

A close-up photograph of tree bark, showing a rough, textured surface with various shades of brown and tan. The bark is layered, with some pieces peeling or flaking off, revealing a smoother layer underneath. The background is a soft, out-of-focus green, suggesting foliage.

natura

Corporate Risk
Management

Table of contents

Corporate Risk Management	03
Introduction to Corporate Risk Management at Natura	
Risk Governance	04
Risk Management Governance Structure	
Risk Management Policy & Model	06
Risk appetite	08
Risk Management Process (Natura ERM Framework)	09
The organization's main risk factors	12
Emerging Risks	16
Task Force on Climate-related Financial Disclosures (TCFD)	25
Climate risk: approach, governance and metrics	
Our Climate-Related Risks and Opportunities	
Approach to quantifying climate risks and opportunities	
Task Force on Nature-related Financial Disclosures (TNFD)	42
Climate-Related Risk	52

Corporate risks

Throughout the development of Natura's risk management strategy, various steps have validated the necessity of a company-wide structure for Corporate Risk Management, defining those impacts that could significantly affect the Company's value or reputation. Furthermore, our success as an organization is contingent upon our ability to identify and tap the opportunities generated by our activities and the markets in which we operate.

Natura's ongoing commitment to risk management is not just about following market practices. It is about aligning the Company's strength with its unwavering purpose to building positive economic, social, and environmental impact. In this context, the incorporation of the Task Force on Climate-related Financial Disclosures (TCFD) and The Task Force on Nature-related Financial Disclosures (TNFD) frameworks represent a crucial and strategic step, reaffirming the Company's vision that implementing what is appropriate is not sufficient, instead, go beyond to conceive the best practices.

The adoption of the TCFD, which began in 2021 and has been embedded into the Enterprise Risk Management (ERM) process since 2022, was paramount to deepen the understanding and management of climate risks and opportunities, making them an integral part of the overall strategy. In an equally innovative and complementary manner, the participation of Natura in the TNFD discussions since 2020 and its subsequent adoption have made it possible to extend this analysis to the complex interconnections with nature - its dependencies, impacts, risks and opportunities.

This dual integration not only consolidates Natura's commitment to transparency and environmental responsibility, but also maximizes the contribution of risk management in building a regenerative business. We believe that we need to go further, the world needs symbols of change that can open up new paths and motivate others to pursue them.

Governance

Risk governance is ensured by solid executive supervision, led by the **Chief Risk Officer (CRO)** of Internal Controls, Risks and Internal Audit, who reports directly to the Audit, Risk Management and Finance Committee. This committee plays a fundamental role in the continuous analysis of risks and opportunities. It reasonably ensures that risks impacting the business are assessed, mitigated, and duly reported, and that no critical factor goes unnoticed in operations. This enables the Board of Directors to have a clear and informed opinion for decision-making.

The **Board of Directors** is the guardian of the Company's values and purpose, and is responsible for defining the risk management strategy and risk appetite levels. It relies on the Audit, Risk Management and Finance Committee's support to ensure that risk assessment and management are conducted diligently, seamlessly, observing the international and national best practices

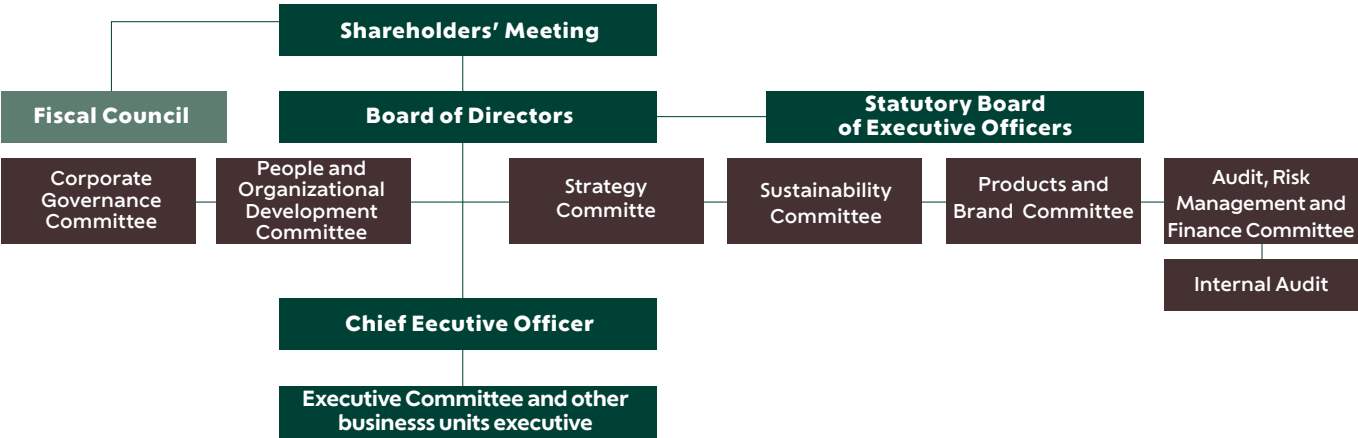
and in line with the organization's mission, values and principles.

The Audit, Risk Management and Finance Committee defines the organization's risk management philosophy and the structures for its management.

The Committee is composed of four non-executive members of the Board of Directors with experience in corporate risk management.

Its responsibilities include, among others, ensuring the operation of internal and external audits, overseeing the adequacy of processes related to risk management and internal controls, assessing and monitoring our exposure to risk. The Committee's responsibility includes: support the leadership in formulating corporate risk management concepts and methodologies, as well as keeping it duly informed of their effectiveness.

RISK MANAGEMENT GOVERNANCE STRUCTURE



Natura's governance structure incorporates climate-related risks and opportunities as a key part of the Company's long-term sustainability goals and 2030 commitments. This integration is visible in the roles and incentives defined for the Board of Directors and the executive team.

Our approach to risks and opportunities involves a thorough assessment of how the Company can best adapt to the novel circumstances imposed by climate change. It means understanding how the increased occurrence of extreme events and climate change affects all aspects of the business, our value chain and our

stakeholders, in particular suppliers, agro-extractivist communities and Beauty Consultants. We consolidated in the [Climate Transition Plan](#) the actions to be taken to adapt and become more resilient in our operations and design disaster protocols to support our partner network. The issue is discussed regularly by Natura's Board of Directors, through the Sustainability Committee, and by the business unit's Executive Committee, which brings together the CEO and the chief officers. These bodies monitor and approve the measures and strategies established and defined in the Climate Transition Plan.

KEY COMMITTEES				
Reporting to the Board of Directors, the committees meet regularly, review progress and guide the Company's strategic direction in relation to risk management, including climate action:				
Sustainability Committee	Audit, Risk Management and Finance Committee	Strategy Committee	Corporate Governance Committee	Organizational Development and People Committee
It monitors sustainability strategies and oversees the evolution of objectives set out in the 2030 commitments and 2050 Vision.	It oversees the adequacy of processes related to risk management and internal controls. It holds risk management responsibilities concerning risk governance.	It ensures the continuity of the 2030 commitment.	It recommends adjustments to enhance the corporate governance system, when necessary.	It oversees the USP (Unit Sustainability Plan), which is linked to the achievement of the Commitment to Life goals and the current strategic cycle.

Management Responsibilities

The business units are responsible for the day-to-day management of climate change, under the guidance of the Chief Sustainability Officer (CSO).

The CSO's role includes assessing and managing climate-related risks and opportunities, guiding the Company towards achieving the goals set through strategic policies on climate change, biodiversity and human rights and performance indicators (KPIs).

Climate action is a strategic pillar of Natura. By embedding climate action into its business model, Natura is committed to a future where business growth is harmoniously aligned with the prosperity of life on the planet. The Company's initiatives, from reducing its carbon footprint to fostering sustainable innovation in product design, are planned to align with the Paris Agreement's maximum limit of 1.5 °C of the global average temperature increase and contribute to global efforts against climate change.

Natura has reached a critical inflection point in 2024, when the planet exceeded 1.5°C of warming compared to pre-industrial levels. This has led to increasingly frequent extreme weather events that caused unprecedented social and environmental tragedies, and has broadened its commitment by orienting its business towards regeneration.

Natura has been innovative by linking sustainability goals to compensation for all its employees and executives since 2009. In 2024, Natura went a step further by integrating equity, diversity and inclusion goals into its employees and executives' remuneration. This approach underscores the Company's commitment to building sustainability into its corporate governance framework and ensuring that leadership is held liable for generating positive social and environmental impact.

Natura's executives remuneration is intrinsically connected with the Company's sustainability performance. Executives receive a combination of fixed salary, benefits and variable remuneration, with a significant amount of bonuses linked to the achievement of purpose-driven results. In 2024, environmental achievements, such as advances in sustainable packaging, contributed nearly 10% of the calculation of bonuses for all employees.

Long-term incentives for senior executives include Performance Share Unit (PSU) and Supplementary Co-invest Award (Restricted Stock Unit - RSU) plans, which rely on meeting performance targets over several years. In the 2024 cycle, nearly 30% of the RSU amount is linked to meeting the targets of reducing carbon emissions, reflecting Natura's long-term commitment to the Climate Transition Plan.

Risk Management Policy and Model

We also rely on a Risk Management Policy revised and validated by the Board of Directors in 2024, which includes guidelines, scope of authority, responsibilities and rules for classifying, analyzing and mitigating corporate risks, applied to all our markets, operations and relationships.

Each business unit also maintains a Risk Management Procedure, and since 2023 we have been relying on a global Risk Fundamentals manual.

This policy aims at setting out standard guidelines and defining principles, roles and responsibilities relating to Enterprise Risk Management (ERM)

practices, supporting decision-making processes and providing relevant expertise taking into account the balance between risk and performance.

Risk Management Model

In addition to the policy, our methodology observes global reference guidelines - specifically those of COSO (Committee of Sponsoring Organizations of the Treadway Commission), the Brazilian Institute of Corporate Governance (IBGC) and the ISO 31000 Standard for the Risk Management, also abiding by the concepts established in the Three-Line Model, developed by IIA (The Institute of Internal Auditors).

The IIA's Three-Line Model ensures the separation of direct responsibility:

- (i) risk decisions ("First Line"),
- (ii) independent oversight of risk decisions together with definitions for the Risk Management framework ("Second Line");
- (iii) independent assurance on the effectiveness of Risk Management, control and governance processes ("Third Line").

First Line: Operational Management

it is responsible for the day-to-day execution of the strategy and risk ownership. This line involves operational teams and managers directly liable for managing and mitigating climate risks in their daily activities. They are in charge of implementing risk management practices and controls on a day-to-day basis.

Second Line: Risk Management & Compliance

it is composed of areas such as Risk Management and Internal Controls, Compliance, Regulation and Information Security, which provide instruments for First Line managers to effectively manage risks preventively as these are built into the Enterprise Risk Management (ERM) process.

Third Line: Internal Audit

it is composed of the Internal Audit, working independently to check the effectiveness of governance, risk management and internal controls.

This strategic approach and the definition of our risk appetite guide the activities and responsibilities of the three lines, ensuring an integrated and comprehensive risk management at Natura.

To provide Natura's stakeholders with a vision centered on material risks, we have defined the following scale of exposure and adopted it for internal reporting to leadership levels:

Level of Risk Exposure	Sharing and Monitoring Forum
4. Severe	Board of Directors, Audit, Risk Management, and Finance Committee, and Executive Leadership
3. High	Audit, Risk Management, and Finance Committee, and Executive Leadership and chief officers in charge of business units
2. Moderate	Officers in charge of business units
1. Low	Officers in charge of business units

To assess risks, we consider two vectors: magnitude of impact (from a financial and reputational perspective) and probability of occurrence. The full list of Risk Factors is reported annually by Natura in its Reference Form, a document submitted to and filed with the Brazilian Securities and Exchange Commission (CVM), Brazil's capital market authority.

Our highest exposure risks [High and Severe] are monitored at least twice a year, or more, depending on the risk factors with the greatest exposure to external and non-controllable events. It should be noted that for some of these risks we have quarterly monitoring forums, and they are reported to the Audit, Risk Management and Finance Committee, ensuring alignment between senior management and executive leadership in accordance with our risk governance operating model.

Risk Appetite

Risk appetite refers to the level of risk exposure adopted by an organization. For Natura, this appetite is directly connected with the following principles:

- **Sustainability:** our performance is based on increasing our capacity to contribute to the sustainable development of society by preserving the environment. We have evolved our commitment to orienting our business in a way that is both regenerative and aligned with the 2030 commitments.
- **Human Rights:** we curb any violation of human rights, working for gender equality and including the guarantee of fair and equitable remuneration, especially for our network of relations.
- **Growth:** we adopt behaviors and/or positions that foster evolving, revitalizing and incrementing the value created by our brands and operations for our stakeholders, whether Beauty Consultants, suppliers, customers or other partners.]
- **Compliance:** we act in accordance with the Global Code of Conduct, pursuant to regional and local laws and regulations of the jurisdictions in which we operate.

This means that we have zero tolerance for dealing with risks that could compromise the integrity of these principles, therefore, we pursue robust mitigation measures, with a clear plan to reduce risk exposure over time. These measures are monitored and reported to senior management.

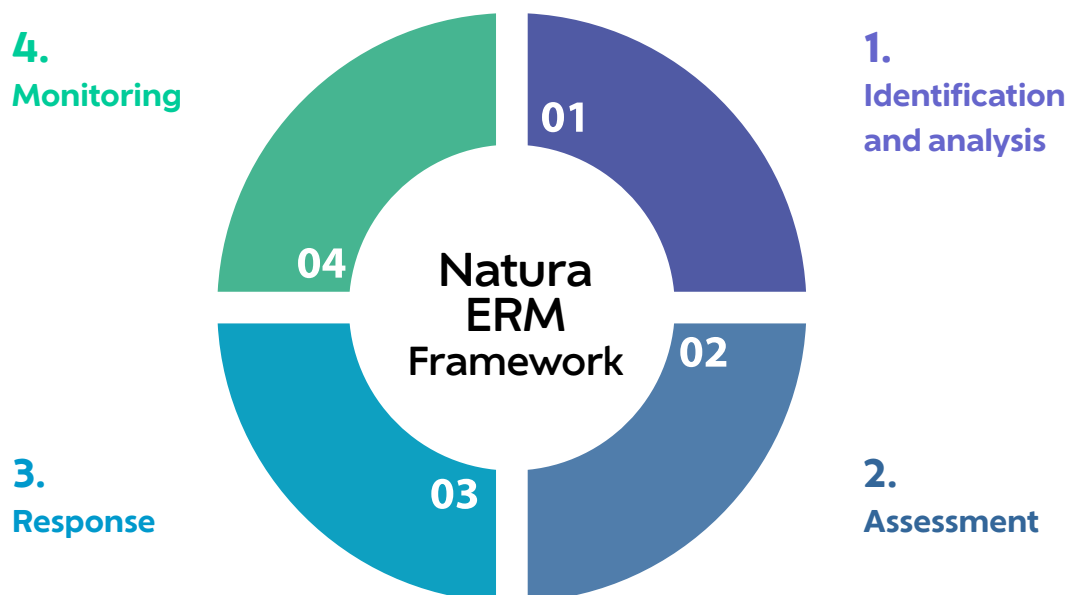
Risk appetite is part of the overall risk governance process:

- It defines a broad, aggregate exposure to the risk that Natura is willing to accept in pursuit of its strategic vision.
- It provides guidelines for managing daily operations.
- It expresses the levels of risk that can be monitored and triggered.
- It guides decision-making for risk response strategies (i.e. focus and readiness, testing, optimization and monitoring, etc.).
- It applies risk thresholds to support individual risk-taking.
- It conducts risk escalation and reporting.
- It substantiates audits of the risk management process.

As set out in our Risk Policy and within our model of Risk Management functions, it is the responsibility of the internal audit, the third line, to assess the quality and effectiveness of the Company's risk management processes on an annual basis, to regularly monitor risk mitigation initiatives and weaknesses recorded in audit reports, and to feed information into the risk management model.

These assessments are based on the annual internal audit program, the scope of which is also determined based on risk exposures and process maturity, projects defined according to strategy. The audit program approved by the Board of Directors has frequent annual status reports. In addition, our ISO 9001 and 14001 certification models have included an annual external audit of the risk management process for the past seven years.

Risk Management Process



Our corporate risk approach is built into our business strategy in accordance with good market practices. It is based on a systemic vision of our operations and is anchored in our purpose, beliefs, and commitments. Management is focused on maximizing the use of opportunities and minimizing the Company's exposure to economic-financial, operational, social, environmental, human rights and climate change factors that could alter our value creation prospects.

1. Identification and Analysis

Identification and Analysis is an interactive process that envisages the verification of internal and external factors that contribute to the discussion of events that may affect the scope of business objectives in the short, medium and long-term, in a preventive manner during decision-making, as well as assessing its implications.

To establish the identification context, it is important to consider both the internal and external environment, captured and reflected in the Group's strategy. The internal factors to observe include the Company's vision and mission, strategic objectives, initiatives to support the achievement of goals, governance (standards, procedures and guidelines), relationship with internal stakeholders and contractual issues, organizational culture and structures, data and processes. External factors encompass the circumstances surrounding the Company in international, national, regional and local contexts, such as social, cultural, political, legal, regulatory, financial, technological, economic, environmental and relationship factors with external stakeholders.

The Risk Owners, together with other areas of the Company, taking into account their ability to contribute with relevant information,

must analyze the Risks in order to identify the causes, processes and areas that could be affected in the event of materialization, in line with the potential causes and consequences for the Company.

2. Assessment

Risk assessments analyze the potential impact and probability of materialization, which will define the level of Risk Exposure. The graphical representation of the Company's Risk Exposure levels comprises a 4x4 matrix (Heat Map) to support the decision-making process and the prioritization of issues.

Risks must be properly identified, assessed and prioritized in order to ensure that the most relevant issues are regularly monitored in the appropriate governance forums, response initiatives are dealt with in a timely manner and exposures are managed within acceptable levels.

3. Response

This refers to the Risk response strategy, or how the Company will opt for dealing with Risks. It must be aligned with the Company's Risk Appetite, guided by the levels of Risk Exposure, such as its positioning on the Heat Map. The definition of actions and initiatives to respond to Risk and the design of mitigation aims at making an informed decision on the best response alternatives, considering the results in the short, medium and long term. The risk mitigation period must be compatible with their criticality and speed of materialization, so that to allow for an adequate reduced exposure.

The responses should be the optimal alternative reaction in light of the available options, considering the Company's risk appetite. This approach will effectively balance the exposure reduction and related costs. After implementing a response to the Risk, it is important to consider prospective mitigation initiatives (Action Plans) proposed and executed by the Risk Owners.

The Action Plans will be implemented, executed and managed by the First Line, will be monitored and supported by the Second Line and will be discussed in governance forums, where applicable.

4. Monitoring

Monitoring and critical analysis consist of the processes of verification, oversight, critical observation and implementation of improvements based on the identification of changes in the required or expected level of performance. Forums where risks are monitored are initially classified by their origin and by area of activity.

It is important that monitoring takes place in all aspects of the risk management process aiming at (i) ensuring that controls and management practices are effective and efficient in design and operation; (ii) obtaining information that can enhance the risk assessment process; (iii) improving the process by analyzing events, changes, trends, successes and failures; (iv) identifying changes in the external and internal contexts, which can even influence past response choices and prioritization; (v) identifying emerging risks.

Culture of Enterprise Risk Management (ERM)

In 2022, Natura incorporated the management principles of climate change-related risks and opportunities into its Enterprise Risk Management (ERM) practice, so that these critical considerations are an integral part of the Company's overall risk management strategy. Training on the ERM Practice Fundamentals was introduced for the Audit, Risk Management, and Finance Committee. This framework supports the risk management process throughout the Company, emphasizing strategy and protocols at the business units level. Training and the ERM guide were also shared with Board members who do not take part in the Audit and Sustainability Committees, as well as with senior management, ensuring a comprehensive understanding of climate change-related risk and opportunities management practices.

Natura adopts structured risk management processes built into corporate governance. The criteria cover environmental, social, regulatory, market and reputational aspects, which are also applied to the development of products and services. Natura adopts a consistent approach to identifying and assessing climate-related risks and opportunities and conducting climate scenario analysis. This approach led to better understanding of the potential impacts of climate change throughout the business value chain.

Risk management training is offered to the Board of Directors and advisory committees, ensuring that senior governance is qualified to oversee critical risks. In addition, all the leadership and employees directly involved receive weekly newsletters on socio-environmental risks. Additionally, Natura provides annual mandatory training for all employees on its Code of Conduct. This training is designed to reinforce the company's commitment to ethical behavior, compliance with laws and internal policies, and the principles outlined in the Code. The program includes a dedicated section on risk management principles, ensuring that employees understand how to identify, assess, and mitigate risks in their daily activities. Completion of this training is required for all employees and is monitored to ensure full compliance across the organization.

Natura binds financial incentives with risk management through the PCR (Post-Consumer Recycled Plastic) indicator, which is an integral part of the annual profit sharing program (PLR). This KPI is a strategic metric for climate risk management, as the use of post-consumer recycled plastics helps mitigate environmental and regulatory risks related to plastic waste and circularity, while contributing to emissions reductions and the achievement of the company's Climate Transition Plan. By tying variable compensation to performance on this indicator, Natura ensures that employee actions advance climate objectives, strengthen risk management culture, increase organizational resilience, and enhance the company's ability to respond to environmental and operational challenges.

As an integral part of the risk model practiced by Natura, we carry out actions that continuously reinforce and disseminate the Risk Management culture to non-executive officers:

- Annual discussion and approval with the Audit, Risk Management and Finance Committee and the Board of Directors.
- Specific monitoring and oversight of the risk management agenda on a regular basis by the Audit, Risk Management and Finance Committee.
- Recurring updating of the risk governance manual, criteria, policies and related documents [e.g: Enterprise Risk Management – ERM Fundamental Practices].
- Risk Map Revisions built into the strategic cycle.
- Specific discussions on risks in forums connected to the topics with Executive Leadership attendance.
- Status reports to the Executive Committee [quarterly] and to the Audit, Risk Management and Finance Committee [continuously - at least three times a year].

The Enterprise Risk Management fundamental practices aim at supporting the risk management process throughout the Company, highlighting strategy and protocols at all levels and brands. These training activities are also shared with the members of the Board of Directors who do not take part in the Audit, Risk Management and Finance Committee and linked to senior management, ensuring a comprehensive understanding of risk management practices.

The organization's main risk factors

As a publicly-held corporation listed on the Brazilian Stock Exchange (B3) since 2004, we are subject to the regulations of the Brazilian Securities and Exchange Commission (CVM), which requires us to submit an annual Reference Form. It includes a critical section known as Risk Factors, which aims at compiling information that provides a comprehensive and descriptive understanding of the elements that can impact our Company. This practice not only foment transparency, but also safeguards the stakeholders' interests, enabling a more informed

and accurate assessment of the organization's status. Natura's annual Integrated Report includes a section on Internal Controls that presents the results of our control environment audited by independent external auditors.

We regularly assess our risks and related mitigation plans, monitoring our residual exposure and adjusting strategies as necessary. Below we highlight some of the organization's main risk factors and the initiatives to mitigate them.

Some of our more relevant risks

1. Cyber threats and data leakage
2. Lawsuits
3. Changes in direct selling
4. Challenges in implementing omnichannel
5. Climate change (physical and transition risks)

RISK DESCRIPTION	RISK MANAGEMENT AND MITIGATION EFFORTS	RESIDUAL EXPOSURE
<p>1. Cyber Threats</p> <p>Companies that operate with intense use of technology and virtual environments face various cybersecurity risks, such as third-party attacks, malware infiltration and unauthorized access to confidential data. These threats can result in commercial losses, information theft and reputational damage and require continuous evolution of techniques for preventing, detecting and responding to attacks.</p>	<ul style="list-style-type: none"> • The Chief Information Security Officer (CISO) acts as the leader on this front. During 2024, the team continued to provide strategic direction, assurance, operational services and improvements to our business units. • Governance advancement, with frequent reports from our CISO to the Board of Directors, either directly or via the Cybersecurity Subcommittee, which reports to the Audit, Risk Management and Finance Committee. • Each business unit relies on an exclusive Cyber Board overseen by a Corporate Information Security Officer. • Evolution of the Cybersecurity Program. Actions on this front have raised our level of security in the control environment based on the standards of the National Institute of Standards & Technology - NIST CSF and ISO/IEC 27001: 2022. • Information Security Policy and technical security standards. • Implementation of mandatory up-to-date training for employees, including regular phishing tests. • Our advances in cybersecurity maturity have been continuously assessed based on the NIST domains. In 2024, our approach was validated, evidencing significant improvements that reflected our ongoing commitment to cybersecurity and our assets' protection. • In 2024, we continued to advance cybersecurity with investments in technology and processes, including cyber Incident exercises up to the Board of Directors. Through the integration and automation of access management, as well as the expansion of monitoring and security actions, we have reduced vulnerabilities, thereby reinforcing protection and offering a reliable environment for operations. • Privacy and security work together. To evidence our commitment to Data Protection, we rely on a Privacy and Data Protection Program, abiding by the European Union's GDPR (General Data Protection Regulation), going beyond compliance with regulatory requirements. • Natura's Policy Assessment and Privacy Standard received the highest possible score within its subcategory in the Household and Personal Products sector, according to the S&P's Global Corporate Sustainability Assessment. 	<p>Severe</p>

RISK DESCRIPTION	RISK MANAGEMENT AND MITIGATION EFFORTS	RESIDUAL EXPOSURE
<p>2. Lawsuits</p> <p>We are involved and may become involved in legal proceedings of various types in the geographies in which we operate.</p> <p>Businesses in our sector face risks related to civil, administrative, environmental, labor, tax proceedings, trade sanctions and health compliance, among others.</p>	<ul style="list-style-type: none"> The high level of litigation and the regulatory environment uncertainty in some countries may have a negative effect on these proceedings favorable decision and on our economic results, including eventual adjustments to provisions. We frequently revise and update these provisions to reflect court rulings, relying on the practice and analysis of first-tier law firms in defense of the Company's rights. Our Company is supported by specialized legal departments whose responsibilities include the provision of guidance on detailed regulatory standards and specific laws relevant to the performance of their duties. Our legal and regulatory teams are involved in monitoring and reviewing our practices to ensure, in a preventive manner, that we are in line with the laws applicable to our organization. We proactively assess the root causes of the main lawsuits and implement action plans to mitigate risks and shorten current liabilities. These plans include case-by-case analysis, settlement policies, mediation, and other measures aimed at avoiding disputes and reducing our litigation rate. 	Severe
<p>3. Changes in direct selling</p> <p>Our main business model is relationship selling or direct selling, which exposes us to risks such as: Beauty Consultants' high turnover, the need to constantly adapt to market trends to attract and retain them, the ongoing evolution of online sales (in contrast to Consultants' low digitization), financial education challenges to manage their ventures, and competition with other direct selling companies with similar product lines.</p>	<ul style="list-style-type: none"> Bolstering the Relationship Selling Model through Digitization: The strategy is designed to enhance Beauty Consultants' businesses, by equipping them with cutting-edge tools, and training to facilitate the digitization of their work processes and optimize the fluidity of their customer relationships. Consultants have access to digital magazines and promotional materials for social media. These materials enable consultants to create customized promotions. In 2024, more than 1.3 million digital Consultant spaces were active. Consultants' Human and Financial Development: The relationship with Consultants is built on generating living wage and human development. The Beauty Consultant Human Development Index (HDI-BC) is monitored every two years. In 2024, the HDI-BC reached its all-time high in Brazil (+3.3%) and in Hispanic America (+8.9%), with improvements in health, knowledge (digital inclusion and citizenship) and income. Training programs cover sales techniques, digitization, products, financial education and socio-emotional skills. The Emana Pay platform offers services and financial education for Consultants, facilitating payments and boosting productivity. Adaptation and Competitiveness: Natura seeks to evolve its business models in order to remain competitive in attracting and retaining consultants. Onda Dois, which integrates Natura and Avon's operations in Latin America, enables a more fluid and integrated experience for consultants and customers, offering a broader portfolio and unified tools. Read more on Natura Integrated Report on page 114. 	High

RISK DESCRIPTION	RISK MANAGEMENT AND MITIGATION EFFORTS	RESIDUAL EXPOSURE
<p>4. Challenges in implementing omnichannel</p> <p>We face multichannel competition with retailers (multinational and local) and internally between the Natura and Avon brands, which can hinder integration and making the most of omnichannel advantages. The online sales market changes rapidly due to technological advances, and new competitors can create better-performing platforms. Additional risks include difficulty of attracting sufficient customers, foreseeing competitive conditions, operating all channels effectively, combating illegal and fraudulent uses of our products and the way we operate.</p>	<ul style="list-style-type: none"> • Multichannel Integration and Expansion: Our strategic priorities include investing in innovation to interconnect sales channels (relationship selling, physical stores, e-commerce, marketplaces), aiming at enhancing a customized and exceptional brand experience for customers across all channels. In 2024, we saw relevant advances in omnichannel in Latin America, with the physical retail expansion, surpassing a thousand Natura's physical stores (owned and franchised), the Beauty Consulting digitization, the renewal of e-commerce and entry into marketplaces. • Physical Channels Development: Avon has also entered Brazilian specialty retail through partnerships. Physical stores work as pick-up points for online purchases (click and collect) and allow ship from store. • Technology and Customer Experience: Accelerated digital transformation with a new online sales channel experience, more product information and easier browsing. It applies modular and scalable digital architecture with Artificial Intelligence to customize pages and enrich the experience. A WhatsApp sales channel was launched in Argentina with an AI assistant for consultants, facilitating 100% in-app purchases. • Innovation and Productivity: Investment in innovation is linked to the omnichannel journey, with technology and systems supporting this strategy. Adjustments to our Bluma beauty services platform have brought more connection with consumers and beauty and wellness experts via the app, promoting professional development and income generation. The Emaná Pay platform increments Beauty Consultants' productivity and profitability, with more than 1 million active accounts in 2024 and user consultants with an average sales value 20% higher. • Read more on Natura Integrated Report on page 114 	High
<p>5. Climate change</p> <p>Climate change poses a substantial threat, prompting the transition to a low-carbon economy and physical risks stemming from extreme weather events that can adversely affect our operations.</p>	<ul style="list-style-type: none"> • We conduct diligent monitoring in line with the Task Force on Climate-related Financial Disclosures, TCFD (Read more about our climate risk management from page 26) 	High

Check the

details of our Risk Factors in the Reference Form: [click here](#)



natura

Emerging Risks

Emerging Risks

DESCRIPTION	CONTEXT	POTENTIAL IMPACT ON BUSINESS	MITIGATION MEASURES
FALSE INFORMATION			
<p>Whether deliberate or not, the persistent dissemination of false information through social and digital media can significantly impact public opinion of our brand.</p>	<p>We are witnessing the rampant spread of false information through social and digital media and its influence on public opinion, resulting in distrust of facts and authorities.</p> <p>However, this situation has been continuously exacerbated by the proliferation of increasingly powerful artificial intelligence technologies, such as generative AI, which has the capacity to learn and replicate patterns and characteristics with a high degree of realism, producing content algorithmically that can be used to deceive people or systems. Emerging regulations seek to combat this phenomenon, but they may not keep pace with its development. Synthetic content can manipulate individuals, damage economies and societies, and pose risks such as disseminating misinformation and social polarization. These risks can have far-reaching consequences, including dividing society and weakening social cohesion and mental health. The rapid spread of false information can lead to increased animosity and criminal activity, while the definition of "truth" becomes more and more contentious.</p> <p>In the context of Natura, we are susceptible to damage caused by false information, whether intentional or not, which can affect the perception of the quality of our products and services. This information can also contradict the principles we stand for, especially with regard to sustainability, human rights and governance.</p>	<p>Brand reputation</p> <p>Should false information relating to unethical practices or polluting actions involve our business, it could affect our reputation as a brand highly committed to sustainability, human rights and governance..</p>	<p>We apply tools to identify false information about our brand and respond quickly. We monitor platforms and websites to detect violations of Natura's intellectual property. We also make our employees aware of how to differentiate between true and false information on the internet.</p>
		<p>Consumer confidence</p> <p>The dissemination of false information can undermine consumers' confidence in the Company, prompting them to question the authenticity of products and jeopardizing their brand loyalty.</p>	<p>We continually reinforce our commitment to sustainability in a transparent manner, including audits of evidence related to our actions. In addition, we respond quickly to the dissemination of false information relating to our brand.</p>
		<p>Impact on sales</p> <p>If consumer confidence is damaged, the Company's sales can be directly affected, since consumers may choose to buy from competitors perceived as more reliable.</p>	<p>The actions mentioned above contribute to maintaining consumer confidence in the brand, mitigating the negative impact on sales that could result from the dissemination of false information.</p>
		<p>Threat to the Company's mission and values</p> <p>If false information questions or distorts our values related to sustainability and our related public commitments, this could weaken our efforts to position ourselves as sustainability leaders in the cosmetics sector.</p>	<p>By promoting policies and practices that combat false information and bolster transparency and accountability, we evidence our ongoing commitment to sustainability and company values through our annual reports, helping to protect our position as leaders in the sustainable cosmetics sector.</p>

DESCRIPTION	CONTEXT	POTENTIAL IMPACT ON BUSINESS	MITIGATION MEASURES
FALSE INFORMATION			
		Damage to social cohesion If the Company is associated with false information that foments social divisions or misinformation, it could damage its reputation and alienate relevant segments of society that value sustainability.	We collaborate with social media platforms and support quality journalism to create a safer and more trustworthy online environment. This contributes to reducing social divisions and misinformation.
		Eventual legal and regulatory implications We may encounter challenges in identifying the origin of false information, which could impede our ability to restrain it or substantiate our genuine actions. This may result in tangible harm or violations of prevailing regulations, leading to legal and regulatory consequences, including fines and lawsuits.	Our proactive actions, including demanding transparency and accountability from social media platforms and reinforcing laws related to the dissemination of false information, help us mitigate eventual legal and regulatory consequences.
MISUSE OF ARTIFICIAL INTELLIGENCE			
The misuse of Artificial Intelligence (AI) can lead to violations of data privacy and security, as well as unethical and discriminatory actions, significantly impacting society.	Society has witnessed a progressive increase in the availability and use of AI applications and tools reliant on this technology, which offer individuals and business unprecedented analysis and synthesis capabilities. These platforms are undergoing continuous improvement, achieving levels of performance that surpass the human average. As a result, the origin and authorship of the information are frequently uncertain, which raises valid concerns about its use and regulation. Therefore, a proactive and coordinated approach on the part of society is crucial for the development of policies, regulatory frameworks and ongoing research, ensuring responsible practices. This integration must take place in a collaborative manner between all sectors, with governments' support, to ensure the beneficial adoption of AI.	Governance With the growing incentive to use AI to improve planning, sales, finance and operational efficiency, it becomes paramount to bolster governance over the use of sensitive data and to guide users as we continually deal with large volumes of sensitive data. This can result in: <ul style="list-style-type: none"> • Damage to the Company's reputation, violation of privacy and eventual legal sanctions. • Vulnerability to unauthorized access to data or manipulation of AI models to generate false results. • Failure in the integrity and accuracy of the information generated by AI, leading to mistaken decisions and negative impacts on the organization's performance. 	We implemented the Artificial Intelligence Committee comprising areas such as Data Privacy, Cybersecurity, Data and Analytics, Risk Management, Legal and Compliance with monthly meetings for continuous AI governance advancements. We put in place clear ethical guidelines for the development and responsible implementation of AI, which includes: adoption of risk assessment framework, Artificial Intelligence Governance Guide and Operational Model, development of specific training on Artificial Intelligence for employees, control, monitoring and security measures on AI sites, ongoing dissemination of information necessary for the safe use of AI tools, to ensure compliance with Security and Data policies, laws and regulations; in line with the Governance suggested by NIST.

DESCRIPTION	CONTEXT	POTENTIAL IMPACT ON BUSINESS	MITIGATION MEASURES
MISUSE OF ARTIFICIAL INTELLIGENCE			
The misuse of Artificial Intelligence (AI) can lead to violations of data privacy and security, as well as unethical and discriminatory actions, significantly impacting society.	Ethics	<p>Algorithms can be built on databases that contain inherent biases and/or do not properly represent minority groups. This can result in erroneous conclusions that affect part of the population. The materialization of these risks can lead to:</p> <ul style="list-style-type: none"> • Reputational costs due to undetected and uncorrected biases. • Potential legal costs and financial compensation. 	<p>Every activity performed by our employees must be in line with the ethical standards of our Code of Conduct, the annual updating of which requires mandatory training. Regular training on data privacy and security.</p> <p>Our codes of ethics include the prevention of discrimination in any form, which also applies to AI, reinforcing the responsibility for the appropriate use of assets, whether material or intellectual, in compliance with our policies, including those relating to data protection and intellectual property.</p>
	Cybersecurity and Data Privacy	<p>AI involves complex processing and requires a large volume of data to be effective, raising concerns about the protection of the information collected. In the normal course of business, we collect, use and store data from our employees, consultants, customers and third parties in compliance with the General Data Protection Law. However, the collection, storage and processing of this data poses risks for businesses, exacerbated by the advance of Artificial Intelligence (AI). Any event jeopardizing the security of this information, including personal data, may result in one or more of the following impacts:</p> <p>Operational disruption: These tools are mainly used in marketing. Therefore, any affected software using artificial intelligence (or other integrated tools) can cause operational disruptions, suspension of specific services to customers, loss of business opportunities, lower productivity and service delays.</p>	<p>Governance: Adoption of a risk assessment framework and an Artificial Intelligence Governance Guide and Operational Model and.</p> <p>Mandatory completion of an AI Impact Assessment (AIIA) in the design phase of new or modified Artificial Intelligence projects. This assessment is an iterative process that details the data applied (including personal data), privacy and security issues, ethical aspects, eventual unintended consequences and mitigation measures, and is reviewed at key decision points or in the event of substantial changes.</p> <p>Data Security and Privacy: Limited access to data strictly to necessary employees.</p> <p>Application of cybersecurity best practices, including secure coding, regular vulnerability assessments and network security, to protect AI systems against threats.</p>

DESCRIPTION	CONTEXT	POTENTIAL IMPACT ON BUSINESS	MITIGATION MEASURES
MISUSE OF ARTIFICIAL INTELLIGENCE			
O uso inadequado da Inteligência Artificial (IA) pode ocasionar violação da privacidade e segurança de dados, bem como ações antiéticas e discriminatórias impactando a sociedade.	Cybersecurity and Data Privacy	<p>Reputational losses: Due to the potential media coverage of incidents, which can raise distrust in the Company's ability to protect personal information.</p> <p>Compensation costs: Privacy laws, such as the General Data Protection Regulation (GDPR), ensure that individuals affected by a violation are entitled to compensation. This can lead to higher insurance costs or even refusal of coverage in the future.</p> <p>Investigation costs: Violations can trigger internal costs to identify the causes of the incident, as well as expenses with external consultants or teams specializing in digital security, especially in cases of cyber-attacks.</p> <p>Attorney's fees: In addition to eventual adverse judgment, there are costs for forensic experts to assess the damage and prevent recurrences.</p> <p>Fines and penalties: Should a regulatory body find failures to comply with data security standards, fines can reach up to 4% of the parent company's global sales, as provided for in the GDPR.</p>	<p>Maintenance of a well-defined incident response plan for identifying, reporting, mitigating and communicating any data incidents.</p> <p>Operation and Improvement of AI Systems: Assurance of human supervision and the ability to disable systems with problematic performance or in accordance with regulatory requirements.</p> <p>Complete testing and ongoing validation (TEVV - Test, Evaluation, Verification and Validation) to mitigate security, privacy, bias and robustness issues.</p>

DESCRIPTION	CONTEXT	POTENTIAL IMPACT ON BUSINESS	MITIGATION MEASURES
MISUSE OF ARTIFICIAL INTELLIGENCE			
The misuse of Artificial Intelligence (AI) can lead to violations of data privacy and security, as well as unethical and discriminatory actions, significantly impacting society.	Transparency, Explainability and Bias	Artificial Intelligence can provide real-time insights into sales trends, cash flow, orders and other relevant financial information. When used well, it can generate opportunities for the business, such as sales growth, enhanced interaction with customers, processes remodeling, as well as greater agility and assertiveness in decision-making. However, inexperienced use of these technologies can lead to erroneous decisions or the perpetuation of biases. Over-reliance on the data generated by these systems can result in failure to critically assess the information. If an AI algorithm is not properly understood, analyzed and corrected considering the context of the information, some of the possible consequences include: Loss of revenue due to erroneous recommendations. Lack of consumer buy-in due to inadequate use of information.	<p>When used, teams ensure that they can understand and explain the operation of AI systems clearly and seamlessly, which helps build trust and allows the organization to understand the basis of AI-driven decisions.</p> <p>Related to this point, a proper understanding of the use of these tools helps the organization to identify eventual biases that may arise in the development and implementation of AI systems.</p> <p>Ongoing improvement and maintenance of the systems in place, with adjustments and retraining with new data and human feedback.</p> <p>Use of interpretability and explainability techniques so that AI system decisions are understandable and transparent, promoting trust and helping to identify and correct biases</p>
DISRUPTION IN THE SUPPLY CHAIN, COLLAPSE OF RAW MATERIALS AND LOSS OF BIODIVERSITY			

Disruption in the supply chain, the collapse of raw materials and the loss of biodiversity, among other climate consequences and ecosystem changes, can have a significant impact on the world and on our business.

The increase in the planet's average temperature is due to the excess of greenhouse gases caused mainly by anthropogenic actions, such as the use of fossil fuels, deforestation, livestock farming and intensive agriculture, transportation, industries and waste disposal. Higher global average temperature and ecosystem changes remain a risk of global concern, and projections of their intensification in the long term pose an urgent need for coordinated action worldwide, increasing the risk of opportune actions to intervene in light of the expected catastrophic effects.

Value chain decarbonization

Changes in climate effects will be seen with different potential impacts on the geographies where we have direct operations. Scope 3 accounts for more than of 95% of Natura's GHG impact, and the largest proportion of emissions comes from the extraction of raw materials and distribution, use and disposal of products. The transition to a low-carbon economy, in addition to physical climate trends and shocks, will also lead to disruption and volatility within supply chains, with potential impacts on availability, quality, sustainability and pricing, which we will need to

DESCRIPTION	CONTEXT	POTENTIAL IMPACT ON BUSINESS	MITIGATION MEASURES
DISRUPTION IN THE SUPPLY CHAIN, COLLAPSE OF RAW MATERIALS AND LOSS OF BIODIVERSITY			
<p>Disruption in the supply chain, the collapse of raw materials and the loss of biodiversity, among other climate consequences and ecosystem changes, can have a significant impact on the world and on our business.</p>	<p>Many economies will continue to be unprepared for "non-linear" impacts: the eventual triggering of a nexus of various socio-environmental risks [better explored below in the TCFD chapter] could exacerbate the vulnerability of organizations and adaptive capacity of societies can be overloaded, considering the large scale of possible impacts and the requirements of investments in infrastructure, leaving some communities and countries unable to absorb the acute and chronic effects of rapid climate change.</p>		<p>manage, resulting in the need for adaptation efforts, besides impacting our suppliers, partners, customers and the infrastructure on which our operations are based.</p>
		Availability of sociobiodiversity inputs	<p>Damage and loss of biodiversity impact the quality and availability of raw materials: Certain groups of materials and ingredients, such as some sociobioingredients exclusive to our Natura lines, have limited supply options without compromising sustainability or product quality.</p> <p>Drought, rising temperatures and extreme weather events impact the production of non-agricultural commodities (e.g., resins): Although many of our raw materials are sourced from local or regional suppliers, we are also exposed to global supply chain disruptions, such as extreme weather events in the southern United States that impact plastic resins.</p> <p>High demand and limited availability of low-carbon raw materials result in higher costs: As the Company's sustainability commitments grow, we anticipate that the demand for certain sustainable raw materials, such as bioplastics, may outstrip supply, creating potential shortages or price pressures.</p>
			<p>Natura has committed to having 100% of its critical supply chains (direct palm, soy, paper and alcohol chains) free of deforestation and conversion of native vegetation, with independent verification, by 2025.</p> <p>And by 2030, 100% of its critical supply chains (indirect palm, soy, paper, alcohol, mica and cotton chains).</p> <p>For specific commodities, we have dedicated supply chain development plans, such as the plan to implement 40,000 hectares of agroforestry to enable a supply of regenerative, low-carbon palm oil with secure purchase contracts</p> <p>Area dedicated to the supply chain with a focus on structuring and supply of these raw ingredients, including the development of mitigation plans to avoid the risk of shortages in supplies of Amazonian biodiversity, potential product shortages and price increases.</p> <p>Focus on developing relationships with supplier communities, especially nearby sociobiological ingredients in the Amazon.</p>
			<p>Monitoring of causes of non-compliance with deadlines and complete delivery to assess situations related to climate factors, including changes in rainfall and less productive harvests.</p>

DESCRIPTION	CONTEXT	POTENTIAL IMPACT ON BUSINESS	MITIGATION MEASURES
DISRUPTION IN THE SUPPLY CHAIN, COLLAPSE OF RAW MATERIALS AND LOSS OF BIODIVERSITY			
	Technology	High demand and limited availability of low-carbon technologies result in higher costs	In the short term, we anticipate being an agent that utilizes low-carbon materials and establishes relationships with suppliers to increase access and preference as technologies scale.
INTENSIFICATION OF CONFLICTS AND MULTIPLE SYSTEMIC CRISES			
<p>The planet is currently facing a series of interrelated systemic crises, including accelerated climate change, loss of biodiversity, extreme inequality, institutional breakdowns, technologies advancing faster than the regulations for using them, among others, while armed geopolitical conflicts are intensifying. The occurrence of all these events simultaneously and on such a grand scale is unprecedented in the modern history of humanity.</p> <p>Such events have the potential to divert the evolutionary focus of corporations to deal with potential setbacks that could delay - or even wipe out - advances that have already been achieved.</p>	<p>The convergence of these crises creates a volatile, uncertain, complex and ambiguous environment - the so-called VUCA scenario - which challenges traditional models of planning, operation and leadership.</p> <p>The confluence of crises has implications not only for governments, multilateral institutions. It also profoundly reconfigures the responsibilities, risks, and strategic role of companies. In Latin America, this scenario is particularly pronounced due to historical structural weaknesses, including chronic social inequality, inadequate infrastructure, institutional instability and strong reliance on global value chains.</p> <p>Such events divert the evolutionary focus of corporations, forcing them to respond reactively to immediate crises, which can lead to less dynamism in the implementation of sustainable innovation, inclusion and digitization actions. The result is an environment where the advances achieved in recent decades in governance, social rights and environmental commitment are at risk of stagnation or even reversal. Many companies that had been expanding their ESG practices, investing in clean technology or promoting</p>	<p>Sustainable innovation projects slowdown</p> <p>Natura could potentially be directly impacted by a reduction in investments and strategic partners interested in investing in sustainable initiatives, even if profitable, decreasing its capacity to scale innovative solutions, compromising competitive advantages and affecting its relevant positioning in the market.</p> <p>Heightened political and regulatory instability</p> <p>Geopolitical instability can also raise the risk of capital flight, devaluation of local currencies, and higher interest rates. This can make access to credit more difficult. These events lead to a slowdown in economic growth, rising inflation and volatility in the financial markets, directly impacting on society and accordingly consumer focus and purchasing power.</p>	<p>We have diversified sources of funding, including partnerships with international funds, development banks and blended finance mechanisms. Our Commitment to Life performance indicators are monitored quarterly and reported to senior management. Building collaborative innovation ecosystems with startups and other players enhances the legitimacy of projects and reduces reliance on single sources of capital.</p> <p>We have adopted a macroeconomic risk management strategy. In addition, the reinforcement of institutional relationships and active participation in business associations and dialogue forums with public authorities help us to prepare in advance for regulatory changes and advocate for priority agendas. Ongoing monitoring of the political and economic scenario underpins investment and expansion decisions.</p>

DESCRIPTION	CONTEXT	POTENTIAL IMPACT ON BUSINESS	MITIGATION MEASURES
INTENSIFICATION OF CONFLICTS AND MULTIPLE SYSTEMIC CRISES			
	their priority agendas, these choices have a significant impact on the systemic solution, increasing the vulnerability of society and of corporations to the shocks that will inevitably arise.	Isolation in global networks and loss of institutional influence The fragmentation of global priority agendas hinders coordinated action in multi-sector cooperation forums, which could shift the global agenda away from the priorities of long-term collective environmental and social interests that ensure the planet's viability for sustaining future life. Commitments that we advocate with a concrete agenda of actions such as our 2050 Vision.	We establish long-term institutional relationships with partners and entities that have a proven track record of ethical business practices and whose purpose is aligned with ours: to contribute to sustainable development. Therefore, we contribute to maintaining relevance and access to coordinated decisions, enhancing the power of collective articulation and avoiding institutional weakening in contexts of global fragmentation.
		Social polarization In a polarized scenario, public stance linked to sustainability, inclusion or diversity can generate resistance or attacks, even when these are well-founded. This makes institutional communication more sensitive and subject to misinterpretations.	We look for targets based on data and evidence and report on indicators audited by external companies. We adopt standards such as SBTi and the GHG Protocol. In 2024, we received the Platinum Carbon Integrity certification from the VCMI, which strengthens and reinforces the integrity of our actions. We participate in organizations such as ICC, WBCSD, VCMI, Global Compact - Net Zero Ambition Movement, Brazilian Initiative for the Voluntary Carbon Market, CEBDS, Commitment to the Climate and the Brazil Climate, Forests and Agriculture Coalition to promote ways for society to reach the Net Zero by 2050. In earlier 2025, we publicly positioned ourselves in this direction with the publication "No more time for setbacks," declaring that valuing life and the relationships that sustain it are the driving force behind all our strategic decisions.

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TCFD

Task Force on Climate-related Financial Disclosures (TCFD)

In 2021, we began adopting and aligning with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Since 2023, we have decided to report on our progress in relation to the 11 TCFD recommendations based on the principle of "compliant or partially compliant". This disclosure represents a step in our journey to better manage and address climate risks, as well as seize climate-related opportunities. It will help us gain more maturity on the subject and evolve the governance process.

Below is a summary of our status in relation to each recommendation, as well as an indication of where the information can be found in our corresponding reports:

RECOMMENDATION	STATUS	DESCRIPTION
GOVERNANCE: Disclose the organization's governance of climate-related risks and opportunities.		
1. Describe the Board's oversight of climate-related risks and opportunities.	Compliant	<p>Since the climate change-related risk is critical for the organization, this topic observes the corporate risk governance and now is monitored at least twice a year by the Executive Committee and the Audit Committee.</p> <p>We have incorporated climate considerations into our strategic reviews and, from 2025, we will also include annual budgeting processes and oversight of major capital investments, reinforcing our commitment to Climate Action.</p>
2. Describe the management's role in assessing and managing climate-related risks and opportunities.	Compliant	<p>In accordance with the ongoing refinement of risk management processes, we are currently adopting in-house systems to oversee the issue and monitor action plans. Additionally, we have been developing an internal controls process to ensure future compliance with the IFRS S2 framework.</p> <p>This process enhances the management's role, ensuring accountability in how we manage climate-related risks and opportunities.</p>
STRATEGY: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy and financial planning, when this information is relevant.		
3. Describe the climate risks and opportunities identified by the organization in the short, medium and long term.	Compliant	Identified risks and opportunities disclosed on page 53.
4. Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning.	Partially Compliant	<p>We have made progress in assessing how climate risks impact our business and the structuring of financial quantification models and we will include the materiality of these financial impacts on business performance, including eventual variations in revenue and costs.</p> <p>In the future, we will embed climate considerations, especially the financial quantification of risks and opportunities, into our financial planning processes. This will ensure strategic alignment with our sustainability goals.</p>
5. Describe the Company's strategy resilience, considering different climate scenarios, including a 2°C scenario (https://bit.ly/grauscelcius) or lower.	Compliant	The Company's strategy resilience considering different climate scenarios is published on page 53.

RISK MANAGEMENT: Disclose how the organization identifies, assesses and manages climate risks.

6. Describe the organization's processes for identifying and assessing climate risks.	Compliant	Incorporation of climate risk assessment and management into risk management and corporate governance disclosed on pages 5 to 7.
7. Describe the organization's processes for managing climate risks.		Incorporation of climate risk governance into the Company's governance disclosed on pages 5 to 7.
8. Describe how the processes used to identify, assess and manage climate-related risks are embedded into the organization's overall risk management.		Incorporation of climate risk identification, assessment and management processes into risk management and corporate governance disclosed on pages 5 to 7.

METRICS AND GOALS:

Disclose the metrics and goals applied to assess and manage relevant climate-related risks and opportunities, when this information is material.

9. Disclose the metrics adopted by the organization to assess climate-related risks and opportunities in line with its risk management strategy and process.	Partially Compliant	Based on the prioritization of risks and the development of macro financial models, conducted in 2024, we will develop a quantitative assessment of climate scenarios, which will provide us with additional prospective financial metrics, such as the potential impact on future revenue and the value at risk of our assets.
10. Disclose Scopes 1, 2 GHG emissions and, if applicable, 3, as well as the related risks.	Compliant	The carbon inventory and related risks are disclosed in the Integrated Report pages 84 and 143.
11. Describe the goals applied by the organization to manage climate-related risks and opportunities and performance against these goals.	Compliant	The evolution of the Commitment to Life and the Vision of Regeneration achievements are described in the Integrated Report on pages 46-52, 71.

In 2024, we launched Natura's Climate Transition Plan in Latin America (see the document [here](#) and read more in the **Integrated Report**), which encompasses all our areas of activity for tackling climate change in a single platform, including governance and climate resilience-related aspects, wherein we address the risks and opportunities connected with the topic.

Next steps

- The Controllershship, Risk Management, and Sustainability teams collaborate to define the roles and responsibilities for addressing climate risks in business operations and ensuring their comprehensive integration into the Company's strategic and financial planning.
- Ongoing evolution to formalize processes, definition of internal controls and provide training on the effects and impacts of climate change on the Company's operations and strategy.
- Keep the board informed about climate risk management and approve developments in the Climate Transition Plan.

Climate Risk Strategy

A central part of our strategy is the need to tackle the climate crisis. This includes the risks associated with the transition to a low-carbon economy and the impacts of climate change on biodiversity. In addition, our materiality assessment identified 'Climate Action' as one of the most relevant issues for our business and stakeholders.

In recent years, we have seen a marked improvement in the understanding and identification of the potential impact of climate change on operations, also the relevance of climate risks and opportunities for businesses, as well as the relative levels of the potential impacts of these risks based on the business sensitivity.

Progress has also been made in the identification and qualitative assessment of transition and physical risks and opportunities in multiple climate scenarios and in short (zero to three years), medium (four to ten years) and long-term (ten to 30 years) time frames.

As a strategy to manage potential climate risks that could impact the achievement of our objectives, we have incorporated a new climate change risk scenario into our Corporate Risk map since 2023. This initiative aligns with our robust risk management governance, as previously mentioned, contributing to the focus of our efforts.

In 2024, we conducted a comprehensive analysis of climate scenarios, supported by financial impact calculations to ensure the preparedness and

resilience of our business, in accordance with the IFRS S2 recommendations, so that to measure the financial materiality of these risks for the Company. These results will help to internalize the impact of risks and opportunities on our business, as well as evidencing to the market how we reduce our exposure these risks by integrating them with the business strategy.

Climate Risk Approach

In 2021, we have started to develop our climate risk identification process. In 2022 and 2023, we advanced our climate scenario analysis to consistently address our businesses and their respective geographies and value chains (see page 33 for a description of the variables in our climate scenario analysis).

The analysis is divided into two parts, the first phase consists of a qualitative scoring of the risks and opportunities in different future climate scenarios. The second phase, initiated in 2024, includes the financial quantification of priority climate impacts.

Natura adopted a consistent approach to identifying and assessing climate-related risks and opportunities and conducting climate scenario analysis. This approach allowed us to better understand the potential impacts of climate change along the business value chain.

Stages of incorporating climate risks and TCFD recommendations

2021 - 2023	OUT 2023 - MAR 2024		2024	2025			
1. Pre-work	2. Peer review and interviews	3. Identification and analysis of Risks and Opportunities	4. Final overview of priority risks and opportunities.	5. Selection of risks for prioritization of financial effects analysis	6. Creation of models	7. Models validation and refinement	8. Integration of results and resilience reinforcement
Start of project development focused on prospecting climate risks and opportunities in order to start incorporating them into the global risk matrix.	<p>Benchmarking through cases from the consumer goods sector.</p> <p>Diagnosis of compliance with TCFD recommendations.</p> <p>Employees engagement with key roles in the company.</p> <p>Interviews with stakeholders of the Company, and a total of 24 interviews were conducted.</p>	<p>Identification of an extensive list of risks and opportunities.</p> <p>191 climate risks and opportunities considered</p> <p>In-depth risk exposures throughout the value chain.</p> <p>Workshops with stakeholders to present preliminary results.</p>	<p>Risks are validated with main stakeholders through workshops.</p> <p>27 selected risks and opportunities</p>	<p>Two physical risks, two transition risks and an opportunity.</p> <p>Review of the main climate-related risks and opportunities identified by Natura, considering the availability of internal, external data and viable methodologies to produce useful quantitative results.</p>	<p>Mapping financial impact drivers, developing financial models and identifying data sources.</p> <p>Development of macro-level financial models, using public sources of data on climate change scenarios.</p> <p>Three risk models, an opportunity model and an opportunity case study.</p>	<p>Refinement of our understanding of the potential financial effects related to the climate, validating the results of this initial assessment at a macro level.</p>	<p>Incorporate the results of the financial analysis of physical climate risks in impairment tests (value of assets) and in risk management and business continuity plans, and the transition risks and opportunities in the business strategic and financial planning processes.</p> <p>Enhance transparency in line with market expectations according to reporting standards (CDP, TCFD and IFRS S2) and improve the business alignment with our climate transition plan.</p>

Methodology to Identify, Assess and Manage Climate-Related Risks and Opportunities

We conduct an ongoing analysis to guide the review of the measures required to manage exposure to climate risks and tap related opportunities.

Below we describe the methodology adopted to identify, assess, score and classify climate-related risks and opportunities.

Qualitative analysis

1. RISK IDENTIFICATION:

By adopting a top-down and bottom-up approach, we identify climate risks that could impact the organization, including financial, reputational and operational risks. Sources of information include:

Sector benchmark analysis of TCFD reports; in-house interviews with leaders of key business positions; extensive review of climate scenarios and database of climate-related risks and opportunities provided by experts.

This process generated an initial list of 191 risks and opportunities, subsequently consolidated into a reduced list of 27, as detailed below.

- **Top-down Identification:** We prioritize risks that could compromise the achievement of the Commitment to Life goals, including the response to the climate crisis. For Natura Latin America, we employed an impact vector from the Commitment to Life, which applies to other corporate and operational risks, helping risk managers to assess how their risk scenarios could affect the social and environmental objectives for 2030.
- **Bottom-up Identification:** We developed and improved our climate scenario analysis methodology to map emerging risks and potential impacts on our operations and value chain.

2. RISK ASSESSMENT:

Each transition risk identified (including new regulations) or physical climate risk was calibrated in line with the Corporate Risk Management criteria adopted by Natura.

- **Magnitude of the impact:** Severity of the climate event under different scenarios and time frames.
- **Probability:** Chances of the weather event occurring under different scenarios and time frames.
- To determine the potential of the opportunities, the size of the opportunity was considered and execution capacity, taking into account strategic alignment and the cost of implementation.

3. RISK EXPOSURE BY CLIMATE SCENARIO AND TIME FRAME:

The exposure methodology was applied to each climate scenario and time frame based on:

- Interviews with key areas, including finance, sustainability, risk management, supply chain and product development.
- Documentary research on climate policies and regulations in different countries/regions.
- Review of NGFS and IEA World Energy Outlook databases for transition risks.
- Analysis of global climate models and the IPCC Atlas database for physical risks.

4. VALIDATION:

Integration with Risk Management Processes.

In 2024, climate risk management was incorporated into the Company's Risk Management (see more details on page 7) of the Institute of Internal Auditors (IIA) Three-Line model. As a result, we have assigned the management to those directly in charge of identified priority climate risks (first line), we defined the climate risk management framework in accordance with the TCFD recommendations, we quantified financial impacts and set out metrics and goals for monitoring exposure to risk (second line), and internal auditing began to incorporate controls related to climate change (third line).

We understand that our approach based on climate risks will continue to evolve. Based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), over the last two years we have focused our efforts on integrating climate scenario analysis into our risk management, aiming at better mapping the climate change-related risks and opportunities within the broader context of business risks and objectives.

We adopt an agile and adaptive approach to climate risk management, which allows us to treat climate impacts as independent risks if these are material enough for each business unit. We categorize these risks within the ESG (environmental, social, and governance) dimensions, in line with our Commitment to Life goals.

Parameters for climate scenario analysis

Following the TCFD recommendations, we have considered different future climate scenarios to assess their potential impacts on our operations and, accordingly, the related risks and opportunities. We considered three possibilities: ambitious, medium; and high warming.

In addition to the intensity of the scenarios, we also considered three time frames:

- **Short term:** zero to three years, in line with business planning cycles.
- **Medium term:** four to ten years, which is in line with our Commitment to Life
- **Long term:** more than ten years to 2050, in line with Natura's commitment to achieve decarbonization to this date.

The qualitative analysis of the 27 risks and opportunities identified, conducted in 2024 and which enabled us to group them into seven impact areas, considered the three intensity scenarios and the three different time frames. The data utilized derives from the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA) and the Network for Greening the Financial System (NGFS).

	Ambitious Policy	Medium	High Warming (BAU)*
Scenario	A scenario aligned with Paris Agreement, where global CO ₂ emissions are drastically reduced, with ambitious and gradual efforts to curb rising temperatures.	Slower, less ambitious political action or a delay before sudden ambitious action. Emissions remain stagnant in the short term, with notable changes occurring between 2030 and 2050.	The lack or limited action, with society perpetuating past trends, emissions significantly increasing, resulting in extreme warming.
Source	Network for Greening Financial System (NGFS) - orderly transition (net zero emissions by 2050) Net Zero Scenario REMIND- MAGPie IEA Net Zero Emissions 2050 (NZE) IPCC SSP1-2.6	NGFS - Disorderly transition REMIND Scenario-MAGPie Delayed action IEA Scenario Announced Pledges IPCC SSP2-4.5	NGFS - Greenhouse World REMIND Scenario-MAGPie Current Policy IEA Scenario Declared Policies IPCC SSE5-8.5
Interval of	1,4°C - 1,8°C	1,6°C - 2,7°C	2,6°C - 4,4°C

1 The "ambitious" scenario reflects an outlook aligned with the Paris Agreement, where global CO₂ emissions are severely reduced, with ambitious and gradual efforts to curb the temperature increase between 1.4°C - 1.8°C. It aligns with the orderly transition of the NGFS, IEA NZE 2050, and IPCC SSP1-2.6.

2 The "medium" scenario refers to slower and less ambitious political action, or a delay before sudden ambitious action. It assumes that emissions will remain stagnant in the short term, with significant changes occurring between 2030 and 2050. It aligns with the disorderly transition of the NGFS, IEA Announced Pledges and IPCC SSP2-4.5.

3 The "high warming" scenario reflects limited or no action, with society perpetuating past trends and emissions increasing significantly, resulting in extreme warming. This aligns with the NGFS Greenhouse World, IEA Declared Policies and IPCC SSP5-8.5.

4 Network for Greening the Financial System (NGFS) - Scenarios applied to assess transition risks, including energy demand projections, price changes, shadow carbon price, etc.

*Business as Usual

Our Climate-Related Risks and Opportunities

We conducted a detailed assessment of our business units' climate-related risks and opportunities, in line with TCFD recommendations. The 27 risks and opportunities identified were grouped into seven impact areas:

1. Physical threats
2. Operational processes
3. Supply chain, inputs and biodiversity

4. Regulations
5. Government and collaboration
6. Consumer behavior and preferences
7. Stakeholders reputation and expectation

See a detailed description of the risks, opportunities and risk exposure (very high, high, moderate and low) of each of these areas for our business units at the end of this booklet, starting on page 53.

Quantitative analysis

The evolution of the work of analyzing risks and opportunities in different scenarios, in compliance with the TCFD guidelines took place in 2024, with a quantitative assessment of the impacts identified in each of the scenarios. This means calculating the financial costs of the actions to be taken in order to enhance the Company's climate resilience and its value chain. **GRI 201-2**

This analysis is based on the studies previously conducted in order to identify, assess and prioritize the climate-related risks and opportunities that are most relevant in terms of their potential financial and strategic impact. Through this initial high-level assessment, we seek to understand the potential magnitude and direction of climate-related financial effects, assess the implications for financial reporting and management, develop the Company's internal capacity to analyze these effects, and identify priority areas for more in-depth analysis in the future.

ASSESSMENT APPROACH

- **Selection of priority financial effects for analysis**
Review of the main climate-related risks and opportunities identified by Natura, considering the availability of internal and external data and feasible methodologies to produce useful quantitative results.

- **Definition of financial impact drivers and development of financial models.**
 - Mapping of impact pathways for selected climate-related effects and identification of data sources.
 - Development of preliminary financial models, using public sources and databases of climate change scenarios.

RISKS AND OPPORTUNITIES ASSESSED

This analysis focused on a set of five priority financial effects linked to our main climate-related risks and opportunities. In each case, our initial analysis quantified the inherent (unmitigated) risk, in addition to considering the scope of current risk control strategies and potential to mitigate this impact, where these can be quantified.

We also built financial impact models for these effects (starting on page 36) and identified the need to develop a case study regarding the potential related to sustainable R&D, circularity and technology expertise to develop low-carbon product lines, anticipating future market trends.

Based on the 27 risks and opportunities selected, we carried out a prioritization exercise to identify which could be quantified. The result of this exercise can be seen in the table below:

	Description of Risk/ Opportunity	Quantification Approach	Climate Scenario Data	Natura Data
1	Risk: Extreme weather events disrupt operational continuity and production.	Assess the Value at Risk (VaR) at the asset level, considering the projects physical threats and the potential for damage and loss of productivity.	Physical hazard Modeling (IPCC data): *12 climate threats * Four time frames, three scenarios, three percentiles *% Value at Risk (VaR) of (i) damage to assets, (ii) loss of productivity	Selection of assets (13 in total, including own assets and those of suppliers)
2	Risk: Damage to facilities due to extreme weather events.			Asset value / Insured amount (in \$) - Revenue (in \$)
3	Risk: Insufficient supply and price volatility for critical commodities and low-carbon materials result in higher costs.	Using climate-adjusted commodity price scenarios, estimate the potential cost impact for critical materials.	WBCSD analysis of the climate transition impacts on production, demand and commodity prices.	Average prices of (current) commodities Expected purchase volume Business growth projection
4	Risk: New regulations on packaging and plastic that restrict fossil fuel-derived materials from generating new compliance costs.	Considering the packaging roadmap, estimate potential higher costs arising from expanded (e.g., new markets), higher (e.g., higher taxes) or stricter (e.g., higher exemption thresholds) regulations.	Literature review of current and emerging packaging regulation policies (Producer Extended Liability - REP, plastic tax).	<i>Packaging innovation roadmap to achieve the Commitment to Life goals</i>
5	Opportunity: Implementation of efficiency, circularity and renewable energy measures in operations and production reduces costs.	By using energy and carbon prices based on climate scenarios, estimate the potential avoided cost benefit of the Company's decarbonization goal and strategy.	NGFS analysis & IEA of energy and carbon prices under different climate transition scenarios, considering the regulation impacts.	Projected GHG and energy profile in line with 2030 and other GHG commitments Average energy prices Estimated net sales (to project baseline activity) Estimated costs of implementing the strategy

- **Risk/Opportunity Description:** Details of the risk or opportunity being assessed in relation to climate change.
- **Quantification Approach:** Methodology adopted to estimate or measure the financial impact of risks and opportunities.
- **Climate Scenario Data:** Data sources and climate scenario models applied in the analysis, including IPCC data (Intergovernmental Panel on Climate Change).
- **Natura Data:** The Company's specific data that will be used to quantify the impacts.

Models for quantifying physical risks

The potential financial impact of the climate change physical risks was assessed from two perspectives:

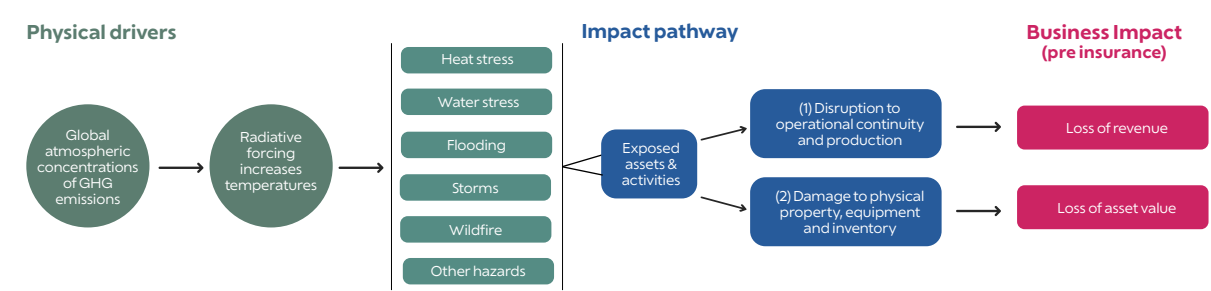
- (1) impact on productivity (revenue) of operational continuity disruption,
- (2) damage to assets and inventory due to extreme weather events.

This analysis supports the identification of critical risk points within our portfolio of sites and supply chain, and the assessment of the potential materiality of future financial effects.

INCREASE IN THE FREQUENCY AND INTENSITY OF EXTREME EVENTS

Quantification Approach	Natura Data
Focus	Assess the potential financial impact of physical climate risks considering the disruption of business operations and damage to assets.
Related risk/opportunity	Risk: Extreme events disrupt business operations Risk: Physical damage to asset infrastructure.

Potential financial impact mechanisms



Main Assumptions	<p>Site-level assessment: a site-level analysis was conducted for a set of 13 priority operations of Natura and suppliers, selected based on their financial relevance to the business and their observed exposure to climate risks.</p> <p>Climate risks: SLR-ClimSystems' physical climate risk data has been applied for a range of climate risk parameters, including heat stress, water stress, floods, storms, forest fires and other risks. These were analyzed for each site over three time frames (2030, 2050, 2070).</p> <p>Climate scenarios: three climate scenarios were modeled to represent a range of plausible climate futures, SSP1-2.6 (low warming), SSP2-4.5 (intermediate) and SSP5-8.5 (high warming).</p>
Product	The Value at Risk (VaR) arising from physical climate threats linked to productivity (based on asset-dependent revenue) and damage (based on asset value) was assessed for each location. This analysis supports the identification of critical risk points within our facilities portfolio and supply chain portfolio, and the assessment of the potential materiality of future financial effects.

Models for quantifying transition risks

Three potential financial impacts related to regulatory and market changes connected with the low-carbon transition were assessed:

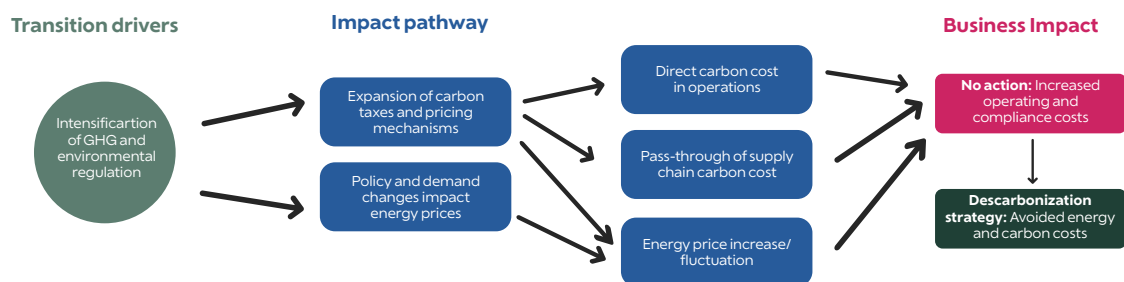
- (1) restrictive regulations for plastic packaging,
- (2) changes in critical materials prices,
- (3) carbon pricing and changes in energy prices.

This analysis allows us to explore the potential impact of emerging regulations and market trends, such as the carbon and plastic pricing, and how our transition plan and decarbonization and circularity strategies reduce exposure to these risks.

CARBON MARKET REGULATION

Quantification Approach	Natura Data
Focus	Assess the potential financial impact of carbon pricing and changes in energy prices on operating and regulatory compliance costs, and the potential of our climate transition strategy to mitigate and avoid this impact.
Related Risk/ Opportunity	<p>Risk: New carbon regulations and the need for transparent and specific reporting in different jurisdictions raise operating compliance costs</p> <p>Opportunity: Implementation of measures to lower emissions, efficiency and use of renewable fuels and circularity.</p>

Potential financial impact mechanisms

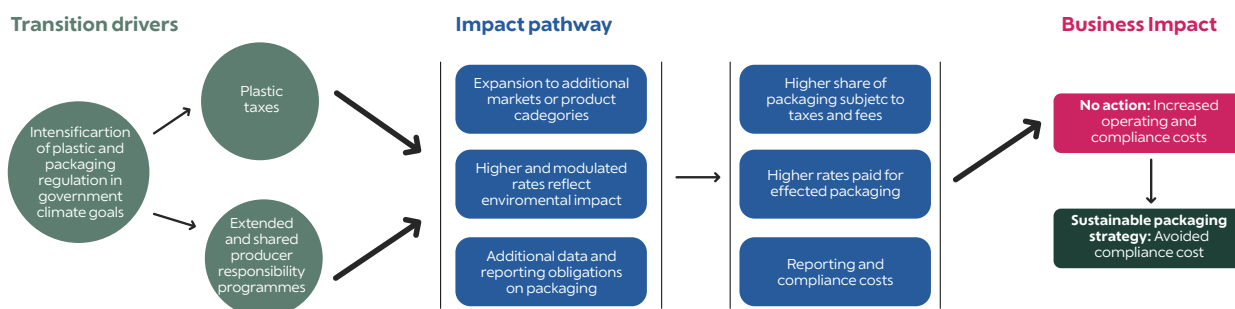


Main Assumptions	Climate Scenarios: We review carbon and energy price trends from a wide range of sources, including market forecasts (e.g., the EU Emissions Trading System), government policies in our operating markets (including the new carbon market in Brazil), as well as a variety of transition scenarios of the International Energy Agency's World Energy Outlook and Network for Greening the Financial System.
Product	In addition to assessing the potential impact of these trends without changes in the carbon and energy intensity of our operations, we considered how our decarbonization commitments and plans can mitigate exposure to these costs over time. Natura has set a science-based target to decrease our scope 1, 2 and 3 GHG emissions by 42% by 2030, using 2020 as a base year, aiming at achieving net zero emissions by 2050.

PLASTIC AND PACKAGING

Quantification Approach	Natura Data
Focus	Assess the potential financial impact of packaging and plastic regulations on production and compliance costs, and the potential of our sustainable packaging innovation strategy to mitigate this.
Related Risk/ Opportunity	<ul style="list-style-type: none"> Risk: Emerging regulations on packaging and plastic, which restrict fossil fuel-derived materials from generating new compliance costs. Implementation of reverse logistics and circularity strategy and inclusion of post-consumer recycled materials in packaging. Opportunity: Expansion of a circularity strategy and inclusion of post-consumer recycled materials in packaging.

Potential financial impact mechanisms

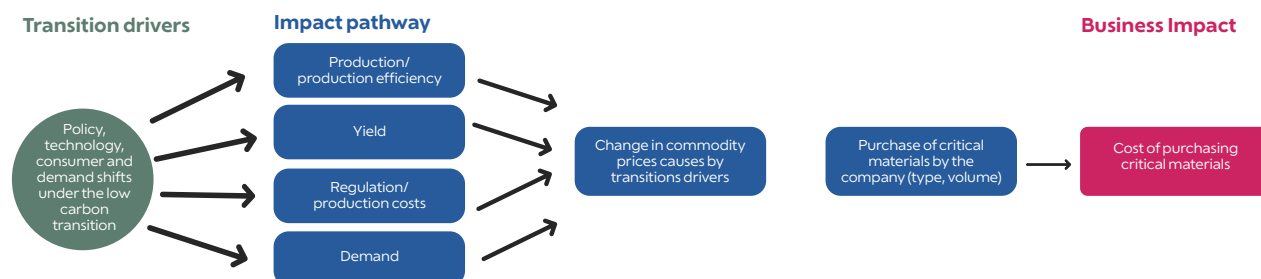


Main Assumptions	<p>Policy mechanisms: Based on a review of international policy trends, we assessed two mechanisms: plastic taxes and producer extended or shared liability fees.</p> <p>Climate Scenarios: As commonly used climate scenario databases do not contain parameters to assess this risk, we have developed a set of customized policy scenarios for how plastic taxes and EPR (producer extended liability) fees can be introduced in our different operating markets. These were based on the current and emerging political scenario, related literature and engagement with in-house teams that manage these schemes.</p>
Product	This analysis allows us to explore the magnitude of potential new packaging fees under different real and hypothetical policy scenarios. In addition to assessing the impact these trends would have, should no changes occur in our packaging portfolio. We also considered how the pipeline of sustainable packaging projects can avoid our exposure to these costs over time, for instance by increasing the post-consumer recycled content share in our packaging and moving towards 100% reusable, recyclable and compostable packaging by 2030.

CRITICAL CHAINS

Quantification Approach	Natura Data
Focus	Assess the potential for regulations and market changes as part of the transition to a global low-carbon economy to impact the cost of critical commodities and production costs.
Related Risk/ Opportunity	Risk: Supply shortages and price instability of critical commodities and low-carbon materials result in rising costs

Potential financial impact mechanisms



Main Assumptions

Climate Scenarios: We applied data from the WBCSD's climate scenarios for Food, Agriculture and Forest Products, assessing impacts in five scenarios ranging from historical trends (aligned at 3°C) to low-carbon transition scenarios aligned at 2°C and 1.5°C. The Climate Scenario Tool is shaped by ten underlying factors, two of which vary per scenario, with GDP, population and trade consistent across all scenarios. These factors represent the scenario narratives and build variation in the scenario results (production, prices, etc.)

- Greenhouse Gas Prices
- Bioenergy trends
- Protected areas and land use regulation
- Dietary changes
- Efforts to reduce food waste
- Improved production efficiency
- Performance-enhancing technology
- Other climate policies

Critical materials: The commodities data obtained from the WBCSD framework was compared with the list of our critical materials. The climate transition effects on prices were assessed for palm oil, ethanol (produced from sugar cane), soy, cotton and bioplastics (also derived from sugar cane).

Product

This first analysis allows us to assess the extent to which the low-carbon transition can drive price changes for our critical materials, highlighting priority areas for further analysis.

Building Climate Resilience

Taking into account the climate risks and opportunities identified, Natura is actively evolving its resilience to fight against growing exposure and seize the opportunities presented.

Below are some of the main actions that help mitigate these risks and prepare the business to tap the opportunities on the main fronts of action. See the breakdown of metrics and objectives on page 64.

Value chain

At Natura, we understand that as the climate becomes more and more unstable, especially at higher temperatures, our supply routes will become more pressured and will face greater risks of shortages or disruptions in the chain. To enhance our resilience in response to these risks, Natura is acting within its supply chain to nurture the relationships we maintain with our supplier communities.

Biodiversity

As part of this resilience building, we monitor the sourcing structure of bioingredients in the Amazon. Our action includes routine activities in the area, such as the monitoring of causes of non-compliance with deadlines and complete delivery to assess situations related to rainfall changes and less productive crops. Our ambition is to work collaboratively with our suppliers to identify where climate vulnerabilities may exist in our supply chain and develop processes that not only ensure Natura's supply, but also make our suppliers less exposed to crop loss and, accordingly, revenue loss.

Natura, in collaboration with several partners, since 2008 has been involved in a groundbreaking project in Brazil, the SAF Dendê, or palm oil agroforestry system, with a focus on

integrating palm oil cultivation with other species and the Amazon's native trees. This initiative aims at reducing chemical inputs, improving soil health and increasing biodiversity. Preliminary results indicate higher levels of carbon in the soil and greater diversity of fauna compared to conventional farms, without waving economic benefits. The project evidences a successful application of regenerative agricultural practices within the palm oil sector, underscoring its potential for wider adoption.

Logistics

Natura is also working to optimize its logistics network, as part of the integration of the Natura and Avon brand operations in Latin America.

To facilitate this process, we have set up a dedicated team in the Operations and Logistics area that will be in charge of implementing a decarbonization plan.

This plan will take advantage of our ability to promote low-carbon technologies and create new partnerships with logistics operators, such as fuel suppliers and vehicle manufacturers. This will help build resilience against eventual disruptions to logistics routes, changes in fuel prices and shipment availability.

Research & Development

Natura promotes a change in consumer habits towards sustainability, understanding their critical role in shopping decisions. To align our offers with the growing demand for environmentally responsible products, we set up the Eco-design Committee. This interdisciplinary team, composed of experts in design, environmental sciences, packaging development, sustainable purchase, consumer experience and sustainability, is dedicated to enhancing the circularity of products. Its mission

focuses on defining key commitments and guidelines to minimize our environmental impact, while exploring cost-effective strategies to provide sustainable packaging solutions.

Circularity

For over 15 years, Natura has been a leader in implementing the principles of the circular economy through the Natura Elos Program. This program employs a reverse logistics chain and collaborates with packaging manufacturers, recycling industries, and recycling cooperatives. This effort reflects Natura's dedication to driving environmental values in consumers, in line with our broader commitment to circularity and regeneration as part of our 2030 commitments. These objectives underscore waste reduction, resources reuse, natural ecosystems regeneration and a positive contribution to the planet. Despite the success of these initiatives, the challenge of expanding the program to have a more broadly impact highlights our ongoing pursuit for environmental management and the need for innovative solutions in our sustainability practices. For more details on our approach to sustainability, read our [2024 Integrated Report](#).

Next steps

During 2025, we will continue to refine our understanding of the potential financial effects related to climate, validating the results of this high-level initial assessment and analyzing opportunities to build these results and metrics into our financial planning, reporting and risk management processes. Through this exercise, we aim at bolstering our resilience to potential climate change risks, enhance transparency in line with new disclosure standards and improve alignment of business with our climate transition plan.

- Incorporate the results of the physical climate risks financial analysis in impairment tests (assets value), risk management and business continuity plans, and transition risks and opportunities into the strategic and financial planning processes.
- Apply the results of climate risk identification and assessment to guide decision-making on resilience and risk mitigation measures.
- Evolve internal controls and response measures to heighten the robustness of the process and anticipate compliance with IFRS S2.

A close-up photograph of several long, narrow leaves with a yellow and green variegated pattern. The leaves are arranged diagonally from the top left towards the bottom right. The background is a dark, out-of-focus green. The text 'natura' is in the top right corner and 'TNFD' is in the bottom right corner.

natura

TNFD

Task Force on Nature-related Financial Disclosures (TNFD)

Since 2020, Natura has actively participated in the discussions that led to the launch of the Task Force for Nature-related Financial Disclosures (TNFD) framework, being one of the first companies to adopt its recommendations.

The TNFD, which complements the Task Force on Climate-related Financial Disclosures (TCFD), offers guidelines for assessing and disclosing the most relevant issues associated with nature: risks, opportunities, impacts, and dependencies, and adopting an integrated approach to the climate agenda.

By aligning with the TCFD and TNFD frameworks, we reinforce our commitment to transparency and environmental responsibility, moving towards a greener and more resilient economy.

In 2023, Natura began its journey to map, assess and report its most relevant risks, opportunities, impacts and dependencies of its business in relation to nature. We conducted an initial diagnosis to understand Natura's adhesion to the TNFD guidelines, seeking to evolve towards our Commitment to Life goal of reporting our impacts and dependencies on biodiversity by 2025, based on recognized international standards. In addition, in the same year we became early adopters or pioneer users of the Task Force.

In 2024, we completed the preliminary studies for implementing the LEAP approach, recommended by the TNFD, divided into the Locate, Evaluate,

Assess, Prepare stages. As a result, we were able to gain greater clarity on the interface between nature and our direct operations and value chain, identifying priority sites for action based on a materiality analysis of impacts, dependencies and interaction with ecologically sensitive sites. We have also advanced in assessing impacts and dependencies on nature, delving deeper into the subject and building relevant inputs to inform and refine our strategy and implement our Biodiversity Policy.

In 2025, our primary focus was on analyzing the risks and opportunities associated with nature, their correlation with previously mapped climate risks, and the development of action plans that align with the 2050 regenerative vision.

By advancing this process, we reinforce our leading role in the global environmental agenda. We evidence how businesses can integrate considerations of nature into their financial and strategic decision-making processes. Besides reaffirming our commitment to building a regenerative economy.

Lastly, in our 2024 Annual Report, we present the status of each of the TNFD recommendations, as well as details on the process for addressing each of the issues, as shown in the attached table.

TNFD recommendations, status and action plans

Governance	Recommended	Status	Statement
	A. Describe how the Board monitors dependencies, impacts, risks and opportunities related to nature.	Compliant	<p>Natura's Board of Directors is composed of eight members elected for combined two-year terms of office, 50% of whom are independent. The Board is responsible for analyzing the effectiveness and executing the business plan, overseeing the executive team, making strategic decisions, ensuring integrity and ethics in operations of the Company and defining objectives and guidelines for sustainable development, as well as overseeing the implementation of the policies approved by the organization. Of the Board members, six have expertise in environmental, social and governance (ESG) issues.</p> <p>The Board of Directors set up a Sustainability Committee aiming at acting as an advisory forum focused on sustainability issues. The committee is currently composed of members of the Board of Directors and, since October 2024, has relied on the participation of an external consultant specializing in the analysis of socio-environmental management processes, adding expertise in their deliberations. By delegation from the Board, the Sustainability Board manages the Biodiversity Policy and is liable for ensuring its integration into business processes. The risks associated with sustainability issues are analyzed on a consolidated basis with the Company's other risks and reported periodically to the Audit Committee and, at least once a year, to the Board of Directors. The Board and the Executive Committee monitor the metrics and KPIs of the 2030 commitments on a quarterly basis.</p> <p>The commitment to sustainable development is part of the Company's founding values and has been an integral part of its business strategy. The role of the Sustainability Committee is to broaden the Board of Directors' knowledge on sustainable development-related issues.</p> <p>Detail: More systematically, nature-related considerations, in connection with climate and human rights, will be incorporated into strategic reviews and financial planning. This approach is covered in the 2030 goals with a focus on nature and biodiversity and in the considerations related to TNFD.</p> <p>The next steps will indicate the nature-related risk management processes, including the frequency with which the issue will be addressed in the Board.</p>
	B. Describe the management's role when assessing and managing dependencies, impacts, risks and opportunities related to nature.	Cumpro	<p>Natura maintains a solid governance structure to ensure responsibility and accountability in policies, commitments and environmental, social and governance (ESG)-related goals. Integrated sustainability management is conducted by the Sustainability and Risk Management Committees of the Board of Directors, along with the Company's Executive Committee and the Sustainability Board.</p> <p>The Biodiversity Policy is one of the pillars of the Company's operations and contributes to enhancing management and strategic decisions connected with dependencies, impacts, risks and opportunities related to nature.</p> <p>In the Transition to Nature Plan, Natura will define more specifically the roles and responsibilities referring to the management of dependencies, impacts, risks and opportunities related to nature, in connection with climate and human rights, supported by the Sustainability Committee.</p> <p>The nature-related risk management, strategic and financial planning processes will be indicated, including the frequency with which the topic will be addressed in the Board.</p>

Governance	Recommended	Status	Statement
	<p>C. Describe the organization's human rights policies and engagement activities, as well as board and management oversight, with respect to Indigenous peoples, local communities, stakeholders and other interested parties in the assessment and organization's response to nature-related dependencies, impacts, risks and opportunities.</p>	Compliant	<p>Natura reaffirms its commitment to sustainability by adhering to global initiatives such as the Global Biodiversity Framework (GBF) of the Convention on Biological Diversity (CBD), including a dedicated in-house structure, the Sustainable Development Goals (SDG), and has been certified as a B Corporation and a member of the Union for Ethical BioTrade (UEBT) since 2014. These initiatives, among others, touch on human rights issue connected with sustainability. The Company has a Declaration of Human Rights and a Biodiversity Policy which is based on the connection between biodiversity, climate and people and one of its objectives is to contribute to the GBF. We focus our advocacy on these priority topics and defend that related public policies prioritize local communities and Indigenous peoples. We have a Code of Conduct for employees and suppliers, and an Ethics Hotline for all stakeholders.</p> <p>The Natura Amazon Program guides the Company's operations in the region with the development of ingredients, socio-biodiversity chains with regenerative practices and support to the relationship communities. The Company's Climate Transition Plan also incorporates "social vulnerability" when elaborating protocols and plans for prevention, reaction, remediation and territorial climate adaptation.</p> <p>Detail: Natura has been advancing more robust strategies for identifying, preventing and mitigating risks related to human rights throughout its value chain, aiming at achieving a fully integrated approach by 2027.</p> <p>Engagement projects with local communities and Indigenous peoples in the Amazon remain a priority and, among other fronts, with a focus on chains with regenerative practices.</p> <p>Natura also focuses on the traceability and/or total certification of its critical chains, committed to have chains free of deforestation and conversion of native vegetation by 2030.</p>
Strategy	<p>A. Describe the nature-related dependencies, impacts, risks and opportunities identified by the organization in the short, medium and long term.</p>	Compliant	<p>Natura, supported by a specialized consultancy, applied the LEAP (Locate, Evaluate, Assess and Prepare) methodology recommended by TNFD to identify, evaluate and report nature-related impacts, dependencies, risks and opportunities in its value chain. The study mapped the priority locations in terms of materiality in impacts and dependencies and interface with ecologically sensitive areas for its direct operations and value chain, resulting in significant inputs regarding the mapping of priority ecosystems on which the Company relies.</p> <p>The organization's most relevant impacts and dependencies on ecosystem services were assessed and quantified. A qualitative diagnosis of the risks and opportunities associated with nature was also carried out, assessing the physical and transition risks for two scenarios: Nature Positive and Business as Usual, considering short-term (2025 to 2027), medium-term (up to 2030) and long-term (up to 2050) outlooks. This analysis also incorporated the climate risks diagnosis previously conducted by the Company.</p> <p>Detail: An action plan was drawn up in relation to nature aiming at guiding the strategy's advancement in line with the study's results concerning the implementation of the LEAP methodology. The Transition to Nature Plan will be elaborated to mitigate risks and maximize opportunities related to nature, connecting climate and human rights.</p> <p>Subsequently, the financial impacts and costs associated with the dependencies, impacts, risks and opportunities should be calculated, prioritizing the most material aspects for the Company.</p>

Strategy	Recommended	Status	Statement
	B. Describe the effect that nature-related dependencies, impacts, risks and opportunities have had on the business model, value chain, strategy and financial planning of the organization, as well as any transition plans or analyses underway.	Partially compliant	<p>In accordance with its Biodiversity Policy and Commitment to Life ("Assess and report our impacts and dependencies on global biodiversity by 2025"), Natura applied a comprehensive and solid methodology to identify and assess the nature-related material impacts, dependencies, risks, and opportunities in its main direct operations and value chain, which resulted in the Nature Action Plan.</p> <p>The results of the study, therefore, will serve as basis for evolving the Company's strategic and financial planning to the extent biodiversity-related criteria are developed and introduced as decision-making factors for allocating resources, valuing assets and liabilities and establishing business practices.</p> <p>Detail: The Transition to Nature Plan will be drawn up to mitigate risks and maximize opportunities related to nature, connecting climate and human rights.</p> <p>Subsequently, the financial impacts and costs associated with the dependencies, impacts, risks and opportunities should be calculated, prioritizing the most material aspects for the Company.</p>
	C. Describe the organization's strategy resilience to risks and opportunities related to nature, taking into account different scenarios.	Partially compliant	<p>Natura's strategy evidences resilience in light of nature-related risks and opportunities. It embeds comprehensive scenario analyses and incorporates environmental and social considerations into its strategic planning. In 2024, the Company assessed the physical and transition risks and opportunities associated with nature in two scenarios - Nature Positive and Business as Usual - considering short, medium and long term time frames, up to 2050. This analysis considered the climate risks diagnosis previously conducted by the Company. These scenarios allow the organization to identify priority risks and opportunities associated with operations and the value chain, providing support for robust and well-informed strategic decisions.</p> <p>Also noteworthy is the 2024 Climate Transition Plan, which includes the development of a climate resilience strategy for the business.</p> <p>Detail: The Transition to Nature Plan will be drawn up aiming at mitigating risks and maximizing opportunities related to nature, connecting topics, such as climate and human rights.</p> <p>This plan will enable to integrate these variables more accurately into the strategic and financial planning processes, reinforcing Natura's ability to adapt to environmental and social uncertainties.</p>
	D. Disclose the locations of assets and/or activities in the organization's direct operations and, where possible, in upstream and downstream value chains meeting the priority location criteria.	Cumpre parcialmente	<p>Natura conducted a comprehensive analysis to identify priority locations in terms of materiality, impacts and dependencies, as well as their interface with ecologically sensitive areas, considering both its direct operations and its value chain. This analysis was based on the Locate stage of the LEAP methodology, recommended by TNFD. The study generated relevant inputs for the mapping of priority ecosystems on which the Company relies, especially in direct and upstream operations. Of the 18 dependencies analyzed (13 distribution centers and five plants)</p>

Strategy	Recommended	Status	Statement
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located in Brazil and in other Latin America countries, 14 were considered priorities in relation to nature. In the supply chain, of the 211 ingredients evaluated, 106 were classified as priorities. Precise locations could be analyzed for direct operations while the origins of ingredients were assessed in the supply chain based on data collected from suppliers and assumptions arising from secondary research according to the geographical unit of reference at the municipal and state levels.

Detail:

The Nature Action Plan includes as one of its goals the development of strategies to achieve full traceability of the origin of ingredients. When working with direct relationship communities in Latin America, the Company adopts the Natura GIS system to monitor supply chains. This system will be updated to enhance traceability and integrate social and environmental information. In addition, awareness-raising activities will be conducted in in-house areas to improve data quality and identify the risks associated with nature.

Databases applied: ENCORE (UN Environment Program - Unep, 2024), Priority Ecoregions (Worldwide Fund for Nature - WWF, 2018), Biodiversity Hotspots (Critical Ecosystem Partnership Fund - CEPF, 2016), Protected Areas (World Database on Protected Areas - WDPA, 2024 and Ministry of the Environment of Brazil - MMA 2023), Ramsar Sites(Ramsar.org, 2024), Global Critical Habitats (UNEP and World Conservation Monitoring Center - WCMC, 2018), Priority Areas for Biodiversity Conservation (MMA, 2018), Threatened Species Range Rarity (International Union for Conservation of Nature - IUCN, 2023), Threatened Species Richness (IUCN, 2023), Extension of Area with Native Vegetation (Mapbiomes Collection 8, 2023 and ESA World Cover, Zanaga et al., 2022), Forest Landscape Integrity Index (Grantham et al., 2020), Loss of Forest Cover between the years 2000 and 2022 (Global Land Analysis & Discovery - GLAD, 2023 and Hansen et al., 2013), Physical risks of water in quantity (Aqueduct WRI, 2023), Indigenous Lands and Other Traditional Territories (National Foundation for Indigenous Peoples - Funai, 2024, National Institute for Colonization and Agrarian Reform - Incra, 2024 and national data and data from Latin American countries), Global Critical Natural Assets (Chaplin-Kramer et al., 2022).

Risks and impacts management

A(i)
Describe the organization's processes to identify, assess and prioritize dependencies, impacts, risks and opportunities related to nature in its direct operations.

Partially compliant

Natura adopts a robust approach to identifying, assessing and prioritizing dependencies, impacts, risks and opportunities related to nature in its direct operations. This process is part of the reference guidelines of TNFD's LEAP (Locate, Evaluate, Assess and Prepare) methodology.

The scope of direct operations considered 18 dependencies (13 distribution centers and five plants) located in Brazil, Argentina, Chile, Colombia, Mexico and Peru. To ensure the quality of the data, we relied on recognized sources and utilized tools and methodologies in line with the best market practices, such as ENCORE, a tool used for screening impacts and dependencies, as well as analyzing factors that could generate potential impacts on biodiversity. These factors include data collected for each operation, such as effluent generation, solid waste generation, water consumption, infrastructure footprint and greenhouse gas emissions from electricity consumption and fossil fuel burning. In addition, the Corporate Biodiversity Footprint (CBF) tool was adopted, which quantifies the impact on biodiversity in km2. MSA. yr (Mean Species Abundance).

Strategy	Recommended	Status	Statement
			<p>Risk analyses take into account vectors such as magnitude, sensitivity, severity and probability of occurrence, as well as incorporating, where applicable, analyses of pre-existing operational and climate risks.</p> <p>Detail: For direct operations, the efforts include the start of the Water Positive journey, which comprises from improvements in internal water management to financing projects to regenerate water basins and water bodies nearby operations.</p> <p>From 2025 onwards, Natura will focus its efforts on incremental advancements, including integrating the results of specific nature-related assessments into the comprehensive corporate risk management process, encompassing governance and monitoring of mitigation initiatives.</p>
A(ii) Describe the organization's processes to identify, assess and prioritize nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chains.	Partially compliant		<p>The process of identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities covers the entire value chain, from the processes of cultivation, extraction and processing of raw materials to the end of life of traded products.</p> <p>Natura utilizes tools, such as the UEBT Risk Database platform, which provides updated information on the social, environmental, and economic risks of ingredients classified as specialties. The ENCORE tool facilitates the qualitative assessment of impacts and dependencies associated with nature. Furthermore, factors that could potentially impact the biodiversity of each ingredient acquired are taken into account. These include its presence on the SBTN High Commodity List, the criticality of the risk of deforestation associated with the supply chain, water consumption, the presence of exotic species with invasive potential in the cultivation area, and the relationship with species at some level of threat.</p> <p>The assessment is based on significance criteria, considering primary and secondary data, revenues, expenses and impacts on biodiversity.</p> <p>The scope of the analysis includes local and global elements, with short-, medium- and long-term outlooks, considering ecological aspects that can affect the ecosystems balance.</p> <p>In addition, biodiversity footprint calculation tools, such as the Corporate Biodiversity Footprint (CBF), together with the Integrated Profit & Loss (iP&L) assessment, allow for a quantitative and seamless approach to identifying risks and opportunities, ensuring alignment with strategic goals and promoting data-based decisions.</p> <p>From a product development perspective, Natura already adopts eco-design processes and tools to ensure the reduction of impacts in different categories. More recently, a new life cycle analysis (LCA) tool has been piloted, in line with the European Union's Product Environmental Footprint (PEF), to assess and guide formulation choices, extending this evaluation to products in their entirety (including packaging).</p> <p>In line with its strategy of ongoing improvement, Natura pursues greater traceability, partnerships with suppliers and the use of technologies to collect and analyze data in its value chain. The Company is working to replace proxies with more detailed information as it identifies the materiality of certain impacts, dependencies, risks and opportunities.</p>

Risks and impacts management	Recommended	Status	Statement
	B. Describe the organization's processes for managing the nature-related dependencies, impacts, risks and opportunities.	Partially compliant	<p>Natura monitors risks and opportunities through its own risk ruler, which comprises a scale of financial, reputational impact, probability and time frame. This same rule was applied for the preliminary assessment of risks and opportunities related to nature in direct operations and the value chain upstream. However, it is still necessary to incorporate nature-related risks and opportunities more directly, as well as additional criteria aligned with the 2030 commitments.</p> <p>In direct operations, environmental and climate data specific to each unit is compiled in monthly reports, aiming at supporting management and strategic planning. Concerning ingredients, the Company relies on managerial tools, as well as certifications and audits. This process seeks to continually improve the management strategy and the quality of the databases, fostering alignment with sustainability goals and reinforcing the capacity to respond to nature-related challenges.</p> <p>Technical tools, such as the UEBT Risk Database platform, are employed to provide up-to-date data on social, environmental and economic risks. The ENCORE tool is applied to qualitatively assess the impacts and dependencies associated with nature.</p> <p>Detail: The Nature Action Plan was developed to guide the Company's biodiversity strategy, built on the findings of the studies applying the Leap methodology, as well as other related studies conducted by Natura in this area.</p> <p>A Transition to Nature Plan will be drawn up, aiming at mitigating nature-related risks and maximizing opportunities, connecting topics such as climate and human rights.</p>
	C. Describe how the processes for identifying, assessing, prioritizing and monitoring the nature-related risks are embedded into the organization's general risk management processes and how these are informed.	Partially compliant	<p>Nature-related risks are incorporated into general corporate risk management through the governance structure that accompanies the 2030 KPIs. This structure involves multiple levels of supervision, including the Board of Directors and specialized committees such as Sustainability, Audit, Risk Management and Finance, Strategy, Corporate Governance, and Organizational Development and People.</p> <p>The Company's Corporate Risk map already includes risk scenarios in the ESG and Operations & Logistics (O&L) categories, addressing key factors related to biodiversity, supply chain, packaging, water quality and climate. These risks are assessed in specific scenarios, with significant exposures accompanied by mitigating initiatives. Thus, the integration of topics related to nature has already been incorporated into the comprehensive Enterprise Risk Management process.</p> <p>Detail: From 2025 onwards, improvements to this approach are estimated to advance the specific and detailed approach to nature-related risks, bolstering the capacity for prioritization, monitoring, response and organizational resilience.</p>

Metrics and Goals	Recommended	Status	Statement
A. Disclose the metrics adopted by the organization to assess and manage significant risks and opportunities related to nature, aligned with its strategy and risk management process.		Partially compliant	<p>Natura has defined goals related to nature, climate and people, which are assessed at different organizational levels, from products and services to the facilities and regions in which it operates, to ensure that these accurately reflect the magnitude of risks and opportunities and guide long-term strategic actions.</p> <p>Metrics associated with risks and opportunities already mapped by the Company are monitored regularly in governance forums, with quarterly follow-up by the Board of Directors and the Executive Committee.</p> <p>The Company considers the Global Key Metrics associated with risks and opportunities (C7.0 to C7.4).</p> <p>Detail: Natura is continuously advancing the development of specific indicators for nature-related risks and opportunities, built on more accurate and up-to-date measurements.</p> <p>A Transition to Nature Plan will be drawn up which, combined with the ongoing process of evaluating risks and opportunities, will ensure a more accurate integration of these metrics into strategic review processes, annual budgets and the assessment of major investments.</p>
B. Disclose the metrics adopted by the organization to assess and manage dependencies and impacts on nature.		Partially compliant	<p>Natura adopts a seamless approach to assessing and managing nature-related dependencies and impacts, aligning these processes with the defined strategic objectives.</p> <p>The Company considers the Global Key Metrics (C1.0, C1.1, C2.0 to C2.4, C3.0, C3.1, C5.0) and the TNFD Sector Key Metrics for the Biotechnology, Pharmaceutical and Food Products and Agriculture sectors. The Company also adopts the metric km². MSA.yr (ecosystem condition in Mean Species Abundance and extent in km² with a time-integrated approach), representing the impact on biological diversity quantified applying the I Care Corporate Biodiversity Footprint (CBF) tool. Natura was one of the first companies to measure and account for natural, social and human capital, using the Integrated Profit & Loss, iP&L (see more on the website).</p> <p>As part of the ongoing improvements, the Company has made progress in the life cycle analysis (LCA) of products and packaging, incorporating more solid criteria to more accurately measure dependencies on ecosystem services and impacts on biodiversity. Concurrently, Natura seeks to enhance the assessment of nature-related dependencies and priority impacts at various organizational levels—local, regional, and global— aiming at formulating strategies that bolster the resilience of ecosystems.</p> <p>In addition, Natura relies on a Nature Action Plan, designed to guide the Company's biodiversity strategy based on the findings of the studies applying the Leap methodology (TNFD). The plan aims at supporting the management of the most material topics related to nature, including impacts and dependencies.</p>

Metrics and Goals	Recommended	Status	Statement
	C. Describe the goals and objectives adopted by the organization to manage nature-related dependencies, impacts, risks and opportunities and its performance compared to these factors.	Partially compliant	<p>Natura maintains an ongoing commitment to defining and monitoring goals to manage nature-related dependencies, impacts, risks and opportunities, in line with its 2030 Vision. The Company recognizes the importance of advancing its commitments to enhance science-based targets and has therefore invested in TNFD-aligned studies and the definition of a Nature Action Plan that will guide the Company in mitigating risks and tapping opportunities. In addition, Natura seeks to ensure that its goals are applicable to the priority areas identified, considering the geographical particularities of its operations and supply chains.</p> <p>Detail: The Transition to Nature Plan will be drawn up aiming at mitigating risks and maximizing opportunities, connecting initiatives related to nature, climate and human rights.</p>



natura

Climate-Related Risks

Our Climate-Related Risks and Opportunities

Relative Significance (Risk Exposure) considers the estimated severity and probability of impact, or of the opportunity, taking into account the potential gain and the Company's ability to capitalize on it. This assessment is based on the methodology described for the analysis of these factors on page 33.

- **Very high**
- **High**
- **Moderate**
- **Low**

1. Consumer behavior and preferences

Consumer preference for more sustainable products with less climate impact can be restrained by issues related to price, aesthetics and functionality. In order to encourage broader engagement in decarbonization efforts, it is essential to continuously enhance our brand, marketing, and R&D strategies. This involves ensuring clear communication, prioritizing sustainable attributes and habits, and ensuring the functionality and quality of our products.

RELATED RISKS	RISK EXPOSURE
Risk category – transition or physical	Natura

- Consumer preference and acceptance of low-carbon products may be restricted, with resistance to adaptation. [market]
- Misconceptions, consumer doubts and resistance to certain product innovations, such as reusable formats and recycled packaging, where the user experience (UX) and aesthetics can be altered, pose challenges to increasing the market penetration of sustainable products.
 - Some product lines have high price sensitivity and a limited market for sustainable attributes, requiring a balance in how we innovate to reduce climate impact.



RELATED OPPORTUNITIES	RISK EXPOSURE
Opportunity category	Natura

The brand's positioning taps the new demand for sustainable and low-carbon products to increase market share. [products and services]

- Market research evidences the strong positioning of the Natura brand, with great relevance to sustainability issues.



Promotion of low-carbon products through the business network and customer base. [products and services]

Our consultants Relationship Selling model allows us to reach consumers with relevant information, explaining our products and fomenting sustainable habits.



Management Initiatives

- Ongoing monitoring of consumer behavior.
- The insights are embedded into the R&D process, allowing these teams to assess improvements to the project portfolio.
- Insights are incorporated into the R&D process to enhance the project portfolio.

2.Regulations

The various regions and countries in which we operate are constantly evolving their regulations on climate issues and waste management. Developments related to carbon regulation and pricing could affect our production and distribution costs, as well as price increases in our supply chain.

RELATED RISKS	RISK EXPOSURE
Risk category – transition or physical	Natura

New regulations and carbon market, ESG reporting in different jurisdictions increase carbon offset budget and compliance costs. [political and legal]
The regulated carbon markets in the countries where we operate do not directly affect Natura due to the low carbon intensity of our operations.

However, this can generate indirect costs in the supply chain or volatility in the prices of the voluntary carbon market.



Higher costs due to regulations on transparency in supply chain, ingredients, ecotoxicity, product labeling and reverse logistics. [political and legal]

Regulations in countries of operation - such as plastics taxes, controls on single-use plastics and producer extended liability - can intensify or expand to other countries where we operate, leading to compliance costs and impacting packaging strategies and schedules.



● Very High ● High ● Moderate ● Low

RELATED RISKS	RISK EXPOSURE
Risk category – transition or physical	Natura
<p>Higher costs due to regulations on transparency in supply chain, ingredients, ecotoxicity, product labeling and reverse logistics. [political and legal]</p> <p>In light of climate regulations tightening, new requirements may encompass additional aspects of product development and characteristics, requiring Natura to enhance transparency and management of potential environmental impacts throughout the product life cycle.</p>	
Opportunity category	Natura
<p>Optimize innovation costs through expertise in sustainable research and development, circularity and technological expertise to develop low-impact, climate-friendly product lines. [products & services]</p> <p>Approximately 60% of Natura's revenue derives from low-carbon products, and sustainability is thoroughly integrated into our innovation processes, positioning us to respond promptly to new trends and market demands related to sustainability issues.</p>	

● Very High ● High ● Moderate ● Low

Management Initiatives

- Ongoing monitoring of emerging regulatory proposals in the different countries where we operate, with regular updating of the regulatory risk map throughout the year.
- Natura's Integrated Profit & Loss methodology in Latin America accounts for the social cost of carbon. This value is currently considered an internal carbon price when approving Company projects. The main objectives of implementation include: fomenting decarbonization and low-carbon projects, stimulating energy efficiency gains, enabling more comprehensive cost-benefit analyses and integrating climate risk into the Company's financial and strategic decisions. The internal carbon price is applied in the analysis of investment projects involving carbon emissions, serving as a tool for assessing the climate transition-related risks and opportunities. Currently, the value utilized is nearly US\$170/tCO₂e, applied as a shadow price, in line with international recommendations that seek greater ambition and adhesion to scenarios limiting global warming to 1.5°C. This mechanism covers all the Company's greenhouse gas emissions scopes, reflecting the materiality of the value chain for the business. The application of the internal carbon price helps to reinforce climate risk management, ensure greater long-term financial resilience and foment the development of solutions in line with Natura's decarbonization strategy and Climate Transition Plan.
- The remaining emissions are offset through investments in projects that lower emissions beyond our value chain.
- By actively managing our supply chain emissions (scope 3), we seek to prioritize low-carbon materials and suppliers, reducing our exposure to the indirect costs of carbon regulation. Use of carbon and environmental impact calculators throughout the life cycle of products to support decision-making.
- Natura's Multidisciplinary Ecodesign Committee in Latin America is composed of specialists in packaging design, environmental impact, consumer experience, sustainable purchase and sustainability, with a focus on identifying circular solutions that reduce Natura's environmental footprint in an economically viable manner. It also consolidated technical guidelines for innovation.
- The Elos Program, created by Natura, aims at bolstering the reverse logistics chain through shared actions with packaging manufacturers, recycling industries and recycling cooperatives. Check out the program's advances in the 2024 Integrated Report, on page 133.

3. Supply chain, inputs and biodiversity

Scope 3 emissions account for more than 98% of impact of Natura's greenhouse effect emissions, and most of these emissions result from the extraction of raw materials, distribution, use and disposal of products. Assessing and incorporating alternative materials and regenerative chains into our portfolio will be paramount to reduce emissions incorporated into products, in line with our climate commitments.

However, the transition to a low-carbon economy, together with trends towards intensified physical climate impacts, can result in disruption and volatility in supply chains, which can impact the availability, quality, sustainability and pricing of inputs - challenges that we need to manage strategically.

RELATED RISKS	RISK EXPOSURE
Risk category – transition or physical	Natura
Drought, rising temperatures and extreme weather events impact the production of agricultural commodities (e.g. corn, cotton, palm oil). [chronic, acute]	<div></div>
Higher costs in the supply chain can impact product margins and result in margin loss if price competitiveness is not maintained, constraining our sustainability commitments.	
Damage and loss of biodiversity impact the quality and availability of raw materials. [chronic, acute]	
Certain groups of materials and ingredients, such as some of the ingredients from the Brazilian biodiversity in Natura products, pose limited sourcing representing a vulnerability for maintaining the sustainability and quality of products.	<div></div>
Drought, rising temperatures and extreme weather events impact the production of non-agricultural commodities (e.g. resin). [chronic, acute]	<div></div>
We are also exposed to shocks in the global supply chain, such as for instance, extreme weather events in the southern United States that impact plastic resin chains.	
Inadequate supply and price volatility for critical commodities and low-carbon materials result in rising costs. [market]	<div></div>
As the Company's sustainability commitments increase, we anticipate that demand for certain low-carbon inputs, such as bioplastics, may outstrip supply, leading to eventual shortage pressures and/or price increases.	<div></div>

Very High High Moderate Low

RELATED OPPORTUNITIES	RISK EXPOSURE
Opportunity category	Natura
Development of long-term partnerships with suppliers, knowledge sharing and traceability initiatives to reduce supply chain risks. [markets]	
There may be opportunities to consolidate our supply chain by working more closely with a smaller number of local suppliers. This would allow us to improve our resilience and address potential risks, besides enhance transparency initiatives in sourcing and certification.	●
Application of the agroforestry model and experience (e.g.: REDD+, reforestation) to bolster supply chain resilience. [resilience]	
Our experience in participating in projects to research and implement Agroforestry Systems, focused on regenerative production and consumption of natural resources, has evidenced the potential resilience benefits that can be extended to a broader range of suppliers.	●

● Very High ● High ● Moderate ● Low

Management Initiatives

- Natura has committed to having 100% of its critical supply chains (palm, soy, paper, alcohol and cotton indirect chains) free of deforestation and conversion of native vegetation, with independent verification, by 2025.
- Development of the Regenerative Alliance. In 2024, we set up an unprecedented coalition with suppliers from different segments to foment good sustainability practices.
- More than 100 signatories already work with us to explore innovations, projects and new practices on topics such as circularity, traceability of raw materials, human rights, diversity and decarbonization in logistics and production.
- Dedicated procurement department to structure and manage the supply of essential ingredients, including the development of mitigation plans to avoid the risk of shortages of supplies from the Amazonian biodiversity, eventual product shortages and price increases.
- Focus on developing relationships with supplier communities, particularly with regard to ingredients from the Amazonian biodiversity.
- Natura continues to monitor nonconformities in the supply chain. We have made progress in financially quantifying the impact of climate issues on critical chains, including altered rainfall patterns, decreased crop yields, and the impact of the transition to a low-carbon economy.
- In the short term, act as a pioneer in the use of low-carbon materials and establish relationships with suppliers to improve access and preference as technologies scale.

4. Government and collaboration

Achieving the climate transition will require systemic change, as well as the implementation of regulations and infrastructure by national and local governments. Such measures include carbon pricing, restrictions on plastic materials, and the creation of foundations for fomenting the energy transition (subsidies, recycling, distribution networks, and logistics).

Natura's sustainability strategy is a commitment to actively support this transition. However, achieving our goals in a cost-effective manner will require an operating environment that enables and empowers business models and more sustainable formats. It will be necessary to address issues such as gaps in regulation, technology and infrastructure in line with the necessary pace of this transition.

Concerns have been raised about potential deficiencies in viable technologies and infrastructure, which may hinder substantial emissions reductions in consumer goods. Greater collaboration at the industry-government level can contribute to the advancement of sustainable infrastructure, and partnerships in regenerative agriculture and agroforestry can be a route to enhancing resilience and lessening carbon impact.

RELATED RISKS	RISK EXPOSURE
Risk category – transition or physical	Natura
National and local governments fail to enable low-carbon technology and infrastructure. [technology]	
Scaling up circular models, reverse logistics and sustainable supply chains will require government-led investments in infrastructure, such as recycling, which is currently inadequate in some of the countries where we operate, creating barriers or additional costs for sustainable improvements.	<div></div>
RELATED OPPORTUNITIES	RISK EXPOSURE
Opportunity category	Natura
Collaboration at industry and government level to advance regulations that favor business sustainability and access to funds to carry out innovation and low-carbon projects. [resilience]	<div></div>

Very High High Moderate Low

Management Initiatives

- Natura's government relations program is robust at both the national and regional levels. The program aims at promoting and accelerating regulations aligned with the Company's climate commitments and addressing implementation issues that could hinder the execution of our transition plan.
- In 2024, during its participation in COP16 and COP29, Natura took a stand in relation to the urgent need for advances in global climate policy and the development of regulated carbon markets, especially in Brazil (law enacted in December 2024).

- We participate in alliances to promote ways for society to achieve Net Zero by 2050. Through participation in organizations (such as ICC, WBCSD, VCM, Global Compact - Net Zero Ambition, Brazilian Initiative for the Voluntary Carbon Market, CEBDS, Climate Commitment and Brazil Climate, Forests and Agriculture Coalition), we aim to provide a robust and compelling voice for our positions in international forums.

5. Physical threats

Climate change influences the type, location, frequency and severity of extreme events. These changes could have different impacts on the sites where we operate. They could also require adaptation efforts and impact our suppliers, partners, customers, and the infrastructure on which our operations are based.

RELATED RISKS	RISK EXPOSURE
Risk category – transition or physical	Natura
<p>Extreme weather events disrupt operational continuity and production (e.g. floods, fires, storms). [acute]</p> <p>Reduced production capacity due to direct or indirect operational disruption has a direct impact on revenues.</p>	●
<p>Damage to facilities due to extreme weather events (e.g. heavy rain, wind, tornadoes). [acute]</p> <p>We have seen isolated cases of damage to facilities due to weather events, such as during storms in Brazil, and the frequency and intensity of such events may increase in the future.</p> <p>Agroforestry systems, focused on regenerative production and consumption of natural inputs, have evidenced the potential resilience benefits that can be extended to a broader range of suppliers.</p>	●
<p>Extreme weather events disrupt distribution and logistics chains. [acute]</p> <p>Supply chain disruption can affect our ability to deliver products on time or, in the worst- case scenario, result in a shortage of materials, hampering our ability to produce.</p>	●
<p>Extreme temperatures during transportation, storage or use of products have the potential to damage the product's inventory and functionality. [acute]</p> <p>The integrity and durability of products can be compromised if they are exposed to temperatures beyond the levels that are currently tested, while changes in climate conditions can also influence consumer needs and preferences, for instance, for make-up products that are effective in warmer and more humid conditions.</p>	●
<p>Higher climate resilience costs at facilities (e.g. adaptation costs, insurance premiums). [acute, chronic]</p> <p>This includes increased energy and maintenance costs to uphold comfortable working conditions in our facilities, as well as the investment required to adapt and secure assets against other climate risks.</p>	●
<p>Drought, rising temperatures and extreme weather events have negative impacts on human health. [acute]</p> <p>We have implemented measures to mitigate the impact of rising temperatures on our employees. However, we acknowledge the possibility of heightened health, well-being, and productivity concerns for our workforce under climate-warming scenarios.</p>	●

● Very High ● High ● Moderate ● Low

RELATED OPPORTUNITIES	RISK EXPOSURE
Opportunity category	Natura
None identified	n/a

● Very High ● High ● Moderate ● Low

Management Initiatives

- Natura conducted a climate risk assessment at the Ecopark plant in Benevides, Brazil, aiming at identifying the preventive measures required to mitigate the risks associated with extreme high temperatures. Adaptation efforts have been assessed and implemented in plants and distribution centers, including the increased use of air conditioning, natural ventilation and the application of thermal paints.
- Although Natura has no direct operations in areas identified as exposed to high or very high water stress, we monitor water levels and the potential for issues to arise related to water shortage.
- With regard to the risk of fire, Natura has established containment barriers nearby its main facilities and implemented technical monitoring and fire brigades training.

6. Operational processes

Natura has committed itself to achieving the Net Zero goal in its operations by 2030 and has made significant strides in enhancing efficiency and incorporating renewable energies, in line with this goal. Decarbonizing our operations will require investments in Capex, as well as additional costs related to technology and renewable fuels, which will be subject to increasingly heightened competition. In addition, the physical impact of climate change also poses risks for our offices, plants and logistics centers. This will require investments in adaptation measures to ensure operational continuity, safe and comfortable working conditions for our employees.

RELATED RISKS	RISK EXPOSURE
Risk category – transition or physical	Natura
The financial impact of reducing carbon emissions and carbon-related costs is not fully recognized in financial planning and capital decisions. [market]	●
Failure to properly align our capital allocation and investment decisions, including acquisitions and divestments may compromise our climate change commitments or lead to a more inefficient and costly net-zero transition.	●
Lower availability and rising cost of renewable energy and biofuels. [market]	●
As climate action progresses, there is the potential for demand to outstrip supply, resulting in higher costs for Power Purchase Agreements (PPA) and biofuels.	●

● Very High ● High ● Moderate ● Low

RELATED RISKS	RISK EXPOSURE
Risk category – transition or physical	Natura
<p>Lower availability and rising cost of renewable energy and biofuels. [market]</p> <p>As climate action progresses, there is the potential for demand to outstrip supply, resulting in higher costs for Power Purchase Agreements (PPA) and biofuels.</p>	●
RELATED OPPORTUNITIES	RISK EXPOSURE
Opportunity category	Natura
<p>Implementation of efficiency, circularity and renewable energy measures in operations and production. [resource efficiency]</p> <p>As investments in low-carbon solutions grow in the economy, we anticipate greater opportunities to harness new technologies and materials to lower costs and operate more efficiently.</p>	●
<p>Change in business model (e.g., online sales, white label products) can reduce the carbon intensity of production. [products and services]</p> <p>The growth of digital business and an omnichannel model creates the opportunity to move to less carbon-intensive sales and marketing channels.</p>	n/a
<p>● Very High ● High ● Moderate ● Low</p>	

Management Initiatives

- Natura's Climate Transition Plan sets up a roadmap to align our science-based GHG reduction targets and business decarbonization commitments. In our operations, we apply the marginal abatement cost analysis to compare and prioritize various emission reduction initiatives and support capital allocation decisions.
- The inclusion of internal carbon pricing in the assessment of project business cases directs the allocation of capital, internalizing the social cost of carbon.
- The integration of Natura and Avon brand operations in Latin America has optimized logistics routes and bolstered efficiency.
- Natura relies on a dedicated logistics team to implement a decarbonization plan, which is focused on promoting the use of renewable fuels, such as ethanol and biomethane. It also includes partnerships with logistics operators and fuel suppliers, establishing purchase contracts that build resilience against changes in prices and availability.
- Our transition to more digital sales tools includes plans to optimize the number, the size and duration of our leaflets, which should significantly reduce carbon emissions in the coming years.

7. Stakeholder reputation and expectations

As climate change continues to gain relevance on the political and public agenda, we can expect companies to take more consistent and appropriate actions to reduce their impact and support the transition to a low-carbon economy. This has already been observed in markets such as Europe, where regulatory action has sought to combat greenwashing. Since its inception, Natura's strategy has been connected with sustainability, making it not only a benchmark for the business community in Brazil, but globally. Protecting our reputation among our shareholders, investors, consumers and business partners is paramount.

RELATED RISKS	RISK EXPOSURE
Risk category – transition or physical	Natura
Reputational damage due to perceived or actual non-compliance with commitments or inappropriate business practices. [reputational]	
Any failure to achieve the 2030 commitments could result in reputational damage.	●
Natura's supply chains for critical materials and product portfolios expose the Company to topics that may become more sensitive as public scrutiny related to climate change continues to grow, such as plastics and biodiversity.	
Failure to meet investor expectations and financing targets linked to sustainability results in higher costs of capital. [reputational]	
In 2021, Natura Cosmetics issued a US\$1 billion Sustainable Bond, bound by climate targets related to the intensity of GHG emissions and post-consumer recycled plastic packaging.	
Failure to evidence adequate management of climate-related risks could compromise our ability to secure financing and investment, particularly as major investors and banks transition their portfolios to Net Zero by 2050.	●
Disclosing climate-related performance and risk information has become an integral part of ESG and investor assessment methodologies, raising a potential negative impact for Natura if it fails to meet these disclosure requirements.	

RELATED OPPORTUNITIES	RISK EXPOSURE
Opportunity category	Natura
Commitment to Life and IP&L reduce exposure to climate risk and meet investor expectations. [resilience]	
Our strategy alignment, integration, strength and supporting metrics allow us to be transparent concerning our advances on climate issues and find the best financial solutions to help us make the transition to a net-zero emissions business.	●

● Very High ● High ● Moderate ● Low

Management Initiatives

- Advances on the 2030 commitments is monitored through various quantitative KPIs that are reviewed and reported on an ongoing basis.
- Sustainability incentives are incorporated into remuneration at all levels. Executives have nearly 10% of their annual bonuses and long-term incentive plans linked to carbon reduction. All employees (executives, all levels and CEO) have nearly 10% of their annual bonus linked to the volume of post-consumer recycled plastic, which is directly connected with carbon emissions reductions. These KPIs, which comprise emissions reductions, are fostered monetarily, aligning climate strategy directly with remuneration. This structure ensures that climate-related performance is a shared responsibility and contributes to the Company's financial objectives and to mitigating the impact of greenhouse gases throughout the value chain. This reflects Natura's commitment to achieving Net Zero.
- The Climate Transition Plan sets out a solid foundation for fulfilling our climate commitments. This plan involves engagement at all managerial levels and is monitored by Natura's Executive Committee and Board of Directors.
- Our public stance concerning our corporate commitments and efforts to tackle climate change, promote circularity, ensure human rights, protect socio-biodiversity, especially in the Amazon, and Natura's strategy guidance to become a regenerative business by 2050.
- Our Ethics & Compliance program contributes to protect our reputation.