
Initial training¹	180,422	127,662	27,706
Participation in training courses²	6.5	16.2	13.4
Consultants trained by subject³	310,496	178,919	268,716
Percentage of single consultants trained (penetration)⁴	24%	15%	23%
Total training sessions conducted NCs⁵	2,020,587	2,895,479	3,592,006

1. Previously, the initial training was face to face. As a result of the new role of the Business Manager, they no longer conduct this training which is now done online. The number presented in 2019 refers to training conducted from cycle 09/2019, when new digital content was released.

2. Number of digital conclusions and attendances recorded in training sessions divided by the number of single consultants trained.

3. Participation of the same consultant in different training courses.

4. Number of single consultants trained divided by the average number of consultants registered in the year.

5. Training courses taken by the same consultant, number of digital courses concluded and number of consultants attending face to face training sessions.

Number of consultants in training ¹ – Operations in Latin America (unit)	2017	2018	2019
Argentina	9,272	9,826	10,980
Chile	4,584	3,955	3,463
Colombia	8,426	5,653	6,268
Peru	10,291	5,643	5,341
Total Latin America	32,573	25,077	26,052

1. This indicator presents the average number of consultants trained per cycle, without repetition and without discriminating the medium of training (face to face or digital) or the subject.

Suppliers

Negative environmental impacts in the supply chain and actions taken GRI 308-2

In 2019, a new supplier management software was brought into operation. This modified the classification of levels of criticality for some suppliers and affected the indicators for previous years. The new sales channels, such as stores and e-commerce, as well as ongoing international expansion, led to an increase in the supplier base.

In accordance with the eligibility criteria in internal procedures, new suppliers are subject to an audit whose scope includes environmental and social criteria. The overall result of this audit is what is taken into account in contracting new suppliers (*further information about supplier selection on page 155*).

Suppliers screened for environmental impacts	2017	2018	2019
Suppliers screened for environmental impacts	239	280	415
Suppliers identified as having significant actual and potential negative environmental impacts	96	165	134
Significant actual and potential negative environmental impacts identified in the supply chain	140	211	227
Suppliers identified as having significant actual and potential environmental impacts, with whom improvements were agreed as a result of the assessment	45	60	46
Percentage of suppliers identified as having significant actual or potential negative environmental impacts, with whom improvements were agreed as a result of the assessment	46.9%	36.4%	34.3%
Suppliers identified as having significant actual and potential environmental impacts, with whom relations were ended as a result of the assessment	0	0	0
Percentage of suppliers identified as having significant actual or potential negative environmental impacts, with whom relations were ended as a result of the assessment	0%	0%	0%

1. With the new management system and the reclassification of suppliers, records were updated to maintain comparability. Data refers to the operation in Brazil and the International Operations.

Suppliers

Negative social impacts in the supply chain and actions taken GRI 414-2

As with the assessment of environmental impacts, the analysis of negative social effects in the supplier chain was influenced by the change in management and the increase in the supplier base due to the new sales channels, such as stores and e-commerce, and international expansion.

The deviations observed represent potential risks principally associated with the management of internal conduct and/or the adequate dissemination of the Natura Supplier Code of Conduct. This question is audited due to Natura's

concern with guaranteeing an integral supply chain adherent to the company's requirements and guidelines. In 2018, the supplier assessment process was complemented by consulting transparency portals for suppliers in Brazil and regulatory authorities for each country for the international operations.

Selection depends on fulfilment of requirements related to commitments to ethical conduct (code or declaration of ethical conduct and dissemination to employees); commitments to human and labour rights and compliance with pertinent legislation.

GRI 414-1 Percentage of new suppliers that were screened using social criteria

	2017	2018	2019
Bio qlicar assessment	3.97%	4.05%	4.33%
New supplier communities	3.03%	8.82%	5.41%

Suppliers screened using social criteria	2017	2018	2019
Suppliers screened using social criteria	239	280	415
Suppliers identified as having significant actual and potential social impacts	143	192	149
Significant actual or potential negative social impacts identified in the supply chain	218	290	245
Suppliers identified as having significant actual or potential negative social impacts, with whom improvements were agreed as a result of the assessment	55	70	51
Percentage of suppliers identified as having significant actual or potential negative social impacts, with whom improvements were agreed on as a result of assessment	38.46%	36.46%	34.23%
Number of suppliers identified as having significant actual or potential negative social impacts, with whom relations were terminated as a result of assessment	0	0	0
Percentage of suppliers identified as having significant actual or potential negative social impacts, with whom relations were terminated as a result of assessment	0%	0%	0%

Society

Consumer health and safety

Assessment of the health and safety impacts of product and service categories GRI 416-1

All of the products commercialised by Natura are assessed to promote improvements related to impacts on consumer health and safety.

Formulations only use safe ingredients in line with the most up to date scientific criteria, and are fully compliant with pertinent international legislation. In many cases, we exceed the requirements of the legislation in force. The company has definitively banned the use diverse controversial ingredients from its portfolio, the case of triclosan, parabens and phthalates.

Other ingredients banned by Natura are:

- 5-Bromo-5-Nitro-1,3-Dioxane
- Formaldehyde

- Bronopol
- Parabens
- Diazolidinyl Urea
- Dimethyl Oxazolidine
- Glutaral
- Methylidibromo Glutaronitrile
- Phenylmercury
- Triclosan
- Quaternium-15
- Thimerosal
- Musk Xylene
- Phthalates
- Octamethylcyclotetrasiloxane (D4)
- Isoamyl p-Methoxycinnamate
- Polyethylene terephthalate
- Polyaminopropyl biguanide

(Further information on consumer safety on page 84).

Incidents of non-compliance concerning the health and safety impacts of products and services

In 2019, Natura did not receive any fines or sanctions for the violation of laws and regulations related to the supply and use of

products and services, to product labelling or to putting customer health and safety at risk.

Requirements for product and service information and labelling GRI 417-1

Natura products contain information about how they should be used, as well as about socioenvironmental impacts, guidance on

how to dispose of the product, indication of the number of times the pack may be reused; labelling meets all legal requirements.

Support and sponsorship actions GRI 203-1

Our support and sponsorship strategy is focused on connecting us with society, building bridges for dialogue and conveying messages aligned with our Essence and our brand positioning. Valuing music in culture continues to be an important investment front, with the celebration of the 15th anniversary of Natura Musical (*further information on page 147*).

Another important front is the strengthening of civic organisations, in which we focus investments on bodies that help us to build collaborative networks and dialogue in areas such as ethics, sustainability, innovation and diversity. Examples of this support are events such as Sustainable Brands and the organisations CEBDS (Conselho Empresarial

Brasileiro para o Desenvolvimento Sustentável) and Instituto Ethos. With Ethos, we supported two regional editions of the Ethos Conference, in Belém (Pará), for the third time, and in Recife (Pernambuco), which hosted the meeting for the first time. The purpose of our support was to give voice to the leaders in our networks involved in combating climate change and, especially, in conserving the Amazon.

On a global level, by means of the Natura &Co group, our investments were concentrated on connecting the company with society on a global level. Particularly worthy of note in this area were the Global Compact, the World Business Council for Sustainable Development (WBCSD) and the International Chamber of Commerce (ICC).

Investments undertaken with Natura funds (R\$ thousands)	2017	2018	2019
Brazilian music	6,706	7,212	8,024
Fashion	2,845	0	0
Strengthening of civil society organizations	552	817	957
Investments via tax incentives (R\$ thousands)	2017	2018	2019
Brazilian music	2,751	3,710	5,900
Total private and tax incentive funds	12,854	11,739	14,881

Society

Leadership and social influence GRI 102-12, 102-13

Through industry associations, in 2019 Natura was active in the public sphere in questions related to sustainability, in particular in the implementation of the Biodiversity legal framework, in defence of the Pan-Amazon region and in the debate on banning animal testing. Other key topics during the year were the strengthening of direct selling, female entrepreneurship, innovation and diversity, in addition to tax-related questions.

Active institutional representation was concentrated on the committees of the direct selling association ABEVD (Associação das Empresas de Vendas Diretas): Legal and Tax Affairs, Institutional Affairs, Communication and Research. These movements reinforce our belief in relationships and the direct selling model as the basis of our business. The 2nd National Direct Selling Congress, promoted by the ABEVD in Brazil, was aimed at strengthening the sector and represented an opportunity to share our experience related to the revitalisation of relationship selling, a model that stimulates enterprise, empowers our network and generates better results and prosperity for all involved.

We are also extremely active in the working groups of the CFT sector association ABIHPEC (Associação Brasileira da Indústria de Higiene Pessoal, Perfumaria e Cosméticos). The main working groups in which the company participates are: Environment, Tax, Regulatory, Labour Relations, Overseas Trade and Communication, in addition to their respective sub-groups.

Natura maintains an active representation in the Instituto Ethos (Instituto Ethos de Empresas e Responsabilidade Social) focused on areas such as sustainability, ethics, integrity and transparency. We are on the Ethos Board and Steering Council, as well as participating in the Climate, Companies and Human Rights, Integrity and Anti-corruption working groups.

The Natura Sustainability director, Denise Hills, is a member of the board of the UN Brazilian Global Compact Committee. The vice president of Marketing, Innovation and Sustainability, Andrea Alvares, is on the CEBDS (Conselho Empresarial Brasileiro de Desenvolvimento Sustentável) Leaders' Committee, on the WBCSD (World Business Council for Sustainable Development) executive committee and participated in the Business for Nature coalition and the Global Environment Fund (GEF).

We also monitor and participate in the discussions taking place among companies in the B System. In the Movimento Mulher 360º, we take part in the dialogues among associates and the meetings of the Board of Directors.

Natura participates in the national industry association CNI (Confederação Nacional da Indústria) forums on the environment, taxes and overseas trade. The company participates in the Amcham Brasil Government Relations Committee and the CEOs Brazil-USA agendas. The Natura CEO, João Paulo Ferreira, attended the CEOs Brazil-USA

Forum, participating in the session held in Washington (USA), in which he presented Natura's performance in sustainability and in the generation of positive impact in the rounds of trade talks between the two countries.

Also as part of the international public agenda, the Natura &Co executive chairman, Roberto Marques, attended the UN Climate Week, held in the United Nations headquarters in New York (USA).

Our co-founders are also board members of diverse associations. Pedro Passos is a board member of Iedi (Instituto de Estudos para o Desenvolvimento Industrial) and a member of the CNI's MEI (Mobilização Empresarial pela Inovação) Business Leaders Committee. Guilherme Leal is part of the B Team, a global group of leaders for social, environmental and economic transformation, and is a member/curator of the Instituto Ethos. Since 2018, Leal has been on the UN Global Compact board, the highest governance body responsible for defining strategies and policies for the initiative.

There is a listing of the main organisations with which we are connected on pages 172-174.

About the report

Natura will be a group of global brands, identified with the community of people committed to building a better world

The world of Ivone, 48, is made of strong women. Who believe that valuing local culture is a way to generate income and prosperity. Ivone has been a Natura Beauty Consultant for 18 years. For 25 years she has been a volunteer in initiatives that promote the autonomy of women in Soure (Pará)

About the report

The 2019 Natura Annual Report presents the company's principal economic-financial and socioenvironmental results for the year. The publication is aligned with the Global Reporting Initiative (GRI), a methodology for communicating sustainability that we have adopted since 2001. This Annual Report was prepared in accordance with the GRI Standards Comprehensive option.

GRI 102-50, 102-51, 102-52, 102,54

The content of the publication, which covers the period from January 1 to December 31, 2019, was defined based on the commitments assumed in Natura's 2050 Vision, as well as the topics deemed most relevant for the business and the company's stakeholders, set forth in our materiality matrix (further information ahead). The Annual Report also provides data relative to our communication of progress in the principles of the United Nations (UN) Global Compact, an initiative to which we are signatories. **GRI 102-46**

The most part of the socioenvironmental information refers to the Natura operations in Brazil and in Latin America. Any exceptions are explained together with the specific data. The financial information covers all the Natura operations. Any changes compared with the data reported in previous years or alterations in the calculation bases and measurement techniques are informed throughout the content of the report. As in previous years, the GRI content summary only presents the most relevant (material) disclosures for the integrated management of the business. In a specific section

at the end of the publication, we include other GRI information and specific information related to the company (Complementary disclosures). **GRI 102-48, 102-49**

The disclosures in the 2019 Natura Annual Report are overseen by the Vice President of Marketing, Innovation and Sustainability and by the CEO of the company, by means of the Corporate Affairs area. The document was submitted to external assurance by KPMG.

GRI 102-32, 102-56

Any doubts, comments or requests for additional information about the Annual Report may be addressed to relatorioanual@natura.net. We also respond to comments about our performance and our management practices in our social network profiles and in meetings with stakeholder groups. **GRI 102-53**

Communication of Natura &Co results

The economic-financial data of the Natura &Co group, which until the end of 2019 comprised Natura, Aesop and The Body Shop, were disclosed in the Management Report, published in the March 6th, 2020 edition of the newspaper *Valor Econômico*. As part of the results disclosure process, the group also published a printed report, with the main highlights for 2019.

It should be mentioned that the Natura &Co group continues to study the feasibility of preparing and disclosing an integrated document covering the financial and socioenvironmental performance of all its companies – at the beginning of 2020, Avon became part of the group.
GRI 102-45, 102-48

Definition of material topics

GRI 102-40, 102-42, 102-43, 102-47

We maintain different processes for communicating with and engaging our main stakeholder groups – many of which are described in the Every Person Matters section of the report (from page 41). Periodically, we involve stakeholders in the definition of the priority topics that should be incorporated into the integrated management of the business. The most recent process was conducted in 2014 and engaged co-workers, consultants, customers, suppliers, supplier communities and representative of the communities around our sites, as well as Natura leaders and some of our shareholders. More than 4,200 online questionnaires were answered, complemented by 40 personal and telephone interviews and a discussion panel with 18 participants from different stakeholder groups.

Six topics were defined in this process: water, education for the development of employees and consultants, climate change, waste, transparency and origin of products and valuing social biodiversity. Since then, we have continued to listen to our stakeholder groups and have accompanied the main global discussions and trends concerning sustainability. In 2018, we formally included another two

priority topics already addressed in the company's 2050 Sustainability Vision and in management processes in the materiality matrix. These are: diversity and equality and generation of work and income. In the following table, we present a description of the company's material topics and their main impacts.

In 2019, we sought to relate the eight material topics in the matrix to the three causes established by Natura – Standing Forest, More Beauty, Less Waste and Every Person Matters (further information on page 41). We also decided to postpone updating our materiality matrix, initially scheduled for 2019. At that time, it was our understanding that it would be more effective to conduct a new consultation process after concluding the consolidation of the Natura &Co group, which will enable us to reflect a more integrated vision of the group, as well as to consider the 2020-2030 commitments assumed by the four Natura &Co companies.

GRI 103-1

Materiality
GRI 102-43, 102-44, 102-46, 102-47, 103-1

Material topic	Description	Where it occurs [103-1]	Related aspects and disclosures	Correlation with the SDGs
Water	Relative reduction of water consumption and pollution throughout the value chain and neutralisation of water impact.	_Water sources and environment _Supplier communities _Operational units _Society in general _Consumers (use and post-consumer disposal)	_Water _Effluents and waste GRI 103-1, 103-2 and 303-3	SDG 6. Clean water and sanitation
Diversity and equality	Progress in promoting equality in the work environment, in particular concerning gender and women's participation in leadership.	_Co-workers	_Diversity and equality of opportunities GRI 405-1, 405-2	SDG 5. Gender equality SDG 8. Decent work and economic growth SDG 10. Reduction in inequalities
Education for the development of co-workers and consultants	Development of the consultant network and co-workers, including measures to promote improvements in public education.	_Natura Beauty Consultants _Co-workers _Instituto Natura _Society in general	_Indirect economic impacts; _Training and education GRI 203-1, 203-2, 404-1 and 404-3	SDG 4. Quality Education
Generation of work and income	Support for the development of Natura consultants and supplier communities	_Natura Beauty Consultants _Supplier communities	_Indirect economic impacts; GRI 203-1, 203-2	SDG 1. Eradication of poverty SDG 5. Gender equality SDG 8. Decent work and economic growth SDG 10. Reduction in inequalities
Climate change	Reduction in greenhouse gas emissions throughout the value chain and neutralisation by means of projects that drive social benefits.	_Suppliers _Freight haulage operators _Operational units _Environment	_Economic performance _Emissions. GRI 201-2, 305-1, 305-2, 305-3, 305-4, 305-5 and 305-6	SDG 13. Combating climate change
Waste	Development of lower environmental impact packaging that promotes conscious consumption.	_Product conception _Operational units (zero dejects) _Freight haulage operators _Recyclable material cooperatives _Consumers (post-consumer disposal) _Environment	_Materials _Effluents and waste _Products and services GRI 301-2, 306-2 and 301-3	SDG 12. Responsible consumption and production
Transparency and product origin	Expanding visibility of business practices and product origin.	_Supplier chain _Supplier communities _Operational units _Corporate management _Consumers	_Supplier environmental assessment _Supplier assessment for labour practices _Supplier assessment for human rights _Supplier assessment for impacts on society _Product and service labelling _Products and services GRI 102-9, 308-1, 414-1 and 417-1	SDG 12. Responsible consumption and production
Valuing social biodiversity	Promoting sustainable businesses through the use of products and services mainly from the Pan-Amazon region.	_Product conception _Supplier communities _Procurement policies _Consumers _Pan-Amazon region	Economic performance _Indirect economic impacts _Biodiversity _Local communities _Child labour _Forced or slave labour _Supplier assessment in human rights _Grievance and complaint mechanisms concerning human rights _Products and services GRI 201-1, 201-2, 203-1, 203-2, 304-1, 304-2, 413-1, 408-1, 409-1, 414-1 and 103-2	SDG 15. Life on land



The GRI SDG Mapping Service verified that the disclosures included in the Content Summary are correctly mapped against the SDGs (Sustainable Development Goals). This verification was conducted in the Portuguese version of this report.

GRI content index **GRI 102-55**

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 101: Foundation 2016	No disclosures				

Standard disclosures

Organizational profile

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 102: Standard disclosures 2016	102-1 Name of organization	27			
	102- 2 Activities, brands, products and services	27			
	102-3 Location of headquarters	27			
	102-4 Location of operations	27			
	102 -5 Ownership and legal form	162			
	102-6 Markets served	27			
	102 -7 Scale of organization	27, 53, 177			
	102 -8 Information about employees and other workers	27, 177			8
	102-9 Supply chain	27, 154-155			
	102-10 Significant changes in the organization and its supply chain	There were no significant changes in terms of location, operation and supply chain.			
	102-11 Precautionary principle or approach	84			
	102-12 Initiatives developed externally	172, 196			
	102-13 Participation in associations	172, 196			

Strategy

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 102: Standard disclosures 2016	102-14 Declaration from senior decision maker	19			
	102-15 Main impacts, risks and opportunities	167			

Ethics and integrity

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 102: Standard disclosures 2016	102-16 Values, principles, standards and norms of behaviour	4		16	
	102-17 Mechanisms for advice and concerns about ethics	170		16	

Governance

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact	
GRI 102: Standard disclosures 2016	102-18 Governance structure	162				
	102-19 Delegating authority	162				
	102-20 Executive-level responsibility for economic, environmental and social topics	162				
	102-21 Consulting stakeholders on environmental and social topics	162			16	
	102-22 Composition of the highest governance body and its committees	165			5, 16	
	102-23 Chair of the highest governance body	162			16	
	102-24 Nominating and selecting the highest governance body and its committees	There are no specific diversity criteria for selecting members, but inclusion and equality are valued and are a focus of specific Natura policy. The company has as a target 50% women in executive leadership positions by 2020. Read more on pages 162 and 164.			5, 16	
	102-25 Conflicts of interest	We value best corporate governance practices. All decisions about operations are submitted to senior management, in accordance with the competencies established in the company by laws.			16	

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
		In the event of a potential conflict of interest between a question under analysis and a member of our decision making bodies, we comply with corporate legislation whereby the respective member abstains from voting, with the decision being taken by the other members who have no connection with the matter in question. Further information may be found in our Reference Form .			
	102-26 Role of highest governance body in setting purpose, values and strategy	162, 165			
	102-27 Collective knowledge of highest governance body	165		4	
	102-28 Evaluating the highest governance body's performance	164			
	102-29 Identifying and managing, economic, environmental and social impacts	165		16	
	102-30 Effectiveness of risk management processes	166			
	102-31 Review of economic, environmental and social topics	It is the function of the Executive Committee and the Board of Directors to monitor performance towards the Sustainability Vision, which addresses Natura's main socioenvironmental and business topics. However, there is no pre-established interval for monitoring by the board. Read more on pages 165 and 166.			
	102-32 Highest governance body's role in sustainability reporting	198			
	102-33 Communicating critical concerns	The board members analyse Natura's quarterly and annual management reports, which include the main socioenvironmental indicators considered relevant for the company. Board members also analyse the definition and review of strategic planning, expansion projects and investment programmes,			

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
		risk management and profit share plan payouts to Natura co-workers.			
	102-34 Nature and total number of critical concerns	The board members analyse Natura's quarterly and annual management reports, which include the main socioenvironmental indicators considered relevant for the company. Board members also analyse the definition and review of strategic planning, expansion projects and investment programs, risk management and profit share plan payouts to Natura employees. Read more on page 167.	The critical concerns that are not described are related to strategic information which is restricted to senior management and the Board of Directors.		
	102-35 Remuneration policies	Our senior management remuneration policy and practices are set forth in item 13 of our Reference Form.			
	102-36 Processes for determining remuneration	Our senior management remuneration policy and practices are set forth in item 13 of our Reference Form.			6
	102-37 Stakeholders' involvement in remuneration	Our senior management remuneration policy and practices are set forth in item 13 of our Reference Form.		16	
	102-38 Annual total compensation ratio	179	Natura does not disclose this information because it is considered to be confidential.		
	102-39 Percentage increase in annual total compensation ratio		Natura does not disclose this information because it is considered to be confidential.		

Stakeholder engagement

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 102: Standard disclosures 2016	102-40 List of stakeholder groups	199			

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
	102-41 Collective bargaining agreements	All employees are covered by collective agreements, which are coordinated by the Human Resources area and comply with the standards and limits set forth in local legislation.		8	
	102-42 Identifying and selecting stakeholders	199			
	102-43 Approach to stakeholder engagement	144, 147, 156, 181, 199			
	102-44 Key topics and concerns raised	56, 102, 144, 147, 156			

Reporting practice

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 102: Standard disclosures 2016	102-45 Entities included in the consolidated financial statements	199			
	102-46 Defining report content and topic boundaries	198			
	102-47 List of material topics	199			
	102-48 Restatements of information	198-199			
	102-49 Changes in reporting	198			
	102-50 Reporting period	198			
	102-51 Date of most recent report	198			
	102-52 Reporting cycle	198			
	102-53 Contact point for questions regarding the report	198			
	102-54 Claims of reporting in accordance with the GRI Standards	The report was prepared in accordance with the Comprehensive option of GRI Standards.			
	102-55 GRI Content Index	202-216			
102-56 External assurance	198, 217				

Material topics

Economic performance

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 201: Economic performance 2016	103-2 Management approach and its components	32		1, 5, 8, 16	
	103-3 Evaluation of management approach	32			
	201-1 Direct economic value generated and distributed	34		2, 5, 7, 8, 9	
	201-2 Financial implications and other risks and opportunities due to climate change	167-168		13	7, 8, 9
	201-3 Obligations of the defined-benefit and other pension plans		Not applicable. Since this disclosure does not significantly impact Natura's business, it has not been taken into account since 2018		
	201-4 Financial assistance received from government		Not applicable. Since this disclosure does not significantly impact Natura's business, it has not been taken into account since 2018.		7, 8, 9

Indirect economic impacts

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	97, 137, 148, 150			
	103-3 Evaluation of management approach	97, 137, 148, 150			
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	94, 97, 99, 137, 148, 150, 151, 153, 195		2, 5, 7, 9, 11	1, 7, 8, 9
	203-2 Significant indirect economic impacts	54, 97, 98, 99		1, 2, 3, 8, 10, 17	

Procurement practices

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	152-153			
	103-3 Evaluation of management approach	152-153			
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers in important units of the operation	152-153		12	

Anti-corruption

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	183			
	103-3 Evaluation of management approach	183			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	183		16	10
	205-2 Communication and training about anti-corruption policies and procedures	184		16	10
	205-3 Confirmed cases of corruption and measures taken	184	Confidential information: the company considers the nature of the cases investigated to be confidential.	16	10

Anti-competitive behaviour

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	185			
	103-3 Evaluation of management approach	185			
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	185		16	

Materials

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	107-108, 110			
	103-3 Evaluation of management approach	107-108, 110			
GRI 301: Materials 2016	301-1 Materials used by weight or volume		Not applicable. This disclosure has not been reported since 2018 because the real impact of this topic for Natura is reflected in the disclosures GRI 301-2 and GRI 301-3.	8, 12	7, 8, 9
	301-2 Recycled input materials used	108-109		8, 12	7, 8, 9
	301-3 Reclaimed products and their packaging materials	110		8, 12	7, 8, 9

Energy

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	186-187			
	103-3 Evaluation of management approach	186-187			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	186-187		7, 8, 12, 13	7, 8, 9
	302-2 Energy consumption outside of the organization	186-187		7, 8, 12, 13	7, 8, 9
	302-3 Energy intensity	188		7, 8, 12, 13	7, 8, 9
	302-4 – Reduction of energy intensity		Not applicable. This disclosure has not been deemed applicable since 2018 because of Natura's focus on the reduction of energy intensity and the diversification of renewable sources.	7, 8, 12, 13	7, 8, 9
	302-5 Reduction of energy consumption		Not applicable. This disclosure has not been deemed applicable since 2018 because of Natura's focus on the reduction of energy intensity and the diversification of renewable sources.	7, 8, 12, 13	7, 8, 9

Water

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			7, 8, 9
	103-2 Management approach and its components	123, 189			7, 8, 9
	103-3 Evaluation of management approach	123, 189			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource compartilhado	123, 188, 189			7, 8, 9
	303-2 Management of water discharge related impacts	189			7, 8, 9
	303-3 Total water withdrawal	189			7, 8, 9
	303-4 Water discharge	189-190			7, 8, 9
	303-5 Water consumption	188-189			7, 8, 9

Biodiversity

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	92, 95			

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
	103-3 Evaluation of management approach	92, 95			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	191		6, 14, 15	7, 8, 9
	304-2 Significant impacts of activities, products, and services on biodiversity		Not applicable. This disclosure has not been deemed applicable since 2018 because biodiversity has a more relevant impact for Natura in its supplier chain.	6, 14, 15	7, 8, 9
	304-3 Habitats protected or restored		Not applicable. This disclosure has not been deemed applicable since 2018 because biodiversity has a more relevant impact for Natura in its supplier chain, which is already monitored	6, 14, 15	7, 8, 9
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations organização	192		6, 14, 15	7, 8, 9

Emissions

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	114			
	103-3 Evaluation of management approach	114			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	117-118		3, 12, 13, 14, 15	7, 8, 9
	305-2 Energy indirect (Scope 2) GHG emissions	117-118		3, 12, 13, 14, 15	7, 8, 9
	305-3 Other indirect (Scope 3) GHG emissions	117-118		3, 12, 13, 14, 15	7, 8, 9
	305-4 GHG emissions intensity	117		13, 14, 15	7, 8, 9
	305-5 Reduction in GHG emissions	118, 120		13, 14, 15	7, 8, 9
	305-6 Emissions of ozone-depleting substances (ODS) camada de ozônio (SDO)	186		3, 12, 13	7, 8, 9
	305-7 NOx, SOx and other significant atmospheric emissions atmosféricas significativas	186		3, 12, 13, 14, 15	7, 8, 9

Effluents and waste

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	190			
	103-3 Evaluation of management approach	190			
GRI 306: Effluents and waste 2016	306-1 Water discharge by quality and destination		Not applicable. In this cycle Natura adhered to the 2018 version of the GRI water and waste protocol, understanding that this topic is covered broadly in the specific 303 topics.		
	306-2 Waste by type and disposal method	190-191		3, 6, 12	7, 8, 9
	306-3 Significant spills		Not applicable. In this cycle Natura adhered to the 2018 version of the GRI water and waste protocol, understanding that this topic is covered broadly in the specific 303 topics.		
	306-4 Transport of hazardous waste	190-191		3, 12	7, 8, 9
	306-5 Water bodies affected by water discharges and/or runoff		Not applicable. In this cycle Natura adhered to the 2018 version of the GRI water and waste protocol, understanding that this topic is covered broadly in the specific 303 topics.		

Environmental Compliance

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	192			
	103-3 Evaluation of management approach	192			
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	192		16	7, 8, 9

Supplier environmental assessment

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	155			
	103-3 Evaluation of management approach	155			
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	155			7, 8, 9
	308-2 Negative environmental impacts in the supply chain and actions taken	193			

Employment

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	179			
	103-3 Evaluation of management approach	179			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	179		5, 8	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		Not applicable. Since this disclosure does not significantly impact business it has not been taken into account since 2018. As to employees, the company has been investing in promoting diversity.	8	
	401-3 Parental leave	127, 179		5, 8	

Occupational health and safety

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	181-182			
	103-3 Evaluation of management approach	181-182			
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system		Not applicable. This topic does not impact Natura's business significantly. This aspect is mature in the company, which has opted to report only the disclosures that portray its performance in this respect.		
	403-2 Hazard identification, risk assessment and incident investigation	181			
	403-3 Occupational health services		Not applicable. This topic does not impact Natura's business significantly. This aspect is mature in the company, which has opted to report only the disclosures that portray its performance in this respect.		
	403-4 Worker participation, consultation, and communication on occupational health and safety		Not applicable. This topic does not impact Natura's business significantly. This aspect is mature in the company, which has opted to report only the disclosures that portray its performance in this respect.		
	403-5 Worker training on occupational health and safety		Not applicable. This topic does not impact Natura's business significantly. This aspect is mature in the company, which has opted to report only the disclosures that portray its performance in this respect.		
	403-6 Promotion of worker health	181			

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Not applicable. This topic does not impact Natura's business significantly. This aspect is mature in the company, which has opted to report only the disclosures that portray its performance in this respect.		
	403-8 Workers covered by an occupational health and safety management system	182			
	403-9 Work-related injuries	182			
	403-10 Work-related ill health		Not applicable. This topic does not impact Natura's business significantly. This aspect is mature in the company, which has opted to report only the disclosures that portray its performance in this respect.		

Training and education

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	133			
	103-3 Evaluation of management approach	133			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	133, 135		4, 5, 8	
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Regarding layoffs resulting from restructuring we provide co-workers with a special package to facilitate career transition. Further information on pages 134-135, 180		8	
	404-3 Percentage of employees receiving regular performance and career development reviews	180		5, 8	

Diversity and equality of opportunities

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	126, 178-179			
	103-3 Evaluation of management approach	126, 178-179			
GRI 405: Diversity and equality of opportunities 2016	405-1 Diversity of governance bodies and employees	126, 131, 132, 165		5, 8	
	405-2 Ratio of basic salary and remuneration of women to men	178		5, 8, 10	

Non-discrimination

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	185			
	103-3 Evaluation of management approach	185			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	185		5, 8, 16	6

Freedom of association and collective bargaining

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	182			
	103-3 Evaluation of management approach	182			
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	182		8	3, 6

Child labour

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	185			
	103-3 Evaluation of management approach	185			
GRI 408: Child labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	185			1, 5

Forced or compulsory labour

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	185			
	103-3 Evaluation of management approach	185			
GRI 409: Forced or compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	185		8	1, 5

Rights of indigenous peoples

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	97, 185			
	103-3 Evaluation of management approach	97, 185			
GRI 411: Rights of indigenous peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	97, 185		2	1, 2

Local communities

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	90, 103, 152			
	103-3 Evaluation of management approach	90, 103, 152			
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	90, 97, 153			
	413-2 Operations with significant actual and potential negative impacts on local communities	97, 153		1, 2	

Supplier social assessment

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	154			1, 2, 4, 5
	103-3 Evaluation of management approach	154			1, 2, 4, 5
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	155, 194			
	414-2 Negative social impacts in the supply chain and actions taken	194		5, 8, 16	

Public policy

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	185			
	103-3 Evaluation of management approach	185			
GRI 415: Public policy 2016	415-1 Political contributions	185		16	10

Consumer health and safety

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	83-84			
	103-3 Evaluation of management approach	83-84			
GRI 416: Consumer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	83-84, 195			7, 8, 9
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	195		16	7, 8, 9

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of material topic and its boundary	200-201			
	103-2 Management approach and its components	83			
	103-3 Evaluation of management approach	83			
GRI 417: Marketing and labelling 2016	417-1 Requirements for product and service information and labelling	83, 195		12, 16	7, 8, 9
	417-2 Incidents of non-compliance concerning product and service information	195		16	7, 8, 9
	417-3 Incidents of non-compliance concerning marketing communications		Not applicable. Since this disclosure does not significantly impact Natura's business, it has not been taken into account since 2018		

GRI Standard	Disclosure	Page	Omission	Sustainable Development Goals	Global Compact
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	200-201			
	103-2 Management approach and its components	185			
	103-3 Evaluation of management approach	185			
GRI 419: Socioeconomic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	185		16	



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Limited assurance report issued by independent auditors

To the Board of Directors, Shareholders and Stakeholders
Natura Cosméticos S.A.
 São Paulo - SP

Introduction

We have been engaged by Natura Cosméticos S.A. ("Natura" or "Company") to apply limited assurance procedures on the sustainability information disclosed in Natura's Annual Report 2019, related to the year ended December 31st, 2019.

Responsibilities of Natura's Management

The Management of Natura is responsible for adequately preparing and presenting the sustainability information in the Annual Report 2019 in accordance with the Standards for Sustainability Report of Global Reporting Initiative – GRI, as well as the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors' responsibility

Our responsibility is to express a conclusion about the information in the Annual Report 2019 based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council - CFC and equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information. These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the Natura's Annual Report 2019, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of Natura and other professionals of the Company involved in the preparation of the information disclosed in the Annual Report 2019 and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Annual Report 2019 taken as a whole could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the Annual Report 2019, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

- a. engagement planning: considering the material aspects for Natura's activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Natura's Annual Report 2019. This analysis defined the indicators to be checked in details;
- b. understanding and analysis of disclosed information related to material aspects management;
- c. analysis of preparation processes of the Annual Report 2019 and its structure and content, based on the Principles of Content and Quality of the Standards for sustainability report of the Global Reporting Initiative - GRI (GRI-Standards);
- d. evaluation of non-financial indicators selected:
 - understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
 - application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the Annual Report 2019;
 - analysis of evidence supporting the disclosed information;
 - visits to Cajamar's unit and to the corporate office for application of these procedures, and items (b) and (c);
- e. analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company;
- f. comparison of financial indicators with the financial statements and/or accounting records.

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Annual Report 2019.

KPMG Assurance Services Ltda., uma sociedade simples brasileira, de responsabilidade limitada, é uma entidade de fato integrante do grupo de trabalho de auditoria de KPMG rede de membros afiliados independentes e afiliados à IFAC (International Cooperative "KPMG Network"), uma entidade suíça.

KPMG Assurance Services Ltda., a Brazilian limited liability company and a member firm of the KPMG network of independent member firms affiliated with a KPMG Cooperative ("KPMG Network"), a Swiss entity.

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Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

Conclusion

Based on the procedures carried out, described earlier in this report, we have not identified any relevant information that leads us to believe that the information in the Annual Report 2019 of Natura is not fairly stated in all material aspects in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI- Standards), as well as its source records and files.

São Paulo, May 7th, 2020

KPMG Assurance Services Ltda.
CRC 2SP-023228/O-4

Eduardo V. Cipullo
Accountant CRC 1SP135597/O-6

KPMG Assurance Services Ltda., uma sociedade simples brasileira, de responsabilidade limitada, é firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

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3

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ART DIRECTION AND GRAPHIC DESIGN
Manuela Novais
Isabella Bianco Bortolani (intern)

COPY AND CONSULTING:
REPORT SUSTENTABILIDADE
Editing
Michele Silva

Reporting
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Special participation
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TRANSLATION TO ENGLISH
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