

2020

IMPACT Report



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Sustainability for the Boticário Group

In the Boticário Group our purpose is to ensure beauty transforms people’s lives and, by extension, the world around us. We know that our place in society and, on a broader level, in the world, goes beyond business relations. We take our impacts on the social, environmental and economic dimensions into consideration and understand our responsibility as agents of change, consolidating the tomorrow we believe in through the decisions we take today.



>>> ESG focus

From a broad-based perspective of our entire value chain, we monitor trends, risks and opportunities to enhance our capacity to generate and share value in the short, medium and long-terms, integrating environmental, social and governance (ESG) factors into all company decision making.

In senior management, ESG aspects are monitored by the Sustainability and Diversity Executive Committee (see page 29), which reports to the Advisory Board and defines and tracks the strategy to integrate ESG aspects into the group’s business model.

In addition to being incorporated into business planning, dynamics and relations, the ESG approach is also integrated into senior management incentive strategies. A part of the variable remuneration of managers and vice presidents is linked to the achievement of sustainability targets. Executives in all areas are committed to the target of increasing the percentage of packaging reclaimed through

reverse logistics, connected with the group’s commitment to a solution for the solid waste it generates (see page 16). There are also specific targets per area, such as the adoption of innovations that drive a positive socioenvironmental effect in the Technology area, or the governance of our ESG commitment in the Transformation and Organizational Human Development area.

Commitments for the future

Aware of our responsibilities and the potential reach of our relationship network, we have assumed two inspirational goals and 14 strategic ones, totaling 16 Commitments for the Future. Aligned with the United Nations Organization’s Sustainable Development Goals (SDGs), these should be achieved by 2030 and touch on key dimensions of our production process, the entire value chain and the relations we have established with the environment, with society and with people.

#01 Map and find a solution for 150% of all the solid waste generated by our chain

#02 Reduce social inequality for 1 million Brazilians by transforming the reality of waste management in Brazil

#03 Neutralizing GHG emissions and using 100% renewable electricity for direct operation and reset the industrial water balance

#04 Reducing the consumption of non-renewable energy, the volume of water extracted and the volume of GHG emissions from our critical suppliers by 50%

#05 Guarantee lower water impact in 100% of our critical product lines.

#06 Use 100% raw materials from renewable sources or from lower impact alternative sources

#07 Investing around R\$6 million (BRL) in the conversion of natural capital, critical for business continuity

#08 Promote the conservation of biodiversity, directly or indirectly, in 3.5 million hectares of land

#09 Ensuring the traceability and sustainable origin of 100% of critical raw materials

#10 Communicating the social and environmental footprint of 100% of our products in a transparent way, creating tools for consumers’ awareness so that they will act to reduce the impact of their consumption and disposal decisions

#11 Guarantee the representation of minority groups in leadership positions

#12 Develop 100% of our products with the participation of minority groups

#13 Guarantee that our communication represents the Brazilian population

#14 Offer an inclusive and diverse product portfolio, taking different lifestyles into account

#15 Measure and ensure an increase in quality of life for resellers

#16 Ensure the progressive increase in affirmative purchases to stimulate enterprise among minority groups

For further information consult:
<https://umabelezadefuturo.com.br/en/home-en/>



WHO WE ARE

OBOTICÁRIO

Fundação
GrupoBoticário

Instituto
GrupoBoticário

€udora

BEAUTYBOX

Quem Disse,
Berenice?

multi

vult

beleza
NA WEB

> Operation



2
plants

(São José dos
Pinhais, PR, e
Camaçari, BA)



6
distribution
centers

(São Paulo, Paraná,
Bahia, Espírito
Santo e Minas
Gerais)



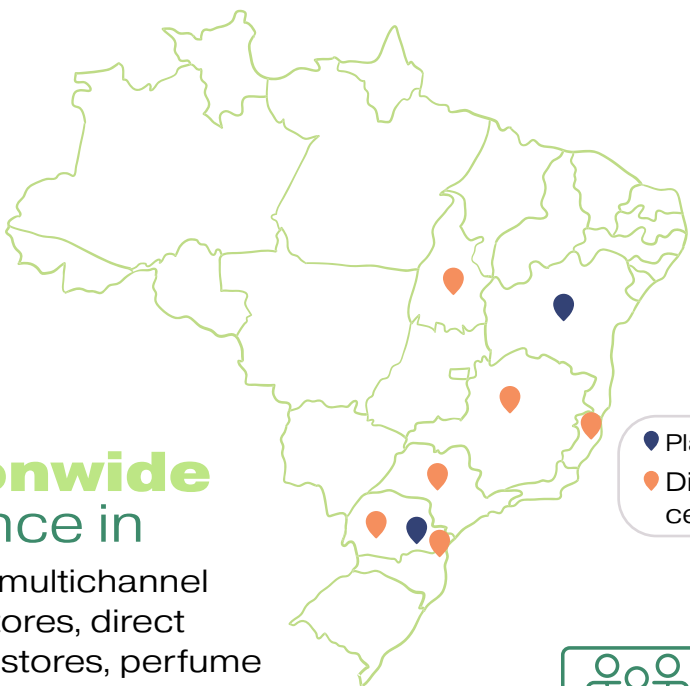
4,000
stores

in 1,780
municipalities



Nationwide
presence in
Brazil

(multichannel
strategy: stores, direct
sales, drugstores, perfume
outlets, department stores
and e-commerce)



● Plants
● Distribution
centers



more
than
33,000

indirect jobs generated in
the franchise network



International
presence in
15 countries

more than
12,000

employees



Mooz: offers financial
services and digital
solutions for the business

Social and
environmental
activities

Instituto
Grupo Boticário and
Fundação Grupo Boticário



Innovation

Innovation and a pioneering stance have characterized the company since its creation over 40 years ago. They are part of our constant pursuit of solutions for the most diverse challenges, such as enhancing the customer experience, streamlining internal processes, reducing environmental impacts, raising funds or driving product evolution. The application of new technologies is perhaps the most visible part of innovation, but it is just one of the diverse resources we employ to think about the world, our relations and our deliveries.

We work with an open innovation model and are part of a co-creation ecosystem, collaborating with partners in Brazil and abroad, such as universities – Federal University of Paraná (UFPR), University of São Paulo (USP), Federal University of Santa Catarina (UFSC), Paris XI, University of California

(UCSF), Massachusetts Institute of Technology (MIT), University of Berkeley, Federal University of Goiás (UFG), Federal Technological University of Paraná (UTFPR) – with companies and science and technology institutes – Empresa Brasileira de Pesquisa Agropecuária (Embrapa), Cesar School, Instituto Euvaldo Lodi (IEL), Instituto de Pesquisas Tecnológicas (IPT), Laboratório Nacional de Biotecnologia (LNBio), Instituto Senai de Inovação – and diverse strategic partners, such as Aptar, Provital, IFF, Symrise and Basf.

By means of our start-up accelerator, GB Venture, we foster new solutions for the beauty sector focused on beautytech (skin care, customizable products, sustainable packaging); retailtech (sales channels, credit processes, anti-fraud); and trendsetter (disruptive approaches).

In 2020, around one third of the group's net revenue came from innovation products.

In 2020, we launched our first sustainable store in São Paulo's Ibirapuera Park. The store's flooring, walls and roof are made from the post-consumer recycled plastic that the company receives from its reverse logistics initiatives. Instead of being treated as waste, the plastic is used as raw material for the point of sale structure. Eight sustainable units were inaugurated during the course of the year; another three were opened in the first months of 2021 and others are being planned. The initiative is part of the group's efforts to systematically reduce environmental impacts, such as the use of lower consumption LED lighting, reduced printed material and the use of certified timber.



Market confidence

O Grupo Boticário foi pioneiro no Brasil ao emitir o chamado *sustainability-linked bond* (título de dívida sustentável ou SLB) vinculado a metas de sustentabilidade no mercado local, no valor de R\$ 1 bilhão. Até 2025, a empresa se compromete a migrar para fontes renováveis todo o consumo de energia elétrica das fábricas e centros de distribuição e a reciclar, reutilizar ou coprocessar 100% dos resíduos gerados nos processos produtivos. Diferentemente dos *green bonds*, cujos valores são destinados a um projeto específico, os SLBs vão para o caixa da empresa. As taxas de juros caem 10 pontos-base a cada ano conforme a evolução no cumprimento da meta, em avaliação realizada por instituição independente.

Combating Covid-19

From the beginning of the new coronavirus pandemic, the Boticário Group mobilized to support vulnerable populations and healthcare workers from the North to the South of the country. In March 2020, we launched the #maisjuntosdoquenunca (#moretogetherthanever) movement and since then have donated 216 tons of hand sanitizer to 30 cities in 22 states (data from April 2021). The beneficiaries include disadvantaged communities, refugees, philanthropic

hospitals, public security workers and governments.

The work was done with support from our partner network. At the beginning of the quarantine, at the end of March, our two plants switched from producing cosmetics to making soap, liquid alcohol and hand sanitizer. The employees who participated in this task force in the São José dos Pinhais plant in Paraná and the Camaçari plant in Bahia, worked in accordance with rigorous safety protocols.



#maisjuntosdoquenunca



216 tons
of hand sanitizer



1.5
million
units packed



1.3
million
people attended



The first wave of donations took place in May, in 22 cities in 15 states in Brazil. In this we were helped by CUFA – Central Única das Favelas –, whose support enabled the delivery of hand sanitizer to 75,000 families, including indigenous communities in the Amazon.

In Bahia, we donated 15,000 liters of purified water, which is used in the manufacture of cosmetics, for the production of hand sanitizer to be used in hospitals and public clinics.

At the beginning of April we joined two important movements: #nãodemita (#donotfire), in which companies committed to maintaining the jobs of employees during the pandemic, and #compredobairro (#buyintheborough), an initiative aimed at getting people to do their shopping with local tradespeople, in addition to offering free training for small retailers.

To support healthcare workers working on the front line in combating Covid-19, we donated 2,000 tests to detect the virus to the Paraná hospital federation Femipa (Federação das Santas Casas de Misericórdia e Hospitais Benéficas do Estado do Paraná).

We also contributed R\$ 200,000 to the Inspire Project, run by researchers at the University of São Paulo (USP) Polytechnic school, who created an emergency respiratory support appliance for Covid-19

patients. And to leverage production of the Coronavac vaccine, we donated R\$ 2.5 million to the vaccine production center CMPV (Centro Multipropósito para Produção de Vacinas) through an agreement with the São Paulo state government and the Instituto Butantan, in which another 40 companies participated, raising a total of R\$ 180 million. We donated 90 oxygen cylinders to the São José dos Pinhais healthcare system.

With the Compre e Doe (Buy and Donate) campaign, on three commemorative

dates – Mother's Day, Valentine's Day and Christmas –, we raised R\$ 1.3 million. This amount was used to buy meal vouchers and personal protective equipment for recycling cooperatives and for the Jovens em Transformação project, benefiting 6,000 people.

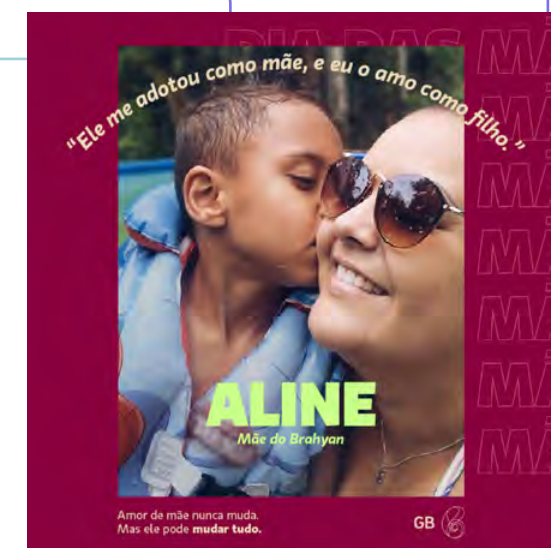
Furthermore, through the Instituto Grupo Boticário we donated R\$ 1 million for the purchase of food baskets and personal protective equipment, such as masks, gloves, caps and overalls, which were distributed in Bahia, São Paulo and Paraná.

○○○ Actions in Curitiba



Mother's Day: donation of 2,000 kits as gifts for healthcare workers' mothers

Father's Day: donation of one thousand Malbec kits and a 99 voucher for urban cleaning workers



Materiality

To identify the most relevant aspects or material topics for the business from an ESG standpoint, we monitor trends, risks and opportunities, actively listening to the expectations of the diverse stakeholder groups who impact the Boticário Group business or who are impacted by it, which enables us to focus our actions.

We are also attentive to the evolution of ESG best practices in society in general and in the beauty sector. On a monthly basis, a survey of trends and best practices conducted by a specialized consultancy is presented to and debated in the Sustainability Committee meetings, generating action plans when applicable.

The Boticário reviews its material topics periodically. This process is in accordance with the guidelines of the Global Reporting Initiative (GRI), a global standard in sustainability reporting. We also take into account other international references in this area, such as the Sustainability Accounting Standards Board (SASB), the Dow Jones Sustainability Index (DJSI) and the MSCI index.

In the most recent review, conducted at the beginning of 2021, the views of 11 stakeholder groups were consolidated by means of online consultations and secondary surveys. A total of more than two thousand people were consulted.



Stakeholder groups included

- › Consumers
- › Government
- › Civil society
- › Press
- › Financial sector
- › Resellers
- › Employees
- › Franchisees
- › Suppliers
- › Industry associations
- › Boticário Group: Commitments for the Future, Strategic fronts, Strategic risks



The materiality analysis defined 11 ESG aspects that were prioritized because of their capacity to generate and protect shared value. These are:

Packaging and waste

Adoption of practices and processes to reduce the generation and the environmental impact of packaging and waste in our value chain

Water consumption and discharge

Adoption of practices and technologies to manage the withdrawal and use of water and ensure the adequate treatment of effluents in our value chain

Energy and Emissions

Adoption of practices and technologies to reduce energy consumption, greenhouse gas emissions and to mitigate the effects of climate change

Product quality and safety

Practices to guarantee the quality and safety of our products and their ingredients

Use of natural and renewable ingredients

Substitution of ingredients of fossil and mineral origin with alternatives of natural and/or renewable origin

Responsible and sustainable procurement

Adoption of responsible procurement practices, including legal and environmental compliance, the guarantee of human rights and the promotion of sustainable practices among suppliers

Conserving biodiversity

Practices to protect the variety and value of vegetable and animal life on the Earth in our value chain and measures to conserve ecosystems

Diversity in the value chain

Promotion of practices to develop and build an environment favorable for the inclusion of minorities, for the construction of a diverse value chain, including employees, resellers and the sales force

Corporate governance, data security and customer privacy

Adoption of policies and processes to ensure best management practices through the effective establishment of company processes, policies, standards and values. Protection of the data of the Boticário Group, employees, franchisees and other parties from malicious attacks and improper use

Reseller development

Practices to drive the economic and social development of Boticário Group resellers

Employee development

Practices to attract, retain and develop the best talent by means of employee-oriented policies and practices

In the coming pages we present the main information about the Boticário Group's positioning in relation to each one of the material topics, its strategies, initiatives and the results achieved in 2020.



Corporate governance

Why it matters

Decision making in the group is oriented to the generation of shared value and follows the Basic Principles of Corporate Governance, that is Transparency, Equality, Accountability and Corporate Responsibility set forth in the Best Corporate Governance Practices Code of the corporate governance body IBGC (Instituto Brasileiro de Governança Corporativa). Committed to best practices, the group goes beyond the legal requirements for privately owned companies, having an Advisory Board with independent members.

>>> Our strategy

The group has an Advisory Board comprising nine members, six of whom are independent. Three of the board members are women.

The Board is supported by seven committees, comprising board members and group executives, dedicated to specific areas: Channels and Retail; Consumer; Technology and Digital; PSI (Private Social Investment); People; Risks and Audit – whose structure includes the Conduct Committee –; and Sustainability and Diversity. The latter, comprising the chairman and vice chairman of the Board, the company's CEO, the vice president of People and the director of International Affairs, defines and monitors the strategy to integrate environmental, social and governance aspects transversally into the group's business model.

The executive sphere comprises a CEO and seven vice presidents: B2B; Consumer; B2C; Technology; Strategy and Finance; Operations; and Transformation and Organizational Human Development.

> Compliance

Corporate compliance policy, which applies to all the group operations, establishes the procedures for risk management, anti-corruption, fraud prevention, auditing and prevention of money laundering and financing of terrorism.

All employees take periodic training in ethical conduct and compliance.

> Ombudsman

The channel, managed by an external consultancy, receives reports of suspected cases of breaches of ethical conduct or the principles defined in the group's Code of Conduct. The Ombudsman service functions 24 hours a day, seven days a week, and ensures the confidential and impartial treatment of all reports, from receipt through to resolution, in accordance with the predefined governance structure.

The Ombudsman service may be accessed via:

<https://canalconfidencial.com.br/ouvidoriagrupoboticario/>
0800 706 2000



Risk management

We constantly monitor aspects that may impact the company’s business strategy, processes, image and the financial health of the brands. Risk and opportunity management is an integral part of decision making related to investments, production operations and company expansion. In the business routine, the Corporate Risk Management & Business Continuity area, which reports periodically to the Risk and Audit Committee, is responsible for risk management. This committee is chaired by an independent member and supports decision making by the Boticário Group Advisory Board.

All company areas must identify, assess, control and mitigate the risks associated with their activities, as well as implement responses, action plans and effective controls for mitigating these risks at tolerable levels within the Boticário Group. The risks identified are reported to

the Corporate Risk Management & Business Continuity area, which works together with the areas to evaluate such risks by means of quantitative and qualitative analyses.

The company’s risk map takes into account strategic, operational and emerging risks. Strategic risks are ones considered to be threats to the success of the Boticário Group strategic plan, both due to internal and external events, including risks related to climate change (see page 20).

Operational risks represent vulnerabilities that result in losses or impacts due to errors, failures or deficiencies in processes in the Group’s operation. The emerging risk category takes into account risks that are external to the company. In 2020, for example, this category included risks related to cybernetic security and water rationing (see table).

The risk matrix is updated periodically and executive compensation is linked with a target related to the review of strategic risks.



EMERGING RISKS

DESCRIPTION

IMPACT

Cybernetic security failure

The cybernetic infrastructure and/or security measures of the group or the partners responsible for its data may be breached or made obsolete by ever more sophisticated and frequent cybernetic crimes, resulting in economic turmoil, financial losses, geopolitical tensions and/or social instability

Loss of information that is strategic for the business; loss of customer data; loss of customer credibility; inquiries and lawsuits brought by control bodies (Public Prosecution department, based on the Protection of Personal Data law); among others

Water rationing

Water rationing in the operations in Paraná. In function of the historical drought in 2020 and 2021 and future projections, extreme events such as droughts could become more frequent in the state, which would impact water supplies for the population and for the group’s factory in São José dos Pinhais, Paraná

Reduction in production; interruption in production; increase in production costs due to need to acquire water by other means (e.g.: tanker truck)

Human rights

Respect for human rights is an integral part of our Code of Conduct and is applied to employees, suppliers and business partners. We carry out periodic assessments of risks of violation of human rights in the company's own operation and in its value chain. These assessments address topics such as forced and child labor, discrimination, respect for diversity, code of conduct and equal pay.

Moreover, our suppliers assume the commitment to respect human rights in their operations and in their own chains. This clear positioning is a precondition for the signature of any contract with the group. The Supplier Relations Policy specifically addresses social questions such as the prohibition of child and forced labor and environmental requirements.

Environmental compliance

The Boticário Group received no fines or sanctions related to environmental non-compliance in 2020.



2020 highlights



› **Management of the businesses became more horizontal,** forgoing the separation of businesses by brands, but maintaining the segregation and independence of the legal entities. The number of vice presidential areas increased from four to seven. The technology, logistics and marketing operations were also centralized in specific areas, with gains in synergy for each. Artur Grynbaum, who was CEO of the group, became vice chairman of the Advisory Board, and Fernando Modé transferred from the position of corporate vice president to CEO.



› **The number of vice presidential areas** increased from four to seven: B2B; Consumer; B2C; Technology; Strategy and Finance; Operations; and Transformation and Organizational Human Development.

Data security and customer privacy

Why it matters

We are committed to safeguarding the privacy and protecting the personal data entrusted to us. This commitment is becoming ever more strategic in accordance with the acceleration in the digitalization of business and growth in cybernetic risks.

>>> Our strategy

We adopt best technical and administrative practices to ensure the protection, security and governance of privacy and personal data. We created the Privacy Protection Program; we adjusted the Privacy and Processes Policy, including the adoption of the privacy by design approach, which anticipates and prevents incidents involving the violation of privacy,

and incident response; we continuously train employees, franchisees and those involved in direct selling; we formalize privacy obligations with suppliers and verify compliance. We have a Privacy Portal, that is headed by the Data Protection Officer. This receives any doubts and communications and acts as a contact point for requests related to the processing of personal data.



Our results in 2020

› We did not receive any complaints about data security and privacy from external parties or regulatory bodies.



2020 highlights



› At the beginning of the second semester, we updated our Privacy Policy, which clearly presents which personal data is treated by the group and how this is done. We also launched the Privacy Portal, employing simple language and an intuitive layout, to receive requests and clarify doubts. The portal enables management of cookie collection preferences.

Product quality, safety and transparency

>>> Our strategy

Why it matters

There is considerable debate around the composition of cosmetic products in the market. The concerns of ever more demanding consumers and the volume of information available, frequently without adequate scientific basis,

can affect the reputation and competitiveness of products and brands. Our positioning seeks to offer transparent beauty, providing information to consumers in simple, accessible language that enables them to make choices.

We employ a set of sustainability attributes for formulations with recommendations such as the reduction of ingredients, incentives for ingredients that are certified, organic or vegan, the pursuit of higher yield formulas permitting lower water consumption in the usage stage, as well as analysis of the ecotoxicity of ingredients.

For new packaging, the Boticário group carries out simplified Life Cycle Assessments, using the Ecoinvent data base and the EF (Environmental Footprint) method, based on the European Union PEF (Product Environmental Footprint) initiative and recommended by the International Reference Life Cycle Data System (ILCD Handbook). The methodology analyzes impacts on human health, the natural environment, and natural resources.

Complete LCAs are conducted for specific projects requiring further studies and detailed knowledge. For formulations that do not have the same robust body of data available for analysis, the Boticário group adopts other studies such as the Environmental Risk Assessment Index (IARA in the Portuguese acronym) tool, developed internally and applied to 100% of critical products.

In the medium term, we face the challenge of advancing in assessments of the environmental impacts of our products. Currently we have information about the water impact of 100% of our rinsable products. We need to extend this to the whole portfolio and to other types of impacts, including energy and waste generation.



#Uma
Beleza
De
Futuro
(#BeautyFor
TheFuture)

Commitment for the Future – 2030 target

#10 Communicating the social and environmental footprint of 100% of our products in a transparent way, creating tools for consumers' awareness so that they will act to reduce the impact of their consumption and disposal decisions

Our results in 2020



- › **80.2 % of new cosmetics products** with sustainability attributes in their formulations and packaging*
- › **No products use hazardous substances****

* Attributes: eco-efficient manufacture, vegan product, reduction in ecotoxicity, reduction in ingredients, vegetable mass, green PE, PCR paper, PCR PET, PCR glass, PCR Surllyn, returnable trays, mono-material, refillable products, reduction in mass.

** According to international REACH regulations (Annex XVII of REACH Regulation)

○○○



[link to www.belezatransparente.com.br]

2020 highlights

- › **Nativa SPA Orgânico:** the Boticário Group was the first Brazilian cosmetics company to produce organic products certified by the French inspection and certification body Ecocert.
- › **We launched the Australian Gold sun protectors**, the first product on the Brazilian market to have the Reef Safe seal, which attests to safety for coral. The test was developed in partnership with Eurofins Scientific, a world leader in pharmacological research and environmental and drug analyses.
- › **Beleza transparente (transparent beauty):** this is a direct channel to the consumer with a glossary of more than 900 raw materials used in our formulations, including fragrances, using clear, easy to understand language. We provide detailed information about toxicological profiles and impurities, levels of biodegradability and levels of control in the chain and in quality and safety processes that goes beyond legal requirements. Information about raw materials that have been banned or are being substituted, already disclosed previously, is also included in the portal. The channel was developed in 2020 and launched in 2021.



Packaging and waste

Why it matters

The challenge of rethinking how we develop, deliver and manage the end of life of products is part of the transition to a new, more circular and regenerative economy. Reducing the consumption of materials, recycling, reusing and reinserting resources in the chain are measures that generate gains in efficiency and add value to the brand. More than just being an activity to be managed, waste represents an opportunity to leverage the reinforcement of more disadvantaged social groups and to reduce inequality.



>>> Our strategy

Our waste management in the operations is mature, with a recycling rate of 96.9% in 2020. In addition to ensuring the proper destination of waste, we want to avoid generating it. We analyze the sustainability attributes of inputs and compositions, favoring those which facilitate recycling.

Since 2018, our Green Commitment has also oriented the innovation process. For 2021, the initiative establishes that new packaging should employ at least one sustainable item and deliver a solution that contributes to reducing waste.

To enable the incorporation of post-consumer recycled materials, closing the production cycle, we undertake initiatives to recover materials.

With a focus on packaging sustainability, we develop ecodesign solutions, such as reduction in the weight of packs, refillable and reusable packs, as well as using recycled and renewable materials.

We have the Boti Recicla program. This is the largest reverse logistics program in Brazil with more than 4,000 drop off points in the beauty segment in the country.

#Uma
Beleza
De
Futuro

(#BeautyForTheFuture)

Commitment for the Future – 2030 target

#01 Map and find a solution for 150% of all the solid waste generated by our chain

#02 Reduce social inequality for 1 million Brazilians by transforming the reality of waste management in Brazil

Impact on variable remuneration



The increase in the percentage of packaging recovered by means of reverse logistics is integrated into the calculation of the variable remuneration of executives in all areas of the group. For the Operations area, there are also specific targets linked to product sustainability.

Our results in 2020

Waste management¹

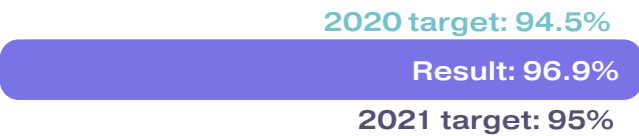
Waste 2020 (t) – by type of disposal



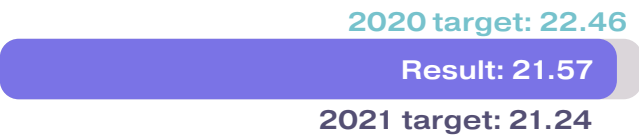
¹ Takes 100% of own operations into account



Recyclability



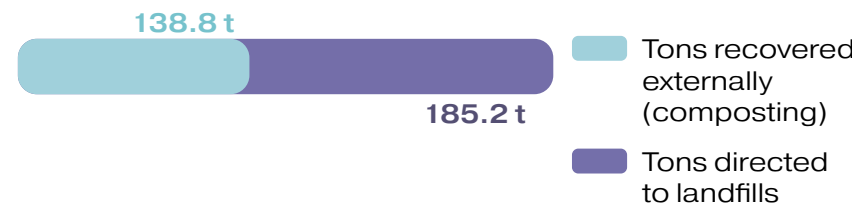
Waste generation intensity in the plants (tons of waste/millions of units produced)



Combating food waste

In the Camaçari plant (Bahia) and the distribution centers in Registro and São Gonçalo, the organic waste from the employee canteens is composted and the fertilizer produced is used in the units' vegetable gardens and gardens. The total waste processed in the vegetable gardens in 2020 was 29.5 tons.

43% of food leftovers were directed to composting in 2020



Innovation

100% of the new rinsable formulas in 2020 had a reduction in water impact

2020 highlights



› **Organic, certified and recyclable:** With the Ecocert/ Cosmos seal, Nativa Spa Orgânico also ensures care with packaging. The shampoo, conditioner and lotion bottles are made from green plastic of renewable and vegetable origin or from 100% recycled post-consumer PET derived from bottles collected by recycling cooperatives. The Eudora Instance Castanharias line also uses vegetable or recycled plastic, as well as recycled paper in its packaging.



› **Furniture for schools:** empty O Boticário brand product packs will be recycled to make school desks and other equipment to be donated to 15 schools by the Instituto Grupo Boticário. This measure is conducted through the Boti Recicla program, which receives the post-consumer packaging of the group's products. This technology was used to build structures in some Boticário stores in 2020. In addition to benefiting the schools, the strategy is aimed at increasing consumer engagement in reverse logistics, a fundamental link for reinserting this waste in the production cycle, economizing natural resources and mitigating environmental impacts.

Water

consumption and discharge

Why it matters

In addition to being consistent with our concern for natural resources and the planet's limits, it generates benefits in terms of finance, competitiveness and reputation. Water represents the operation's biggest environmental impact, since it is used for cleaning equipment, in utilities (air conditioning and steam generation), and as an ingredient in products.



#Uma
Beleza
De
Futuro

(#BeautyForTheFuture)

Commitment for the Future – 2030 target

#03 Neutralizing GHG emissions and using 100% renewable electricity for direct operation and reset the industrial water balance

#04 Reducing the consumption of non-renewable energy, the volume of water extracted and the volume of GHG emissions from our critical suppliers by 50%

#05 Guarantee lower water impact in 100% of our critical product lines



2025 targets



› **60%** gains in water efficiency (water consumed per ton of product) in the plants against base year 2005



› **50%** reuse of water or use of rainwater over total consumption in the operational sites

In addition to the overall target, the areas have specific consumption reduction targets. We track performance in water consumption by means of absolute and relative indicators, per ton produced in the plants and per hour worked in the case of the DCs and offices.

>>> Our strategy

Our strategy is focused on increasing reuse in the factories and distribution centers, seeking efficiencies and developing technologies. We understand that there is room to enhance performance and we are committed to neutralizing our impact over the next 10 years, closing the water

cycle based on new treatment technologies. The water is reused in toilets, cleaning floors, gardening and in the cooling towers. We reuse water in the plants and harvest rainwater in the DCs. The water that is recirculated or harvested is treated with leading edge technology.

Impact on variable remuneration



Achieving the eco-efficiency targets is integrated into the calculation of the variable remuneration of executives in the Operations area.



> Our results in 2020¹

WATER	2020		2021 target
	Target	Result	
Total consumption (m³)	NA	288,011.5	NA
Public utility	NA	114,725.3	NA
Ground water (well)	NA	100,342.5	NA
Reused water/rainwater	NA	67,743.7	NA
Other sources ²	NA	5,200.0	NA
Water intensity m³/t produced ³	5.4	5.6	5.5
Reuse (% of volume consumed)	23.3%	23.5%	25.0%

¹ Takes 100% of own operations into account

² Other sources: tanker truck.

³ Indicator applied in the plants. The 2020 result was affected by the pandemic, which provoked irregular production cycles.

NA: not applicable.

2020 highlights



> **Innovation:** in the Camaçari plant (BA) thermal cleaning avoided the use of chemical products while maintaining the same biological quality.
Result: a reduction in effluent and increased possibilities of reusing water. We also developed a vacuum pump to transport components.

Energy and emissions

Why it matters

The accelerated reduction in greenhouse gas (GHG) emissions to limit the average increase in the planet’s temperature to 1.5°C, in line with the Paris Agreement, is an urgent necessity and is everyone’s responsibility. A more intensive carbon scenario could impact the supply of natural resources and boost costs, extreme meteorological events and disease. This issue could also generate questioning about the company’s positioning and attitude towards sustainability in its production chain and in the development of products, from conception through to use.

In the Boticário Group, we are committed to net zero carbon emissions by 2030 through ongoing reduction efforts, promoting only positive impacts. The strategy is aimed at accelerating adaptation to mitigate these risks and taking advantage of opportunities to develop new technologies that will generate differentiation, gains in efficiency and competitiveness.



>>> Our strategy

We have action and climate change risk assessment fronts involving multidisciplinary processes in place, with governance of the question supported by the Sustainability Committee, which meets on a monthly basis. The actions include product life cycle analysis and initiatives in manufacturing, logistics, points of sale and waste disposal.

In 2020, more than 90% of our products were produced using renewable energy. Our target is to reach 100% by 2025. The company’s annual GHG inventory is aligned with the GHG Protocol and its results are disclosed in Brazil’s Public Emissions Registry.

The Boticário Group defined its internal carbon price in 2019 and

is studying ways of including this variable in the company’s decision making processes, in addition to implementing offsetting of atmospheric emissions.

Climate risks

The company’s risk map incorporates climate change-related risks and is aligned with TCFD recommendations. Adaptation strategies are in place, aimed at reducing and controlling existing risks and generating opportunities based on the new climate scenario. This work takes into account the reality of the company and specificities of the sector, including physical risks and ones related to transition.

Expanded perspective

Product development is supported by different sustainability attributes to select the best ingredients to be employed in new formulations or packaging for our brands. This process is reinforced by the launch of the Commitments for the Future. Commitment #06 establishes that 100% of our raw materials will come from renewable or lower impact alternative sources by 2030. We should expand already existing initiatives – a good example being the packaging for our Cuide-se Bem line, produced with green plastic.



Impact on variable remuneration

Achieving the eco-efficiency targets is integrated into the calculation of the variable remuneration of executives in the Operations area.

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(#BeautyForTheFuture)

Commitment for the Future – 2030 target

#03 Neutralizing GHG emissions and using 100% renewable electricity for direct operation and reset the industrial water balance

#04 Reducing the consumption of non-renewable energy, the volume of water extracted and the volume of GHG emissions from our critical suppliers by 50%

Our results in 2020¹

ELECTRICITY CONSUMPTION (MWh)

2020

Electricity generated from non-renewable fuels (diesel and natural gas)	1,639.0
Electricity acquired from non-renewable sources	1,799.3
Electricity acquired from renewable sources	30,005.1
Total	33,443.4

CONSUMPTION OF FOSSIL FUELS

Diesel (generators)	19,879 liters
Natural gas (generators and boilers)	1,490,894 m ³

Electricity from renewable sources

2020 target: 88%

Result: 89.7%

2021 target: 92%



89.7%
of the electricity
consumed by the group
comes from renewable
sources

Energy intensity in the plants

(Total energy consumption in MWh/million units produced)

Meta 2020: 101.0

Realizado: 100.8

Meta 2021: 102.0

Destaques de 2020



▶ Foi concluído o processo de integração da fábrica de Camaçari (BA) ao mercado livre de energia, e a partir de março 2021, a unidade passa a operar com energia elétrica 100% de origem renovável, como já acontecia com a fábrica em São José dos Pinhais e os dois maiores CDs, em São Paulo e na Bahia. Uma comissão interna de redução de energia atua nas unidades para monitoramento e melhorias, como trocas de equipamentos e a avaliação dos casos em que é necessário manter redundância para segurança no fornecimento. Além disso, as obras, reformas e novas construções seguem premissas de sustentabilidade inspiradas em certificações nacionais e internacionais.

GHG EMISSIONS (tCO₂e)

2020

Scope 1 (direct emissions)	4,578.0
Scope 2 (energy indirect emissions related to the acquisition of energy)	2,686.6
Scope 3 (other emissions related to electricity from indirect sources) ²	21,434.2

GHG targets

Our target is to halve emissions intensity from stationary sources, such as generators and boilers (scope 1) by 2025, against base year 2007.

Measurement unit: tCO₂e/million units produced

2020 target: 10.2

Achieved: 12.1

2021 target: 11.3

The 2020 result was affected by the pandemic, which provoked irregular production cycles.

¹ Takes 100% of own operations into account.

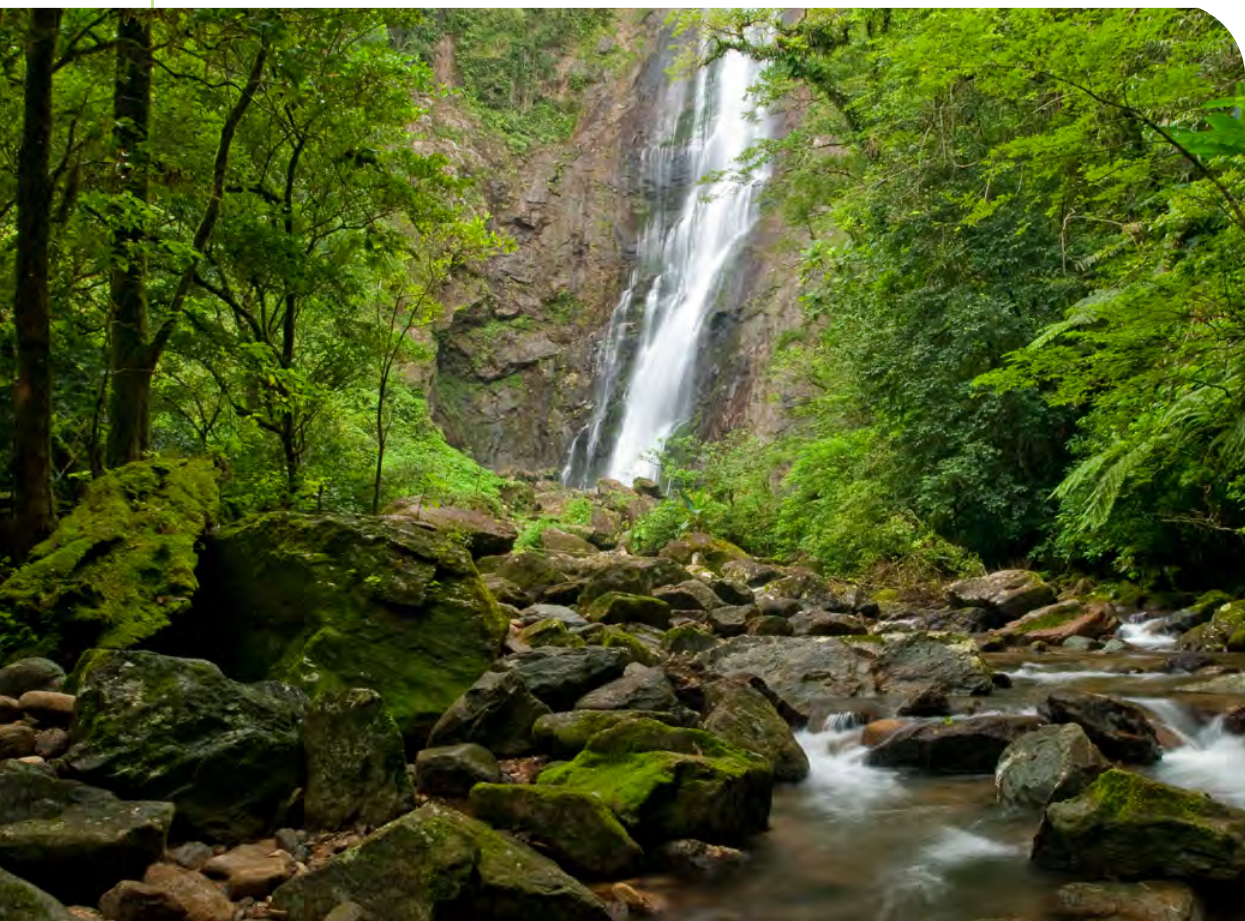
² Takes transportation and distribution emissions (upstream), waste generated in the operations, business travel (air, bus and taxi) and employee commuting into account.

Conserving biodiversity

Why it matters

Conserving biodiversity has been a central focus for the projects created by the Fundação Grupo Boticário. But the maturity acquired over 31 years of activities has ensured in-depth experience in this area. Today, the initiatives supported by the foundation reflect the awareness that to promote conservation of this wealth it is also necessary to invest in the sustainable development of the areas in which it is found and to involve other local agents in this effort. We seek practical results capable of generating transformation and positive impacts for the environment and for society.

In the business sphere, payment for the use of biodiversity services is an opportunity to strengthen the supplier communities and others with which the group maintains relations.



>>> Our strategy

The Fundação Grupo Boticário is active all over Brazil, with emphasis on regions that are strategic because of their biodiversity. It employs distinct strategies, such as combating fires in the Cerrado, stimulating tourism in areas of natural beauty, recovering springs and protecting the ocean. The common ground in these initiatives is the conservation of nature and the promotion of regional development.

In recent years, the foundation has focused on three agendas – the ocean, tourism in areas of natural beauty and cities with areas of natural beauty – and has intensified its activities in four territories of major biological relevance.

The Grande Reserva portion of the Atlantic Rainforest (an area ranging from the south coast of São Paulo to

the north coast of Santa Catarina) is one of the four strategic territories in which the foundation is active. The other regions are Guanabara Bay, Serra do Tombador/Cerrado, in Goiás, and the Miriguava River Basin, in São José dos Pinhais (PR).

The focus of the conservation measures fostered by the foundation up to 2023, these areas were chosen for their major biological importance. The Brazilian Cerrado region, for example, is home to the savanna ecosystem with the greatest biodiversity in the world. At the same time it is one of the regions with the lowest HDI ratings in Brazil. Guanabara Bay is noted for being home to the largest urban forest in the world – the Tijuca Forest – with a marine ecosystem that has the largest diversity of ray species, for example.



Commitment for the Future – 2030 target

#07 Investing around R\$6 million (BRL) in the conversion of natural capital, critical for business continuity

#08 Promote the conservation of biodiversity, directly or indirectly, in 3.5 million hectares of land



Impact on variable remuneration

Achieving the biodiversity conservation targets is integrated into the calculation of the variable remuneration of executives in the Transformation and Organizational Human Development area.

› Results in 2020



11,000 hectares
of Atlantic Rainforest and Cerrado
conserved directly by the Boticário group in the
Salto Morato Nature Reservation (PR) and the Serra do
Tombador Nature Reservation (GO).



2020 highlights

› **Solutions web:** financial support for the preservation of nature. The edition in the year focused on tourism in areas of natural beauty and received more than 900 proposals; 54% of them led by women.

› **Conservathon:** launched in partnership with the Fundação Araucária, the marathon brought together over one thousand people online in the pursuit of efficient, sustainable solutions to protect species and habitats in the Grande Reserva section of the Atlantic Rainforest. Among the more than 85 solutions proposed, three received awards and were put into practice:

› **Ecological ICMS Tax Calculator,** which shows the amount received by local governments from the creation of conservation units, and the amount they would receive from the creation of new units or improved management of existing ones. The purpose is to demonstrate the positive financial impacts of conservation.

› **SMART-GRMA,** an application that helps to find means of travel by land and by sea.

› **SEM²,** a smaller scale mobile appliance for drying mate herb.

› **Natureza Empreendedora (Enterprising Nature) Program:** criou mecanismos para desenvolver 20 negócios que já impactavam positivamente a conservação em 15 municípios paranaenses da Grande Reserva, mas que precisavam de ajuda para se estruturar. Com apoio do Sebrae-PR, mais de 40h de oficinas e consultorias especializadas capacitaram esses empreendedores em áreas como teoria da mudança e modelo C, neuroliderança, design de produtos e Product Market Fit, estratégias de vendas e precificação, estratégias de *marketing*, gestão financeira do negócio, e mensuração de impacto.

Natural and renewable ingredients

Why it matters

To boost beauty in the world, we also consider the sustainability of our portfolio, including the increased employment of natural and renewable ingredients in our formulations and packaging. By substituting ingredients of non-renewable origin, such as derivatives of petroleum and minerals, our goal is to offer our consumers safe, effective products that generate minimal impact on the environment throughout their life cycle.

Our positioning is attuned to the concerns demonstrated by consumers who are already opting for products and services offered by companies committed to environmental preservation and building a better world. This is a trend that should grow in the coming years, exerting a more significant influence on organizations' revenues, as well as on their business image and reputation.



>>> Our strategy

Our product development is supported by different sustainability attributes to select the best ingredients to be employed in new formulations or packaging for our brands.

This process is reinforced by the launch of the Commitments for the Future. We should expand already existing initiatives – a good example being the packaging for our Guide-se Bem line, which is produced with green plastic made from sugarcane instead of petroleum. To do this we need to leverage collaborative work with partners in order to develop new solutions.

2020 highlights

From the products developed in the year:



31% used sustainable processes, such as cold manufacturing or packing and eco-efficient production;



85% are vegan (with no components of animal origin)

7% used plastic of renewable origin in their packaging

58% contain recycled material in their packaging

- We have already initiated research to develop makeup with pigments from natural sources, such as algae and microorganisms, and biodegradable plastics to be employed in our packaging.
- In 2020, we completed two decades with no animal testing. We currently hold two international certifications attesting to this commitment: Cruelty Free (PETA) and Leaping Bunny (Cruelty Free International).

Impact on variable remuneration

Achieving the product sustainability targets is integrated into the calculation of the variable remuneration of executives in the Operations area.

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Commitment for the Future – 2030 target

#06 Use 100% raw materials from renewable sources or from lower impact alternative sources



Responsible and sustainable procurement

Why it matters

We are part of an ecosystem. It is not enough to reduce the direct impacts of our operation. We need to go beyond, driving the sustainable development of our suppliers and enabling transformations that minimize the negative impacts of their operations on the environment and on society. Socioenvironmental problems that are not addressed or are badly managed in the supply chain represent a risk for the business, with a potential impact on our costs, our production capacity, the maintenance of our operations and our reputation with consumers, the market and society in general, impacting long-term business continuity.

>>> Our strategy

Our relations with the supply chain are based on the principles set forth in the Boticário Group Code of Conduct, available to all partners on the Supplier Portal. Another document is the Welcome Kit, which presents the guidelines that shape our interactions with these stakeholders and the commitments the suppliers assume upon establishing relations with the Boticário Group, including the code of conduct. The Wob (welcome on board) Kit includes commitments such as legal compliance, non-discrimination, health and safety, environment, remuneration and working hours, prohibition of forced and child labor, compliance with integrity and anti-corruption practices within the companies and their respective chains. The document must be accepted formally by suppliers.

During the selection and approval process, we conduct audits in the companies that may represent some kind of risk of reputation for the group. These assessments cover questions related to health and safety, social

and environmental responsibility and compliance, among others.

Another structure in place is the Partner Assessment and Development Program (PADP), which assesses the group of more strategic and important suppliers annually, recognizing those with superior performance. Twice a year, the partners in the program respond to a questionnaire divided into the topics corporate sustainability, eco-efficiency and diversity. Each participant receives individual feedback on their performance in the assessment and is encouraged to develop improvement plans with our support.

Critical suppliers are contracted after undergoing a detailed approval process; their performance is then managed and monitored frequently via audits.

With the launch of our Commitment for the Future, we have consolidated the relevance of our supply chain for the group's future strategy with the intention of promoting joint evolution.



Concepts employed

- › **Strategic suppliers:** in accordance with criteria of importance and volume commercialized. These are classified in a matrix which takes into account their capacity to add value to the business, such as their sustainability performance, for example, their capacity to meet Boticário Group requirements and synergy with the group's essence.
- › **Relevant suppliers:** this is how suppliers with the potential to be considered strategic are classified. During a probation period their performance is assessed in accordance with the evaluation matrix.
- › **Critical suppliers:** in accordance with sustainability criteria, share in total purchase volume, relevance of products and services supplied and degree of difficulty in substitution.



Commitment for the Future – 2030 target

#04: Reducing the consumption of non-renewable energy, the volume of water extracted and the volume of GHG emissions from our critical suppliers by 50%

#09: Ensuring the traceability and sustainable origin of 100% of critical raw materials

#16: Ensure the progressive increase in affirmative purchases to stimulate enterprise among minority groups

To address these ambitions, the Procurement area has been drafting a set of initiatives that will concentrate on three pillars: Risk and business process management, Supplier development and engagement and Sustainable procurement. We are currently working on mapping critical raw materials and strategic suppliers in terms of socioenvironmental impact – based on this identification, we will build our socioenvironmental risk matrix. Other projects planned include the definition of indicators

and the implementation of a management system to track the performance of our value chain in the key aspects of our newly-launched commitments, the implementation of a sustainable development program for this group of partners, the inclusion of sustainable purchase criteria in our Procurement policies and approval processes and the stimulus for new partnership relations with our current and potential suppliers, aimed at leveraging affirmative purchases in the Boticário Group.



Our results in 2020

GOOD PRACTICES AMONG SUPPLIERS STRATEGIC AND RELEVANT (%)

	2018	2019	2020
Sustainable suppliers ¹ % of total supplier base % of total spend	46 38	51 40	61 58
Eco-efficient suppliers ² % of total supplier base % of total spend	40 32	86 41	100 63
Suppliers with diversity initiatives ³ % of total supplier base % of total spend	21 10	73 32	99 63

¹ Had a rating of over 60% in the sustainability performance assessment (see page 25).

² Participate in the Eco-efficiency Partnership Program and partially or fully commit to fulfilling Boticário Group eco-efficiency recommendations. Advances are monitored on a quarterly basis.

³ Promote diversity.

2020 highlights



87 companies

competed for recognition in the Partner Assessment and Development Program (PADP), which values our partners' performance in Corporate Sustainability, Diversity and Eco-efficiency.

The companies with the best ratings were subject to an audit conducted by a third-party consultancy. At the end of the process five winners were selected: IFF (Raw

materials and fragrances category); Faber-Castell (Packaging and finished products); Trans-Pizzatto (Transportation); Microsoft (Services) and Mão colorida (Retail and POS). The weight of the socioenvironmental aspects analyzed by the PADP increased from 6% to 10% of the final score. The revision was conducted in 2020 and will be valid in the 2021 edition of the award.

Employee development



Our strategy

Why it matters

People are one of the main pillars of the Boticário Group businesses. They are the ones who put “Our way of being and doing things” into practice, which translates into five essences that ensure the company’s success in the short, medium and long-terms.

Boticário Group Essences

1. A sparkle in the eye is everything: it means wanting to make a difference, pursuing innovative ways of anticipating desires and creating solutions for consumers’ needs;
2. We are keen: we like innovation, new experiences, discovering new ways of constantly improving;
3. We nourish our relationships: it is the subtle strength we have for long-term construction, without losing sight of the result. It is treating each one of us with respect and transparency;
4. We are agile: Deciding and executing missions with agility, exercising autonomy, confidence and collaboration; and
5. We pursue responsible success: we assume responsibility for the impact of our attitudes on the results for the company and for society.

Care for employees encompasses training, valuing and providing opportunities for growth and internal mobility, attention to health and safety and fostering a diverse and inclusive environment (see page 29).

The corporate initiative Educa. GB comprises different training programs aligned with group strategy. In 2020, the programs included Move, Acelere, Academia Comercial and Des. Educa.GB, focused on different aspects of professional development, such as leadership and commercial skills, relationship building, ordering priorities and engaging people.

In addition to these initiatives, employees have the online training platform Educa.ON, which permits the free choice of courses that may be accessed at any time.

Benefits and flexibility

We have offered flexible working hours and remote working since 2019. We also support employees with the provision of a nursery, allowance for education expenses, nutrition, contracting a nurse for babies and a special package for the parents of children with special needs, maternity leave of 180 days and extended paternity leave (this was 20 days in 2020 and increased to 120 days at the beginning of 2021). The list of benefits includes: life insurance; medical and dental assistance plan, assistance in the purchase of medication for employees and dependents; private pension plan, among others.

Health and safety

This involves three activity fronts:

- › **Culture:** in addition to the program Nosso DNA é cuidar (Care is in our DNA), which promotes active care of employees with a focus on safe behavior, recognizing people and training programs, the company promotes measures to eliminate unsafe conditions and behaviors;
- › **Foco no Foco (Focus on Focus):** this consists of the development of Risk management processes, Learning from incidents and the Occupational and Environmental Safety Policy and Guidelines; and
- › **Certifications:** aimed at boosting the number of operations with management systems certified in the ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health and Safety Management) standards.



Impact on variable remuneration

Achieving occupational health and safety targets is integrated into the calculation of the variable remuneration of executives in the Operations area.





✓ Our results in 2020¹

More than 60,000
hours of training and
development

TRAINING 2020 (h)

By gender

Men	33,599.0
Women	29,907.9
Not informed	6,464.9

By age group

Under 30 years	18,089.7
From 30 to 50 years	42,848.2
Over 50 years	1,462.8
Not informed	7,571.0

By race/ethnic background

Oriental	1,642.5
White	35,466.3
Indigenous	22.5
Mixed race	15.5
Brown	15,849.0
Black	8,075.1
Not informed	8.901,0

By functional level

Executive	613.5
Management	235.0
Coordination	3,775.3
Supervision	1,874.6
Administrative	3,194.8
Specialized technical	20,241.8
Technical	9,568.9
Operacional	21,456.8
Intern	1,411.9
Apprentice	1,130.5
Not informed	6,468.6

Total **69,971.7**

2020 Highlights

› Training courses adapted to online environment in function of the pandemic;

› 3,204 participations in Educa. GB, with 89.6 points in the Net Promoter Score survey (scale from -100 to +100). The score was 26 points up on 2019;

› Reinforcement of well-being and mental and emotional health initiatives;

› R\$ 5.5 million invested in health and safety actions;



› Mobility and growth: 52% of job vacancies were filled via internal recruitment in the year; and

› 100% of the employees are covered by collective bargaining agreements.

OCCUPATIONAL HEALTH AND SAFETY

	Employees	Third-parties ²
Accident frequency rate with sick leave ³	0.65	0.41
Fatalities	0	0

¹ All the indicators cover 100% of the employees in Brazil.

² Nested third-parties.

³ Based on 205 hours per month.

Diversity

Why it matters

For us, the world will only be more beautiful if it is more diverse, inclusive and respects individuality and differences. For this reason, we consider not only our employees, but also our suppliers, consumers and society in managing diversity.



>>> Our strategy

Around ten years ago, we started to promote gender equality. Learnings and the evolution of discussions in society over recent years have ensured maturity in our understanding of diversity. Since 2019, we have had an area dedicated to diversity, which drives cross-group efforts while maintaining strategic focus on actions.

Our current approach encompasses five dimensions – equality in gender, generations, race and ethnic origin (focus on black people), persons with disabilities, LGBTI+ individuals – and the intersections of these categories. We draft our goals and work plans based on these dimensions.



Impact on variable remuneration

Achieving the diversity targets is integrated into the calculation of the variable remuneration of executives in the Transformation and Organizational Human Development area.

(#BeautyForTheFuture)

Commitment for the Future – 2030 target

#Uma Beleza De Futuro

#11 Guarantee the representation of minority groups in leadership positions

In the shorter term, this target is broken down into two stages.

By 2023:



› Increase hiring of black talent by 40%, achieving representativeness of at least 50% in the entire company



› Reach, at least, 25% black corporate leaders

By 2025:



› Reach, at least, 30% women occupying senior leadership positions (president, vice president, director and senior management)



› Reach, at least, 50% women in director-level positions

#12 Develop 100% of our products with the participation of minority groups

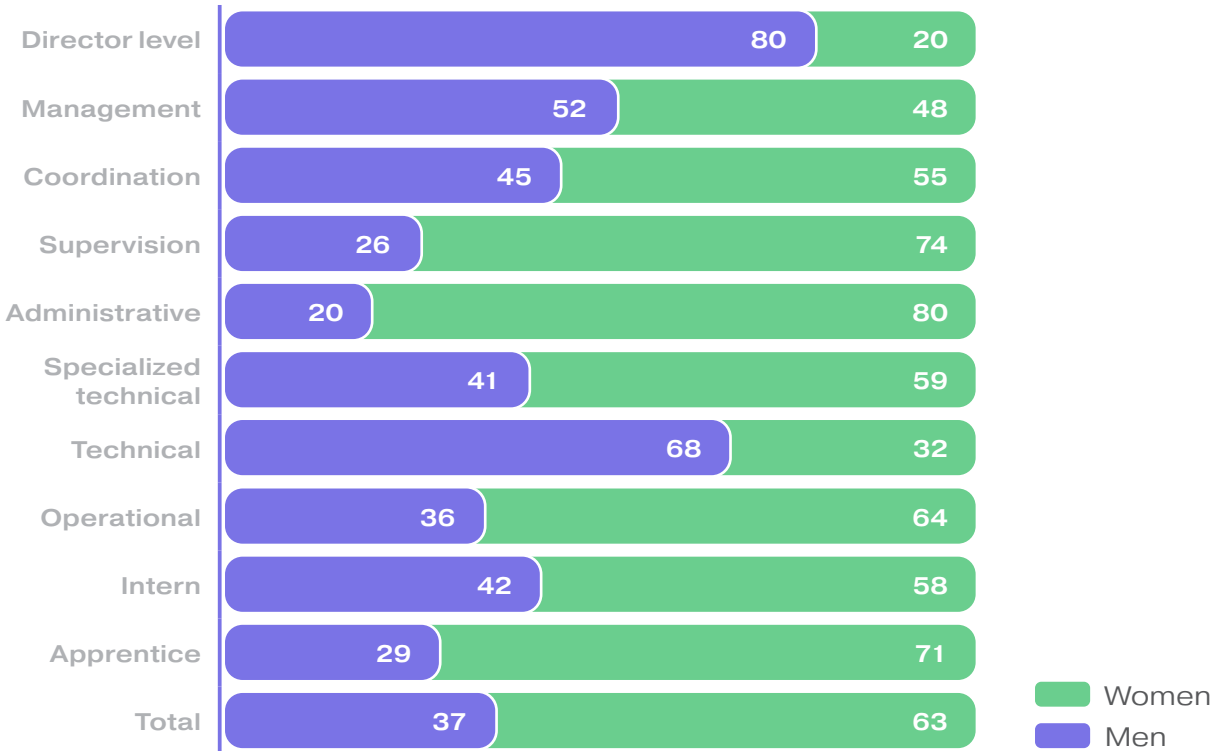
#13 Guarantee that our communication represents the Brazilian population

#14 Offer an inclusive and diverse product portfolio, taking different lifestyles into account

#16 Ensure the progressive increase in affirmative purchases to stimulate enterprise among minority groups

Our results in 2020¹

% share of women and men (by position)



Generations

	Under 30 years (%)	From 30 to 50 years (%)	Over 50 years (%)
Director level	0	75	25
Management	2	93	5
Coordination	9	89	2
Supervision	10	88	2
Administrative	49	48	3
Specialized technical	32	67	1
Technical	21	76	3
Operational	40	56	4
Intern	100	0	0
Apprentice	100	0	0
Total	37	60	3

2020 highlights

Promoting awareness and visibility:

Our Christmas 2020 advertising film starred a black Father Christmas. Its debut on open TV was in the commercial break of the TV Globo program Falas Negras, on November 20 (Black Awareness Day). This high visibility action is an example of the group's routine practice of ensuring the representation of different groups and profiles in its communication;



Equality: in 2020, the salary difference (gap between the average salary of women and the average salary of men in the same job bands) was less than 5% in leadership positions and less than 10% in other positions;



We came third in the Great Place to Work Women ranking, in the large company category. This was the fourth edition of the ranking, which assesses companies' cultural practices and employee perception.

Race/ethnic origin

	Oriental (%)	White (%)	Indigenous (%)	Brown (%)	Black (%)	Not declared
Director level	3	92	0	0	0	5
Management	2	78	0	13	2	5
Coordination	3	74	0	17	2	4
Supervision	2	54	0	35	5	4
Administrative	1	52	0	30	6	11
Specialized technical	2	72	0	16	4	6
Technical	2	49	0	32	12	5
Operacional	2	29	0	52	10	7
Intern	2	60	2	15	4	17
Apprentice	0	30	1	56	10	3
Total	2	47	0	37	8	6

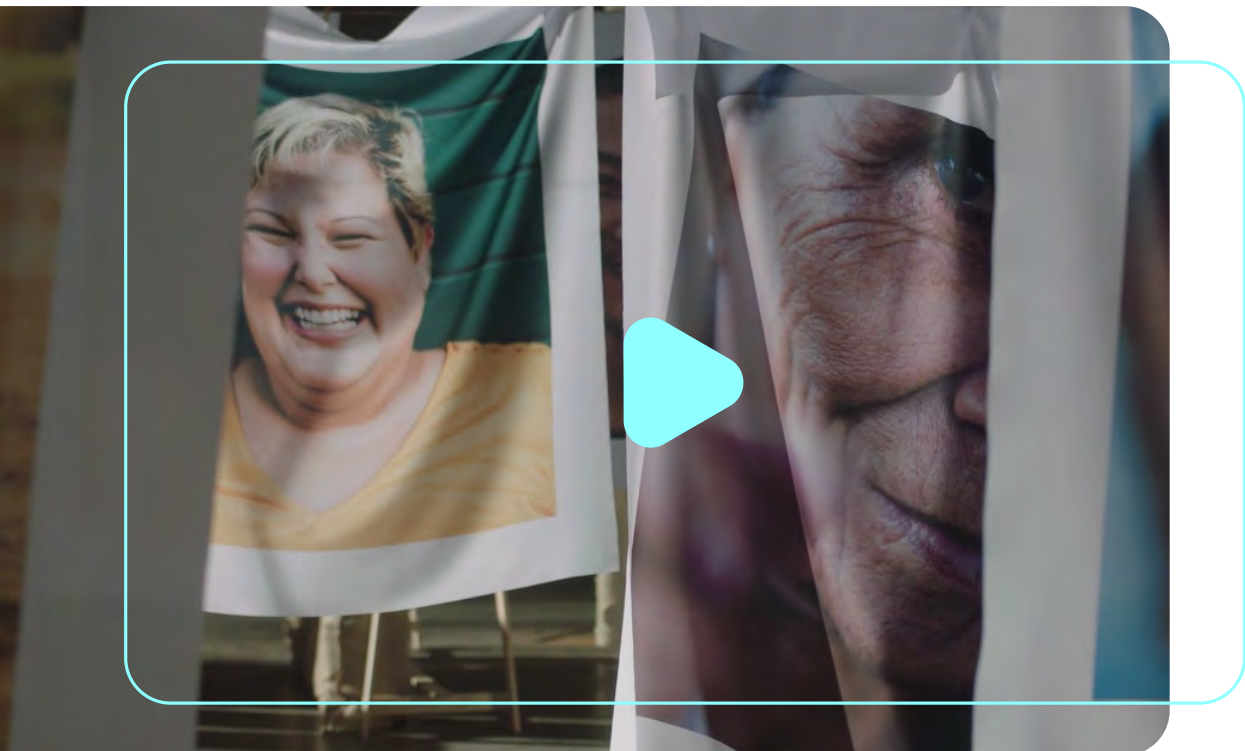
¹ The indicators take into account 100% of the employees in Brazil. Base: December 2000.

Reseller development

Why it matters

Promoting the development of the people engaged in the direct sale of our products is part of a virtuous circle. While extending our presence in the Brazilian market, we help to transform the lives of individuals, enabling them to prosper, achieve their goals and make their dreams come true.

By fostering entrepreneurship in the reseller network, we leverage the generation of shared value and drive transformation in people's lives.



>>> Our strategy

To promote opportunities and encourage the development of resellers, we have the Universidade da Beleza Boticário (Boticário Beauty University) and the Eudora University. These are platforms that offer free courses, materials and videos on essential subjects for the development of these professionals, such as financial and business management, stock control, marketing and sales techniques. For resellers whose business is already established there are face

to face modules, which were suspended in 2020 due to the pandemic.

This training provides resellers with tools to develop their entrepreneurial and organizational skills and run a successful business. The ultimate goal is to increase their income: we want to impact the quality of life of the resellers and their families positively.

(#BeautyForTheFuture)

#Uma Beleza De Futuro

Commitment for the Future – 2030 target

#15 Measure and ensure an increase in quality of life for resellers

Many ways to do this are under construction. We want to understand what quality of life is for this group so that we can shape tools that enable their development and that of their business. For us, doing this together is what is important. When our partners grow, we grow together with them.



Impact on variable remuneration

Reaching targets related to our impact on society by means of engagement actions and the reach of our social projects is integrated into the variable remuneration of executives in the Transformation and Organizational Human Development area.

2020 highlights

Eudora University:

- › **68,000 people** accessed the Eudora University (33% of the company's representatives)
- › **270,000 accesses**, an average of 4 accesses per representative per month
- › **28,000 courses concluded**, on diverse subjects – online selling using the social networks, financial independence, tips on sales and entrepreneurship





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Limited assurance report issued
by independent auditors

To the Board of Directors and Shareholders
O Boticario Franchising Ltda.
Curitiba - PR

Introduction

We have been engaged by O Boticario Franchising Ltda. ("Grupo Boticário" or "Company") to apply limited assurance procedures on the sustainability information disclosed in Grupo Boticário's 2020 Impact Report ("Report") attached in this report, related to the year ended December 31st, 2020. .

Responsibilities of Grupo Boticário's Management

The Management of Grupo Boticário is responsible for adequately preparing and presenting the sustainability information in the 2020's Impact Report in accordance with the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors' responsibility

Our responsibility is to express a conclusion about the information in the Report based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council - CFC equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information. These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of Grupo Boticário and other professionals of the Company involved in the preparation of the information disclosed in the Report and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Report taken as a whole could present material misstatement.

The selected procedures were based on our understanding of the issues related to the compilation, materiality and presentation of the information disclosed in the Report, on other engagement

KPMG Assurance Services Ltda., uma sociedade simples brasileira, de responsabilidade limitada, e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Assurance Services Ltda., a Brazilian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

- a. engagement planning: consideration of the relevancy, consistency, quantitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Grupo Boticário's Report;
- b. understanding and review of calculation methodologies and information consolidation procedures through interviews with the managers responsible for preparing the Report;
- c. application of analytical procedures on the quantitative information disclosed in the Report;
- d. analysis of evidences (sampling based) supporting the disclosed information.

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited assurance conclusion.

Scope and limitations

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reasonable assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Report.

Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

Conclusion

Based on the procedures performed, described in this report, we have not identified any relevant information that leads us to believe that the information in Grupo Boticário's 2020 Impact Report is not fairly stated in all material aspects in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI- Standards) and with the records and files that served as the basis for its preparation.

São Paulo, July 02nd, 2021

KPMG Assurance Services Ltda.
CRC 2SP-023228/O-4
Original report in Portuguese signed by


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Contador CRC 1SP257710/O-4

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