

2021 Impact

Report





summary



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- Three fixed sections ensure the effectiveness of the presentation of each one of the topics:
-  **WHY IT MATTERS:** Contextualization and relationship with the business
-  **OUR STRATEGY:** Positioning, goal and targets and the tools we use to achieve them
-  **ACTIONS AND RESULTS IN 2021:** Some advances and challenges in the year and monitoring indicators

-  The information is reported concisely, selected based on a curatorship focused on objectivity and transparency.
-  In addition to mirroring the dialogue we want to maintain with our strategic stakeholders, these questions enrich the report.

How to read this report

The publication is organized in two parts.

- The FIRST** contains more descriptive and institutional information about the company, its value chain and priority focuses for managing sustainability.
- The SECOND** is dedicated to the company's performance in the material topics defined in the materiality process conducted in 2021.

Enjoy reading it!



Who we are

OBOTICÁRIO

Eudora

multi

Fundação GrupoBoticário

Instituto GrupoBoticário

BEAUTYBOX

Quem Disse, Berenice?

vult

beleza NA WEB

4,000 stores
in 1,780 Brazilian cities

One of the largest beauty conglomerates in the world, the Boticário Group has seven brands, present in 16 countries through diverse channels – such as stores, e-commerce, marketplace and direct selling via thousands of resellers –, in addition to the exclusive distribution of internationally recognized products in Brazil.

Our history began in 1977 with a small compounding pharmacy in Paraná. Today our beauty ecosystem ranges from the industry to the point of sale, from logistics to retail and from the laboratory to the heart of the consumer.

Sustainability is integral to our business model, and our work is oriented by responsibility towards the planet, society and consumers. We operate on the environmental, social and cultural fronts through the Fundação Grupo Boticário and Instituto Grupo Boticário. We are fully dedicated to expanding our positive impact on society by managing waste, biodiversity, diversity, inclusion and transparency with the Uma Beleza de Futuro (Beauty for the Future) platform, consisting of socioenvironmental commitments to be achieved by 2030.



more than **12,000** direct employees

 **31,000** people working in the franchise network



FURTHER INFORMATION:
<https://www.grupoboticario.com.br/en/grupo-boticario/>

VALUE CHAIN

Our responsibility and transformation capacity are present in each one of the relationships we build. Discover our value chain and how we protect, generate, circulate and share beauty.

FURTHER INFORMATION:
<https://www.grupoboticario.com.br/sustentabilidade/>



1 Supply
 Around **2,300** direct and indirect suppliers

2 Research and Development
75% of the products developed have sustainability attributes

3 Manufacturing and storage
21% of the water used in the company's own operation is reused
97.4% of waste recycled in the company's own operation
97.4% of electricity from renewable sources in the company's own operation

4 Distribution
50% of deliveries in São Paulo done by electric vehicle

5 Retail
4,000 stores in **1,780** municipalities
 More than **31,000** direct jobs generated in the franchise network

6 Consumption
77% of the products developed use recycled materials in their packaging

7 Post-consumer
 We have the largest **reverse logistics** program in the beauty segment in Brazil through 4,000 points of sale

8 Employees
 More than **12,000** employees
57% women, with **50%** women in management positions

10 Instituto GB
17 million people benefited and more than **300** cultural and social development initiatives all over Brazil in the last **5** years

9 Fundação GB
11,000 hectares of Atlantic Rainforest and Cerrado conserved directly by the Boticário Group
1,622 initiatives supported in all the biomes in the country

Note: 2021 data.

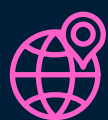
ESG Vision

Commitments For the Future









The Boticário Group recognizes its impacts and has assumed bold commitments for the coming decade. The company's success is responsible, going beyond the business: with a focus on the environmental, social and governance (ESG) dimensions.










Throughout this decade, our efforts will be focused on our 16 Commitments for the Future, which we defined voluntarily in a participative process undertaken in 2020. These commitments take into account the local manifestations of major global challenges and our potential to participate in the construction of solutions. They are aligned with the United Nations Sustainable Development Goals (SDGs) and adopt the same time frame, with a deadline up to 2030.

The coming pages set forth the 16 commitments and present a brief description of our progress in each one of them in 2021.



FURTHER INFORMATION:
<https://www.grupoboticario.com.br/en/our-commitments/>

Our Commitments Where we want to get to	Our results in 2021 (Consolidation of data from 2020 and 2021)	
#01 Map and find solutions for 150% of all the solid waste generated by our chain ¹	32% of waste resolved 	
#02 Reduce social inequality for 1 million Brazilians by transforming the reality of waste management in Brazil	4% of the commitment achieved 36,471 people benefited ² 	
#03 Neutralizing GHG emissions and using 100% renewable electricity for direct operation ¹ and reset the industrial water balance ³	Measurement of the direct operation's emissions to draft reduction plans prior to the neutralization effort 	
	93% renewable electricity	29% of 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%	Map critical suppliers in the topics to define the base line and establish performance improvement plans 	
#05 Guarantee lower water impact in 100% of our critical product lines	Development of a tool to measure water impact in the whole critical product portfolio 	
#06 Use 100% raw materials from renewable sources or from lower impact alternative sources	Beginning of mapping of raw materials and the definition of action plans 	
#07 Investing about 6 million in the conservation of critical natural capital for business continuity	27% of the commitment achieved R\$ 1,600,000 invested 	

Our Commitments Where we want to get to	Our results in 2021 (Consolidation of data from 2020 and 2021)
#08 Promote the conservation of biodiversity, directly or indirectly, in 3.5 million hectares	38% of the commitment achieved 1,334,925 hectares preserved 
#09 Ensuring the traceability and sustainable origin of 100% of critical raw materials	Mapping of critical raw materials to define the base line 
#10 Communicating transparently the socio-environmental footprint of 100% of our products, creating tools so that consumers can understand and act to reduce the impact of their consumption and disposal decisions	Creation of socioenvironmental impact assessment tools 
#11 Guarantee the representation of minority groups in leadership positions	25% black leaders 
	50% women leaders
#12 Develop 100% of our products with the participation of minority groups	Beginning of definition of priority products and categories for development with co-creation involving minority groups 
#13 Guarantee that our communication represents the Brazilian population	Definition of the % representation to be observed in the different brands 
#14 Offer an inclusive and diverse product portfolio, taking different lifestyles into account	Definition of strategic dimensions of diversity for the Boticário Group taking into account each product category in future developments 
#15 Measure and ensure an increase in quality of life for resellers	Survey and analysis of socio-economic data for diagnosis of the current situation of resellers 
#16 Ensure a progressive increase in affirmative purchases to stimulate enterprise among minority groups	Mapping of suppliers belonging to minority groups and formulation of strategies to contribute to the advance in diversity in the chain 

Advances X Goals for 2021

 Achieved

 Close

 Below

 Planning

¹ Takes into account the direct operation (factories, own and third-party distribution centers, offices and own stores).

² Takes into account people who were trained or had an increase in income (without duplication).

³ Balancing industrial water means reusing 100% of treated effluent.

Materiality and strategic focus

To guide management of ESG aspects, the Boticário Group systematically monitors the internal and external environments, their risks and opportunities. With support from a specialized consultancy, every two months the company surveys trends and best practices. These are analyzed and discussed by the Sustainability and Diversity Executive Committee and generate action and improvement plans which drive constant evolution.

Another key input for this process is active listening to the expectations and needs of the company's stakeholder groups.

To monitor the evolution of society's perspective related to the Boticário Group's material topics and practices, at the end

of 2021 a new round of consultations with the main stakeholder groups was held. As in previous consultations, this process was aligned with GRI (Global Reporting Initiative) guidelines and consolidated the visions of 11 stakeholder groups. More than 3,200 people were consulted by means of secondary surveys and the application of an online questionnaire. A new feature in this latest cycle was the inclusion of a specific space for stakeholders to indicate which Boticário Group practices they would like to know more about. The questions and requests for information supported the definition of the contents of this report, with responses to stakeholders' doubts included in each chapter.



Stakeholders consulted:

- Consumers
- Government
- Organized Civil Society
- Press
- Financial Sector
- Resellers
- Employees
- Franchisees
- Suppliers
- Industry Associations
- Boticário Group: Commitments for the Future, Strategic Fronts, Strategic Risks

The current version of the analysis of materiality, consolidating the internal and external vision, covers 12 ESG aspects, prioritized because of their capacity to generate and protect shared value. The process confirmed the list of material topics defined the previous year, with the addition of one new one, development of surrounding communities, reflecting greater interest in this aspect on the part of diverse stakeholders and the Boticário Group's strategic focus on managing it.



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.

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.

Development of surrounding communities

Promotion of dialogue and partnerships to reinforce the development of the communities surrounding the Boticário Group operations.

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 involved in countering malicious attacks and improper use of data.

Product quality, safety and transparency

Practices to guarantee the quality and safety of our products - and the ingredients we use. This includes the assessment and the clear and transparent communication of the environmental and social impacts of the products, enabling consumers to take informed decisions.

Lower impact or renewable ingredients

Substitution of ingredients of fossil and mineral origin with lower impact alternatives and/or ones of renewable origin.

Conserving biodiversity

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

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

Climate emergency, energy and emissions

Adoption of practices and technologies to reduce greenhouse gas emissions and to mitigate the effects of climate change.

Packaging and waste

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

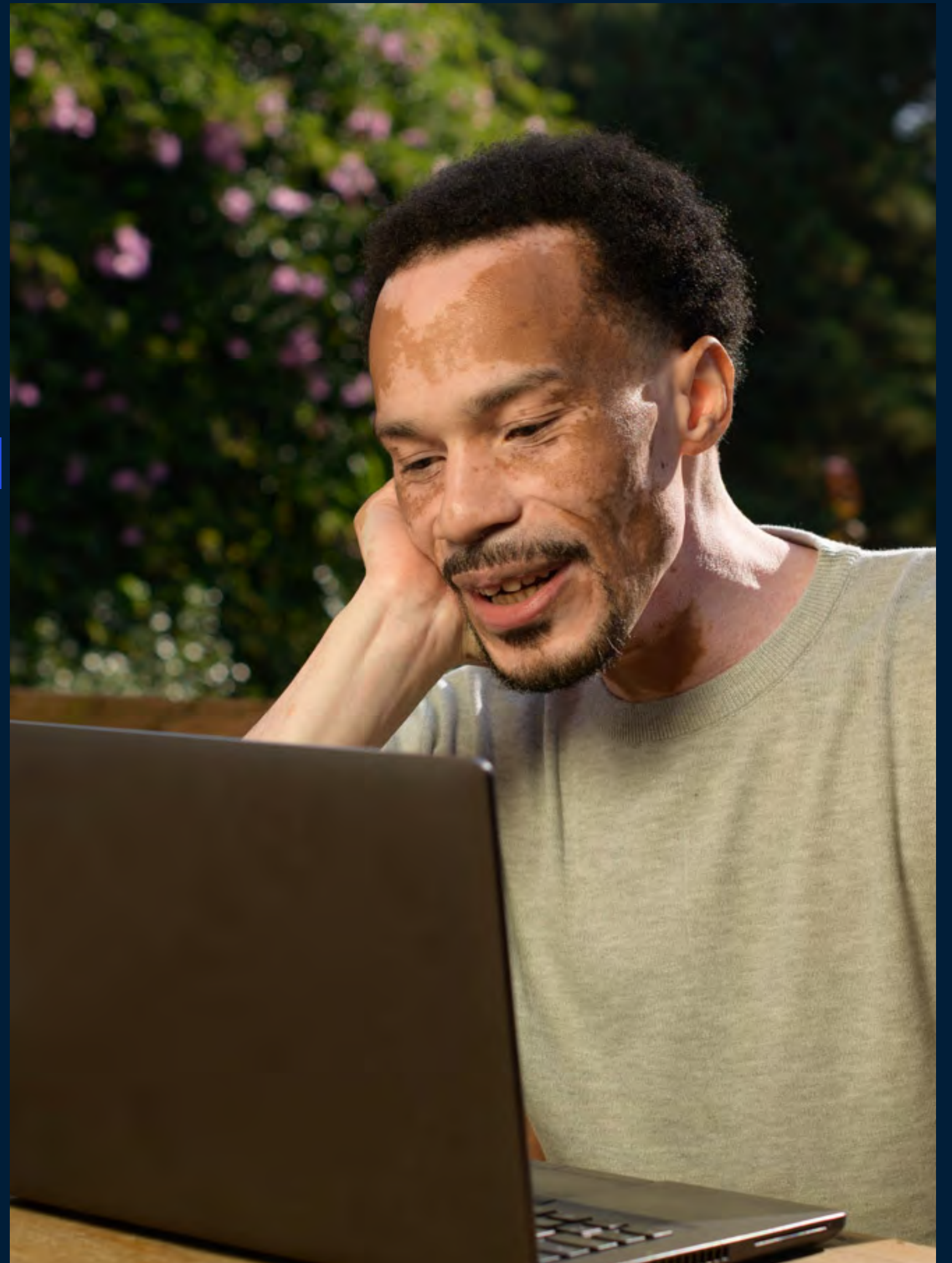
Responsible procurement

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



corporate

go over nance



Why it matters

Clarity in the principles, standards, policies and processes that guide decision making, accountability and transparency is fundamental for any organization that wants to achieve its goals and develop relations based on trust with its strategic stakeholders.

The Boticário Group is a private company that is committed to the best practices and principles established by the Brazilian Institute of Corporate Governance (IBGC).

The governance structure comprises a Board of Directors with ten members, including three women and seven independent members.



Our strategy

Shared value

In all areas, business management takes environmental, social and governance factors and opportunities to generate value for the group and its stakeholders into account.

The Sustainability and Diversity Executive Committee, part of senior management with a direct report to the CEO and Board, is responsible for monitoring progress in these topics.

The commitment to the goals and targets involves all company areas, which participate actively in building the group's vision of the future every day. ESG performance is linked with management variable remuneration, with specific targets for different areas and two targets applicable to all:

- increase the percentage of solutions for waste.
- increase the presence of black people in leadership positions.

Human rights

All employees, contractors and business partners are bound to observe the Boticário Group Code of Conduct, the object of mandatory periodic training for the teams and contractors working in the operation.

Respect for human rights is an integral part of the document, addressing topics such as forced and child labor, human trafficking, diversity, non-discrimination, equality in gender and remuneration, freedom of association and the right to collective bargaining.

Commitment to the Boticário Code of Conduct and to human rights in their own operations and supply chains are non-negotiable requirements for suppliers that want to do business with the group. The Supplier Relations Policy specifically

addresses social questions, such as the prohibition of child and forced labor, anti-corruption and compliance with environmental requirements.

Focused on the work force, human rights at work are addressed in the Labor Policy, which guarantees workers' rights and compliance with legislation. We provide mandatory training in human rights for all employees and contractors that work in our operations.

The company's own operation and value chain, including suppliers and surrounding communities, are submitted to periodic assessments of risks of human rights violations. The company conducts continuous monitoring, as well as developing social impact mitigation and assessment plans.

Compliance

Ethical conduct is a Boticário Group commitment. And in our essence, we pursue Responsible Success. As a consequence, all of our operations observe the company's Compliance Policy and other corporate policies. Employees receive periodic training in areas such as risk management, anti-corruption, prevention of money laundering and financing of terrorism.

Ombudsman

The Ombudsman service, managed by an external consultancy, may be accessed via internet or telephone 24 hours a day, seven days a week. The channel receives reports of suspected cases of non-compliance with the Code of Conduct and group policies, as well as anti-ethical behavior. All reports are addressed with full impartiality and confidentiality, in accordance with the predefined governance structure.



FURTHER INFORMATION:
[canalconfidencial.com.br/ouvidoriagrupoBoticario/0800 706 2000](https://canalconfidencial.com.br/ouvidoriagrupoBoticario/)



Risk management

Risk management is incorporated into the Boticário Group governance structure and decision-making processes. A matrix, which is constantly monitored and reassessed, takes into account:

- Strategic risks: which represent threats to the group's strategic planning in function of internal or external events. These include climate change and cybernetic attacks, for example;
- Operational risks: related to the group's operations, resulting from

mistakes, failures, deficiencies or defects in processes that could provoke losses or negative impacts; and

- Emerging risks: caused by factors external to the company, including new risks and risks that have been growing in importance in recent years, presenting potentially significant impacts in the long-term.

The diverse areas are responsible for identifying, assessing, controlling and mitigating the risks inherent to their activities and implanting

action plans to address them. Macro management is the responsibility of the Corporate Risk Management & Business Continuity area, which reports to the Risk and Audit Committee. This committee is chaired by an independent member and advises the group's Board of Directors.

The risk management policy is important for business strategy, the brands' reputation and financial health and for decision making involving investments, operations and expansion.

Emerging risks

DESCRIPTION	IMPACT	MITIGATION
Water rationing		
The company's factories are subject to the risk of rationing or restrictions in the use of water. Climate projections indicate the risk of extreme events, including droughts, such as the one witnessed in the state of Paraná in 2020 and 2021, which may become more frequent and impact water supplies.	Limitations to access to water could lead to the reduction or interruptions in production and increased production costs due to the need to acquire water by other means (e.g.: tanker truck). Moreover, there will be increased demand for water at all levels, which could lead to competition for access to water by industries and communities located in regions of water stress.	The group invests in technologies and production process improvements to promote eco-efficiency in the operations, increase the use of rainwater and to achieve balance in industrial water by 2030, which means reusing 100% of the treated effluents from the factories. Furthermore, Boticário seeks to reduce the downstream impacts of its products, with products that require less water in the consumption phase and are highly degradable, resulting in a lower discharge impact. Currently, the risk of water rationing is considered highly strategic for Boticário Group, which monitors this question by means frequent analyses of the climate situation.
Risks related to the mental health of employees associated with future pandemics and the future of work		
Due to factors such as the loss of biodiversity and climate change, there is the possibility of more pandemic events resulting in risks to the mental health of employees, which could modify labor relations. Measures to reduce the propagation of viruses, such as remote working, may be necessary. However, on a global level, this work format has presented a number of risks to the mental health of workers (such as anxiety and burnout), including Boticário Group employees.	Our employees are the driving force behind the Boticário Group, which is why we are concerned about the physical and mental health of our people and their families. The Covid-19 pandemic generated mental suffering. This could happen again with other pandemics, resulting in health problems and forced leave from work, among other things.	Employee physical and mental well-being is a priority for the group, which has always maintained initiatives to protect and promote health. These measures have been intensified since 2020 with the creation of a specific Mental Health area, organized on three fronts: System, Relations and Individual. The focus on employee well-being involves the offer of diverse benefits, such as psychotherapy, healthcare plan, physical and emotion well-being sessions, health and self-care campaigns, weekly monitoring of employee mental health, and specific service provision channels.



Data security and customer privacy

How does the Boticário Group manage the data and information on employees, customers, resellers and the other stakeholders with whom it relates?

The Boticário Group has a Privacy policy that incorporates the principles of Brazil's General Personal Data Protection Law and best market practice regarding privacy, providing data owners with a Privacy Portal. This channel provides clear, transparent explanations of security and governance measures and procedures adopted for handling all types of personal data. The approach adopted is privacy by design, which ensures proactive measures to identify and correct risks of breaches or improper treatment.

Boticário also has a Data Protection Officer (DPO), who acts as a link between the company, the data owners and regulatory authorities, clarifying doubts, responding to requests and representing the Boticário Group in dealing with the country's national data protection agency, ANPD.

All Boticário Group employees, franchisees and resellers receive frequent training in information security and data privacy and are obliged to ensure the confidentiality of information. Furthermore, all the group's partners – suppliers, franchisees, resellers, data companies and digital platforms – are required to maintain a level of security appropriate for our operations and in accordance with policies and contracts.

In 2021, we received two notifications from the ANPD about the unwarranted registration of resellers. In response, we clarified how the owner should act in cases of registration fraud. We also added a specific option to the privacy portal permitting data owners to exercise their rights in this type of situation. It should be noted that our analysis for registering resellers takes behavioral standards into account (such as the time spent on registration), rather than the actual personal data. This ensures that our analysis is free from unconscious biases, ensuring simultaneously that governance in data treatment is improved and good social practice standards are raised.



FURTHER INFORMATION:
<https://privacidade.grupoboticario.com.br/>

Actions and results in 2021

With the organizational restructuring in 2021, at the beginning of 2022 the number of vice president areas increased from seven to nine, enabling better segmentation with specific focuses: B2C; B2B; Retail and International; Consumer; Operations; Finance and Strategy; Technology; People; Legal, Compliance, ESG and Institutional Affairs; and the Foundation. With the CEO, these make up the executive sphere, responsible for integrated business management, while maintaining the independence of the different brands' legal entities.

The Board of Directors is supported by six executive committees, that address different areas: Channels and Retail; Consumer; Technology and Digital; People; Risks and Audit (whose structure includes a Conduct Committee); and Sustainability and Diversity. The latter, comprising the chairman and vice chairman of the Board, the vice president of Legal, Compliance, ESG and Institutional Affairs and the ESG director, as well as external and independent board members, defines and monitors the strategy to integrate environmental, social and governance aspects transversally into the group's business model.

Environmental compliance

The Boticário Group has received no fines or sanctions related to environmental non-compliance in the last four years.

Public private ESG committee

Since October 2021, the Boticário Group in conjunction with the government of the state of Paraná, has led an unprecedented public-private committee created to discuss subjects related to environmental, social and governance policies. The first of its kind in the country, every six months the committee brings together

representatives of government and public and private companies to discuss sustainability measures and projects in order to address the state's socioenvironmental challenges in a coordinated manner.

Water crisis, renewable energy, reduction in pollutant gas emissions, solid waste treatment, carbon credits, training of minority groups to boost employability are some of the items on the committee agenda. Some of the largest and most important companies in Paraná are engaged in the work done by the committee. The Boticário Group, considered a benchmark in sustainable practices, will contribute towards building a new mindset based on shared solutions between public authorities and private initiative in benefit of society as a whole.



pro du ct

quality, safety and
transparency





Our strategy

From the choice of raw materials to the commercialization of the finished products, our processes are oriented to a commitment to quality, safety and the reduction of social and environmental impacts by our business. This translates into the prioritization of organic or vegan ingredients that are natural, certified and of traceable origin, with sustainability attributes such as higher yield and lower water consumption in the usage phase. We guarantee safety by conducting ecotoxicity and other tests on the ingredients with methodologies that measure the impacts on human health, the environment and natural resources.

To evaluate formulations, the company also uses other tools, such as the Environmental Risk Assessment Index (IARA in the Portuguese acronym), developed internally and applied to products considered critical. This provides information on the impact on water of 100% of the rinsable products. The goal with this analysis is to cover the whole portfolio and also to define other types of impact, such as energy and waste generation.

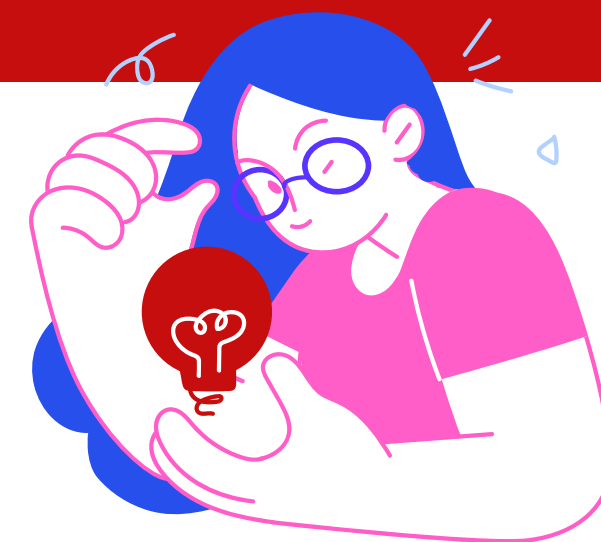
This care with origin and quality is not restricted to the products, being extended also to packaging. Packaging undergoes Life Cycle Assessment (LCA). The Boticário group carries out a simplified analysis using the Ecoinvent data base and the EF (Environmental Footprint) method, based on the European Union PEF (Product Environmental Footprint) initiative and recommended by the International Reference Life Cycle Data System (ILCD Handbook).

This analysis assesses impacts on: climate change, ozone depletion, human toxicity, respiratory particulate/inorganic material, photochemical ozone formation, ionizing radiation, acidification, eutrophication,



Commitments For the Future

#10 Communicating transparently the socio-environmental footprint of 100% of our products, creating tools so that consumers can understand and act to reduce the impact of their consumption and disposal decisions



Why it matters

Depending on how it is presented, the composition of cosmetic products might seem to be shrouded in an aura of mystery or technicalities, understandable only to specialists, a factor that could generate insecurity and misinformation.

We believe that transparency and quality information are the best way to establish relations based on trust with consumers and to help them make conscious choices. We call this movement Transparent Beauty.

ecotoxicity, land use, exhaustion of materials, energy resources and water. All the impacts are assessed in three overall dimensions: human health, environment and natural resources. Complete LCAs are conducted for specific projects requiring more detailed studies and knowledge.

Regarding transparency, there are no mysteries: all information about products, their formulations and components is available on a portal, Transparent Beauty, which contains everything the consumer is entitled to know.



What guarantee is there that a determined product contains the substances indicated in its formulation, such as hyaluronic acid or glycolic acid, for example?

The Boticário Group uses the most advanced technologies in the market to assess the performance and quality of its products. This care encompasses the selection of raw materials and materials suppliers, assessment of the production process and analysis of physical-chemical and organoleptic properties to ensure the presence of the active compounds in the correct concentration.

How does the control and triage of products function?

The Boticário Group pays close attention to assessing product safety and effectiveness. In 2021, and in the company's entire history, there have been no non-conformances requiring the active recall of products from the market. Our assessment process enables the identification of any problems or inconsistencies, preventing non-conforming products from reaching the consumer.



FURTHER INFORMATION:
<https://www.grupoboticario.com.br/en/beleza-transparente-2/>

<https://www.grupoboticario.com.br/en/our-commitments/>

Actions and results in 2021

ESG Score

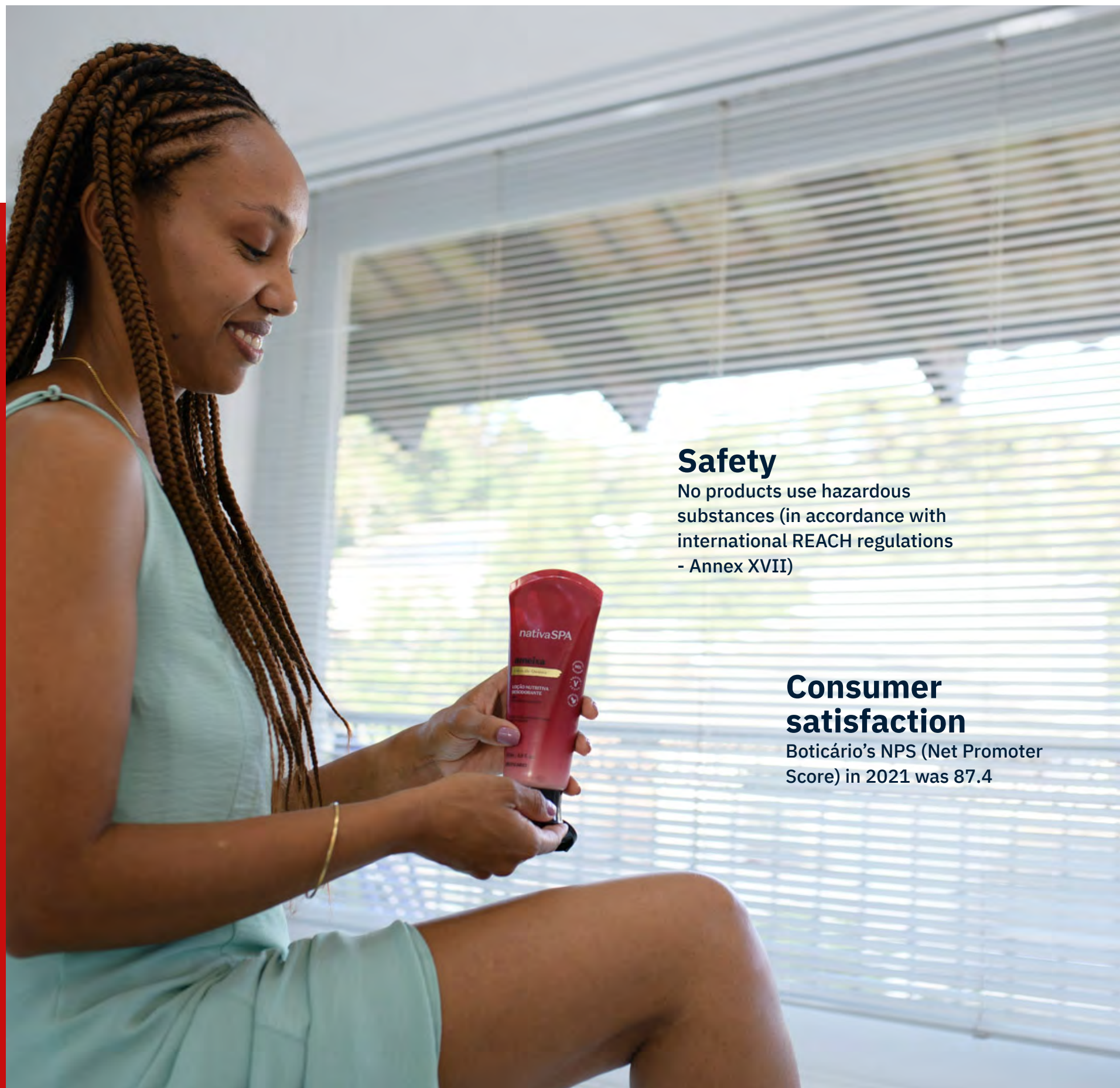
In an unprecedented initiative, the Boticário Group is finalizing the creation of a tool to assess sustainability in accordance with internationally accepted best environmental and social practices. The ESG Score reinforces the Commitments for the Future and is aligned with the Global Compact guidelines proposed by the United Nations Organization (UNO) to engage companies and organizations in the

adoption of the Framework Principles on Human Rights and the Environment.

The tool assesses seven groups of indicators that are broken down into 21 attributes with different weights according to the potential impact of each component. The indicators analyzed include renewable materials and ingredients, water resources, waste solutions, climate change, responsible business chain, diversity and accessibility.

Transparent Beauty Portal

This was launched in 2021 and contains a glossary with more than 900 raw materials used in the formulations. In a pioneering initiative in the country, it also discloses data on the composition of the fragrances, information which is practically considered an industrial secret in the segment.



Safety

No products use hazardous substances (in accordance with international REACH regulations - Annex XVII)

Consumer satisfaction

Boticário's NPS (Net Promoter Score) in 2021 was 87.4

ingredients

from renewable
or lower impact sources





#Uma
Beleza
De
Futuro

Commitments for the Future

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

In addition to this target, we are also working on ensuring that 90% of our rinsable products will be biodegradable by 2030.

Proof is obtained by means of testing and/or mathematical modelling.

Why it matters

Since its foundation, the Boticário Group has demonstrated that it is possible to care for people while respecting nature – a concern that has only grown over the years. Sustainability is our commitment and it is exercised with social and environmental responsibility. More and more, our formulations use renewable ingredients and packaging development incorporates sustainability attributes such as the use of post-consumer recycled materials. Minerals and petroleum derivatives are being substituted, and vegan products have gained ground in the portfolio. The purpose of this is to generate the lowest possible impact on the environment and to meet the demands of a consumer public that is interested not only in the product but also in environmental conservation and in building a better world.



Our strategy

In line with our Commitments for the Future, the Boticário Group is committed to creating sustainable products. This means they must be sustainable from the conception. Before reaching the consumer, each new product undergoes a painstaking development process, which begins with investments in research and involves diverse assessment stages to ensure it is safe and incorporates sustainability attributes.



Impact on variable remuneration

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



Is the impact a product may cause on the environment measured in the definition of the ingredients, the choice of raw materials or in the manufacturing process?

Yes, we seek to identify the actual and potential positive and negative impacts throughout the entire product life cycle. In addition to the stages mentioned, this includes conception, consumption and disposal, in an approach that also considers the social and economic dimensions of the value chain. We want to enhance processes to leverage the positive effects and eliminate or reduce the negative ones.



FURTHER INFORMATION:
<https://www.grupoboticario.com.br/en/beleza-transparente-2/>

<https://www.grupoboticario.com.br/en/our-commitments/>

III Actions and results in 2021

Of the cosmetic products developed in 2021:

93.2% are vegan
(with no components of animal origin)

27% use plastic from renewable sources in packaging (green PE)

Ecodesign

A guide for the creation of packaging using the principles of ecodesign, such as sustainable transportation and a reduction in packaging waste and impacts in the chain is being elaborated.

Life Cycle

The company has begun to create a Life Cycle Assessment (LCA) system for formulas, similar to the one in place for packaging.

75% have sustainability attributes

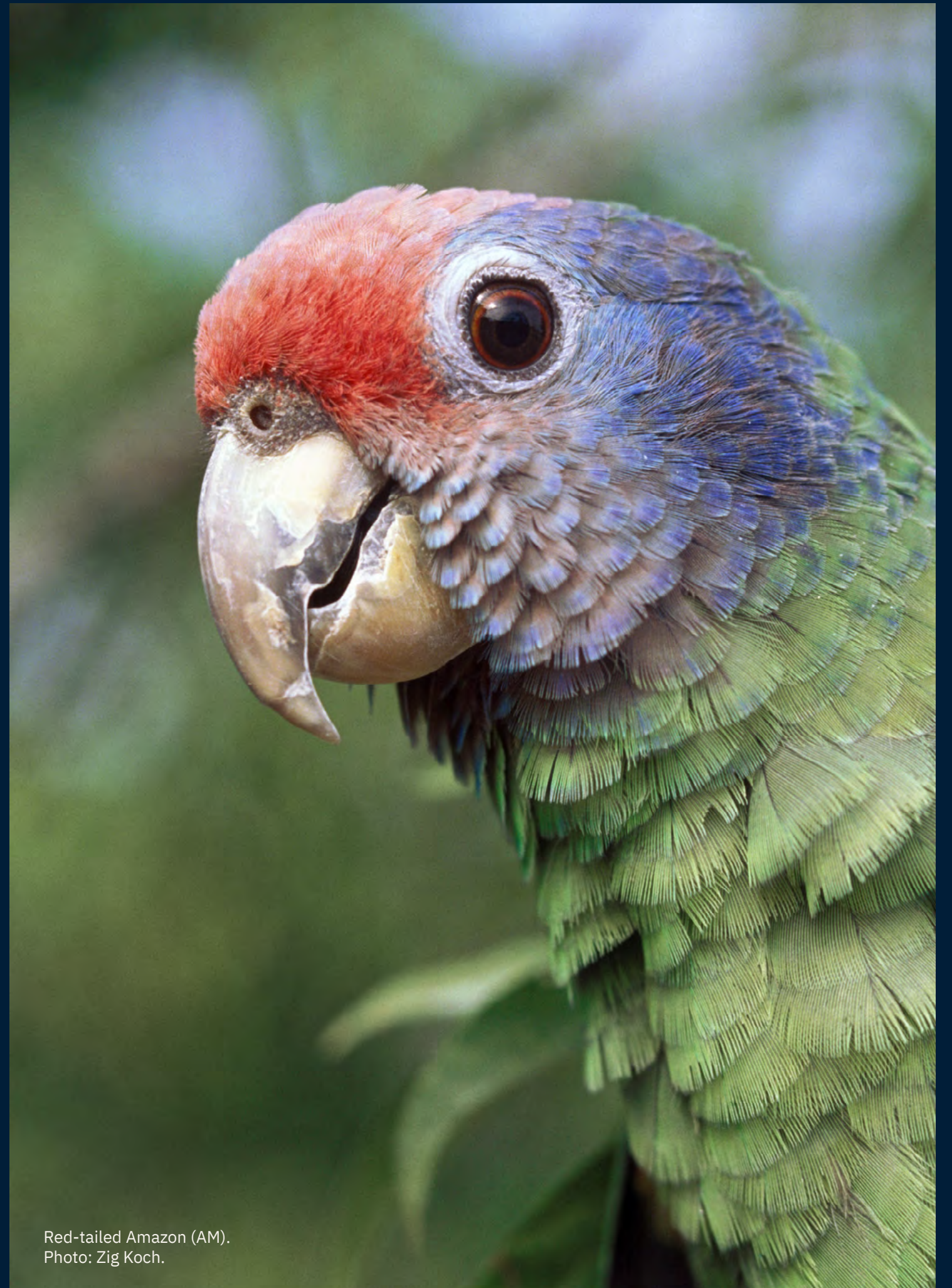
(Considering formulation and/or packaging. Examples: eco-efficient manufacturing, vegan products, reduced ecotoxicity, reduction in ingredients, vegetable mass, green plastic, material – post-consumer recycled paper, plastic, glass, surlyn –, returnable trays, mono-materials, refillable products, and reduction in packaging mass)

26.2% use sustainable processes, such as cold manufacturing and packaging and eco-efficient production

77% contain recycled material in packaging

● conservation of

bio di ver sity



Red-tailed Amazon (AM).
Photo: Zig Koch.

Why it matters

The United Nations Convention on Biological Diversity defines biodiversity – or biological diversity – as “the variability of living organisms of all origins”, which includes different ecosystems (such as terrestrial, marine and other aquatic environments) and beings (such as micro-organisms, plants or the human species). It supports

life on Earth and plays a fundamental role in the well-being and health of people and in the supply of ecosystem services, with repercussions on the environmental, economic, social and cultural dimensions.

In the specific field of business, natural capital, understood as the set of environmental resources and services, is equally important for the production processes of the group, which is committed to conserving critical natural capital to ensure the longevity of its business.

Our strategy

Fundação Grupo Boticário: the foundation was created in the 1990s and operates nationwide. From 2020, it started focusing on agendas (Ocean, Tourism in Natural Areas and Nature-Based Cities) and territories (Rio Miringuava water basin, Guanabara Bay, Atlantic Rainforest Grande Reserva and Serra do Tombador) to boost results in the conservation of nature in Brazil. The constant theme that cuts across all the initiatives is adaptation to climate change. The foundation maintains two natural heritage private reserves in the Atlantic Rainforest and the Cerrado which together conserve 11,000 hectares of native vegetation, biodiversity and water resources in the two biomes most threatened by deforestation in the country.



Sharing biodiversity benefits

The group invests in conservation projects and in the sustainable use of social biodiversity production chains that keep the forest standing, stimulate social development and local economies.



Golden lion tamarin.
Photo: Luciano Candisani.



Commitments For the Future

- #07 Investing about 6 million in the conservation of critical natural capital for business continuity
- #08 Promote the conservation of biodiversity, directly or indirectly, in 3.5 million hectares



Impact on variable remuneration

Achieving the biodiversity conservation targets is integrated into the calculation of the variable remuneration of executives in the ESG area.



FURTHER INFORMATION:
<https://www.grupoboticario.com.br/en/our-commitments/>



In addition to the actions of the foundation, what does the Boticário Group do to conserve biodiversity?

This topic is also addressed from the perspective of social biodiversity, which means investing in the socio-environmental development of the communities connected with biodiversity raw materials. The Boticário Group does this by paying for the use of biodiversity services. Some of these projects are described in this chapter.



Our actions in 2021

Web of Solutions

A Fundação Grupo Boticário project that provides financial support for nature protection and conservation initiatives, with actions on two fronts in 2021. In April, the organization launched Camp Oceano (an event inspired by the Ocean Decade, promoted by Unesco). This involved 900 participants with the objective of seeking solutions for the challenge of fostering responsible tourism and conserving biodiversity; reducing pollution in the oceans and mitigating the effects of the climate crisis in coastal cities. 138 solutions were submitted of which 17 received investments from the Fundação Grupo Boticário (R\$ 3,287,662.83) and two donations from the Fundação Araucária (R\$ 460,184.00).

On another front, the Solutions Web addressed challenges in the Cerrado region with the event Conservathon, an ideation marathon for nature, which involved 600 participants from 119 areas of knowledge with support from 77 mentors. As a result, 33 ideas were formatted for future projects or businesses. The foundation also participated in the Public Call for Proposals for the Conservation of the Cerrado in the Northeast of Goiás, which received proposals for boosting efficiency in preventing and fighting forest fires, reducing the impacts on flora and adding value to regional native product chains. Four out of the 54 proposals received investments (totalling R\$ 1 million). Another contribution to the Cerrado region was the donation of a fire engine to the voluntary Fire Brigade in Cavalcante (where the Serra do Tombador Nature Reserve is located).

Entrepreneurial Nature

This program in partnership with Sebrae Rio was launched in 2021. It was aimed at strengthening small and medium sized businesses that make a profit while taking due care of the environment in the Guanabara Bay region. Fifteen proposals were selected from the 80 entries, receiving support from mentors and consultants. The three enterprises with the highest evaluations received prizes in cash (a total of R\$ 20,000): a circular economy project that reuses fishing nets to make bags; another in the eco-tourism area and a third in selective waste collection. A similar initiative was undertaken in the Atlantic Rainforest Grande Reserva region, with the offer of workshops and consulting for 15 businesses that have a positive impact on nature. Three received awards – two related to ecological tourism and one engaged in the production and commercialization of native fruits. Also in the Atlantic Rainforest region a philanthropic fund was created with an initial investment of R\$ 600,000 to support projects that combine the economy and the environment.

Social biodiversity production chains

Nine conservation and sustainable development projects were selected with a programmed investment of R\$ 3.9 million. The initiative, designed in accordance with the particular characteristics of the different ecosystems, will last from six to 24 months. Of the nine projects submitted to the Ministry of the Environment, one was approved in 2021 and was initiated in 2022. It projects the construction of a community trail to foster collective planning and organization of the families engaged in extracting copaíba in the Rio Unini region, in Barcelos (AM).



R\$ 1,600,000
invested in conserving
natural capital critical
for the longevity of the business

1,334,915
hectares

of areas conserved directly and indirectly
by the Boticário Group (372,580 ha in 2020,
962,335 ha in 2021)



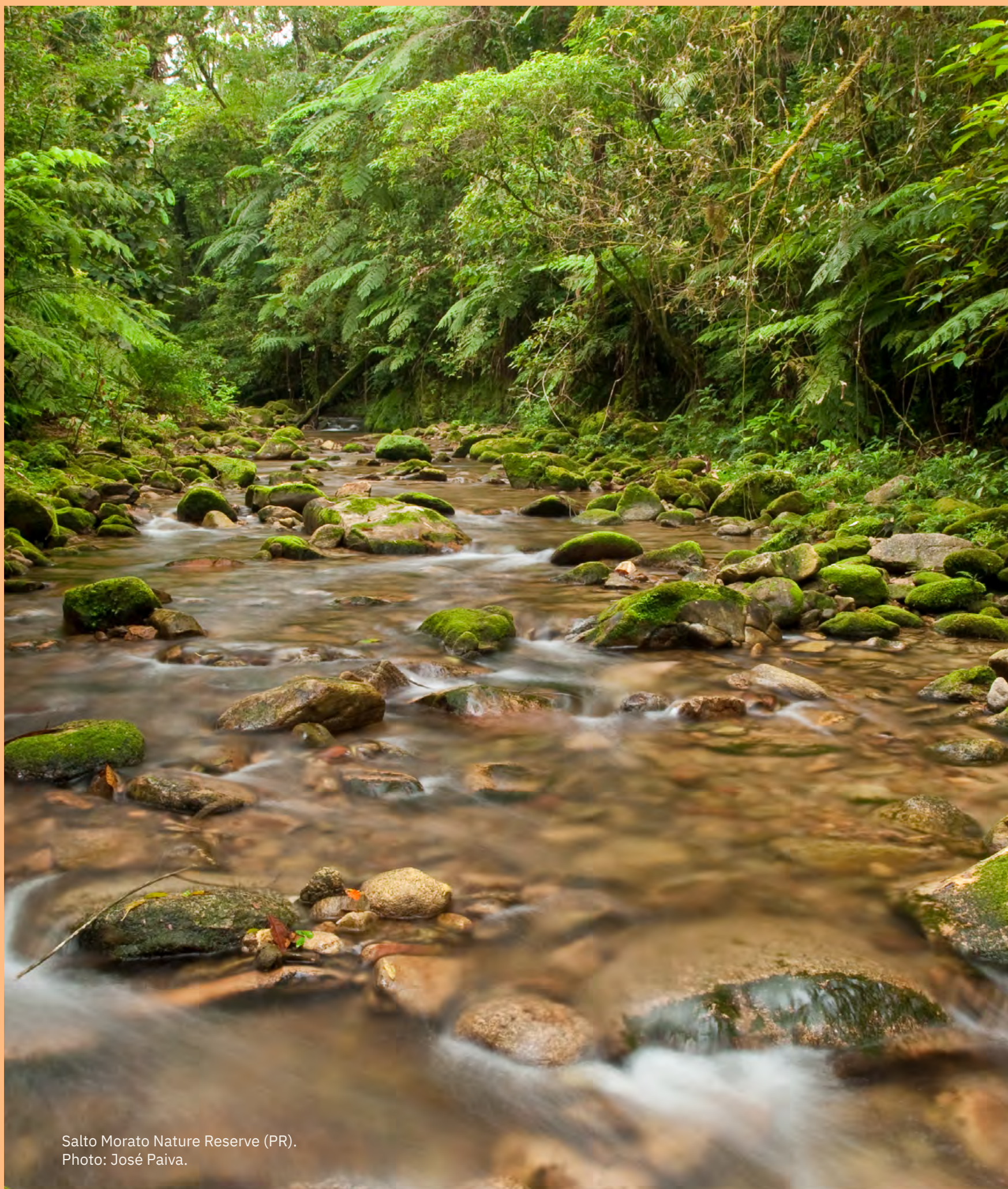
FURTHER INFORMATION:

<https://www.grupoboticario.com.br/en/our-commitments/>

<https://www.fundacaogrupoboticario.org.br/en>

Water

consumption and discharge



Why it matters

Fundamental for the balance of ecosystems and the climate, water is essential for life on Earth. Considered an inexhaustible resource in the past, today limitations and the risk represented by wastage and negligence related to its sources are clear. For the Boticário Group, water is an important input in product formulations and in production activities. We work responsibly with this strategic resource, which needs to be protected to benefit society as a whole.

Our strategy

Our actions are concentrated on the efficient use of water through new technologies, reuse and continuous improvement processes.

Currently, the organization reuses water in toilets, for cleaning floors and in chilling towers in the factories. The distribution centers harvest rainwater. The commitment for 2030 is to neutralize our impact on water resources by closing the water cycle in the manufacturing process using new treatment techniques.



Commitments For the Future

- #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



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 actions in this area are guided by other targets. Worthy of note are those established for 2025:

- 60%** gains in water efficiency (water consumed per ton of product) in the plants compared with 2005; and
- 50%** reuse of water or use of rainwater over total consumption in the operational sites.

» How do the products contribute to the achievement of eco-efficiency (reduction of carbon emissions and water and energy consumption) targets?

Over the years, the Boticário Group has undertaken significant investments in research into ingredients and the development of sustainable production processes that add value to our products. One example is the use of EcoÁlcool, made from sugarcane bagasse and biomass residue, which were previously burned or discarded in nature. This ensures a 30% reduction in carbon footprint compared with traditional alcohol and is currently used in all the group's fragrance brands. We also opted for cold manufacturing and packing in the formulations that permit the employment of this technology, avoiding the use of heating reactors to save energy and reduce CO₂ emissions. And the energy consumed in the factories is already 100% renewable. The Camaçari unit in Bahia has its own solar power plant, which supplies 5% of the energy spent on production. Another example is the adoption of the ERAI* (environmental risk assessment index), created internally to measure the impact on the aquatic environment of rinsable products, such as shampoos, conditioners and soaps. This enables the delivery of more sustainable products that have a lower environmental impact in the consumption phase.



FURTHER INFORMATION:

<https://belezatransparente.com.br/en/formulas-with-less-impact-on-water/>

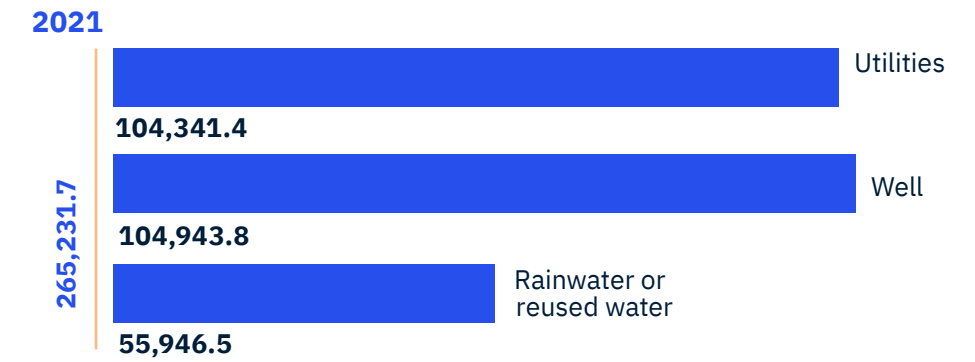
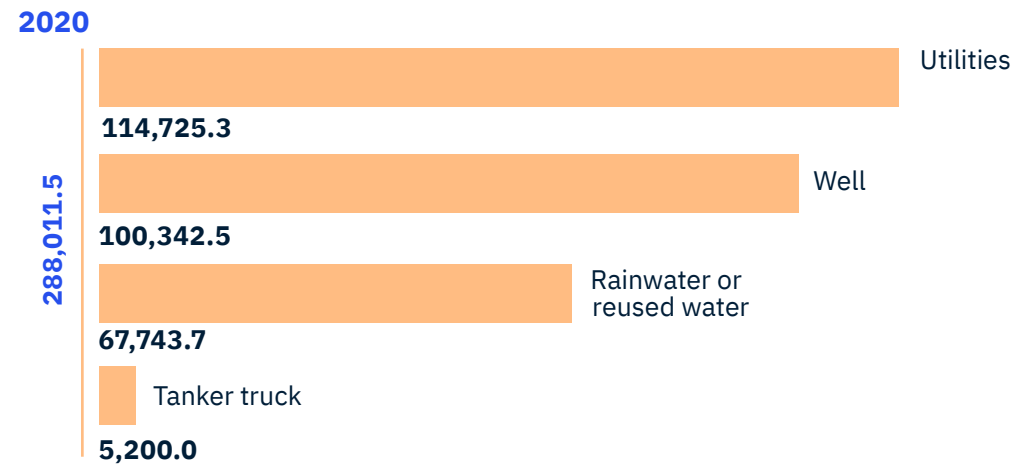
<https://belezatransparente.com.br/en/cases-2/>



*I.A.R.A. (Índice de Avaliação de Risco Ambiental)

 Our actions and results in 2021¹

Water consumption (m³)



Efficient water use

	2020	2021		2022 target
		Target	Result	
Reuse (Total reused/ Total consumption)	23.5%	25%	21%	22%
Water intensity (m ³ /t produced)	5.60	5.5	4.34	4.27

Reduction of water intensity

21.1%

2021 x 2020

58.5%

2021 x base year 2005

¹ Scope: 100% of own operation.

climate emergency,
energy and

initiatives



Why it matters

The climate emergency is a reality and poses challenges for governments, institutions, companies and people. Limiting the temperature increase to 1.5 °C (compared with the pre-industrial era) is the main commitment from the Glasgow Agreement – a document endorsed by 190 countries that participated in the United Nations Conference on Climate Change, COP 26, held in November 2021, in Scotland.

Although considered timid by some analysts, the agreement reaffirmed the commitments in the 2015 Paris Agreement, such as containing deforestation, reducing greenhouse gas (GHG) emissions and gradually substituting fossil fuels.

Governments and society are responsible for achieving the targets established, and organizations have a key role to play in this process. We in the Boticário Group are also intent on doing our part. We have made continuous efforts to reduce GHG emissions and our target is to neutralize emissions from the direct operation by 2030.

Our strategy

The Boticário Group Sustainability and Diversity Executive Committee, which reports to the Board of Directors, meets every two months to discuss climate-related risks, among other strategic questions. This involves product life cycle analysis and initiatives in manufacturing, logistics, points of sale and packaging disposal. Climate risk is part of the risk map and is considered strategic. It is monitored in line with the recommendations on the Task Force on Climate-Related Financial Disclosures (TCFD), from the Financial Stability Board (FSB).

The risks are scarcity of natural resources leading to restrictions in water, energy and inputs; reduced access to raw materials and greater competition for determined products. Addressing this includes projects to reduce water consumption, increasing reuse of water and the use of renewable energy, as well as adaptation strategies. The work takes into account the reality of the company and specificities of the sector, including physical and transition risks. Control mechanisms are reviewed whenever necessary and can generate opportunities based on new climate scenarios.

Another risk identified was the regulation of carbon. In 2019, the Boticário Group defined its internal carbon price and is studying ways of including this variable in the company's decision making processes, in addition to implementing offsetting of atmospheric emissions. In 2021, 97.4% of the energy consumed in the organization's factories and own distribution centers was renewable in origin. The company should reach 100% in 2022. We have created management tools to define the product life cycle, and we constantly pursue initiatives to enhance manufacturing, logistics and the disposal of packaging materials.

The group controls its GHG emissions in line with the GHG Protocol program, publishing its inventory in the Brazilian Public Emissions Registry every year.

We also strive to ensure that our formulations and packaging incorporate sustainability attributes. An example of this is the packaging for the Cuide-se Bem line, made from green plastic. The objective is to increase initiatives such as this more and more, with our sights on our Commitments for the Future.



Commitments For the Future

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



Impact on variable remuneration

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



Which projects does the Boticário Group have for clean and renewable energies?

The energy transition to low carbon sources is already a reality in our operations, with the use of energy from different sources: solar, wind and small hydroelectric power plants (SHPP).

Since March 2021, all the energy acquired by the Boticário Group's own operation comes from renewable sources¹. This is possible because we opted to join the free energy market, in which consumers negotiate their contracts directly with the generation and commercialization operations, enabling the choice of the energy contracted.



¹ As defined in the issue of sustainability-linked bond (SLB), the calculation does not take into account: consumption from non-renewable sources due to total or partial energy supply problems, oscillations in the grid that jeopardize the functioning of equipment on sites; the consumption necessary for maintenance and mandatory tests of alternative energy systems (generators) or force majeure events, consumption due to the fact that the company did not have access to alternative renewable sources; the impact of any relevant alteration in any laws, regulations, rules, guidelines and policies applicable and/or related to the activities of the Boticário Group after the date of the issue of the SLB.



FURTHER INFORMATION

<https://belezatransparente.com.br/en/more-efficient-sustainable-processes/>

<https://belezatransparente.com.br/en/100-renewable-energy/>



Actions and results in 2021

Since March 2021, 100% of the energy used in the factories has been renewable in origin, acquired via the free market. At the plant in Camaçari in Bahia, 5% of the energy consumed comes from the company's own solar power plant, with 1,800 square meters of solar panels. The pursuit of clean energy sources is part of the group's commitment to transition to a low carbon economy, contributing towards mitigating the effects of climate change.



ELECTRICITY CONSUMPTION (MWh)	2020	2021
Electricity generated from non-renewable fuels (diesel and natural gas)	1,639.0	437
Electricity acquired from non-renewable sources	1,799.3	463.02
Electricity acquired from renewable sources	30,005.1	34,213.0
Total consumption (MWh)	33,443.4	35,113.06
Electricity from renewable sources	89.7%	97.4%

Scope: 100% of own operation.

97.4% of the electricity consumed in the organization's factories and own distributions centers was from renewable source. The target is to reach 100% in 2022

Our target for 2025 is a **50%** reduction in emissions intensity

from stationary sources, such as generators and boilers (scope 1) compared with base year 2007

ECO-EFFICIENCY IN THE FACTORIES	2020	2021		2022 target
		Target	Result	
Energy intensity (MWh/million units produced)	100.8	102.0	96.2	95.8
GHG emissions intensity – Scope 1 stationary sources (tCO ₂ e/million units produced)	12.1	11.3	7.8	7.6

Scope: 100% of own operation.

GHG EMISSIONS (tCO ₂ e)	2020	2021
Scope 1 (direct emissions)	4,578.0	5,534.9
Scope 2 (energy indirect emissions related to the acquisition of energy)	2,686.6	5,572.9
Scope 3 (other indirect emissions: transportation and distribution, waste generated in the operations, business travel – air, bus and taxi – employee commuting)	21,434.2	22,778.2

Electric cars

In 2021, the Boticário Group adopted a new measure to reduce the environmental impact of suppliers' GHG emissions. In partnership with DHL Supply Chain, a logistics company, it introduced the use of electric vehicles for the distribution of its brands' products to retailers in the city of São Paulo. The initial fleet in São Paulo comprised 14 vehicles. We expanded the operation to Rio Grande do Sul and Paraná, with a total of 23 vehicles. The target is to reach 100% electric vehicles in the distribution fleet in Brazilian state capitals. The effort to reduce its carbon footprint is part of the Boticário Group's Commitments for the Future.



Other factory emissions **0.0045 t** of NOx

packaging and

waste





Our strategy

We invest in the 3 Rs (reduce, reuse and recycle) to strengthen the circular and regenerative economy.

We analyze each step of our product and retail material development chain in pursuit of opportunities for sustainability. As an ecodesign solution, we seek to reduce mass in developing our packaging, as well as using recycled materials and incorporating recyclable alternatives to guarantee lower impact. At least one item in packaging must be recyclable, and we prioritize packs made from a single material. A better fit and better use of the space in transportation cartons and ease in disassembling them are other key factors.

We also encourage the use of digital solutions in retail to reduce the printing of catalogues, guides and magazines.

We have the largest reverse logistics program in number of drop-off stations in the beauty market in Brazil. There are more than 4,000 stations in all the states in Brazil at which consumers can drop off post-consumer packs of Boticário Group brands and those of any other brand in the CFT (Cosmetics, Fragrances and Toiletries) segment.



FURTHER INFORMATION

<https://belezatransparente.com.br/en/ecodesign-3/>

<https://belezatransparente.com.br/en/sustainable-materials/>



Commitments For the Future

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



Impact on variable remuneration

Increasing the percentage of waste solutions is integrated into the calculation of the variable remuneration of executives in all group areas. For the Operations area, there are also specific targets related to product sustainability and waste generation in the operations.



Why it matters

In the world we live in there is no room for the “consume and throw away” mentality without considering the limits of our planet. In the sector in which we operate, one of the measures with the greatest potential for impact in terms of material and waste management is to rethink products and packaging from the conception to the end of their working life.

Moreover, the recycling economy is fertile ground for innovating and for driving economic and social development.



How does the packaging recycling program work (Boti Recicla)?

Consumers can take empty packs of any CFT (Cosmetics, Fragrances and Toiletries) product to the stores of the Boticário Group brands and participate in the waste reverse logistics program. This measure ensures visibility for this question, helping raise the awareness of consumers about the importance of sustainability.



Our actions and results in 2021

32% of waste

resolved in the year compared with the total waste generated by the chain the previous year

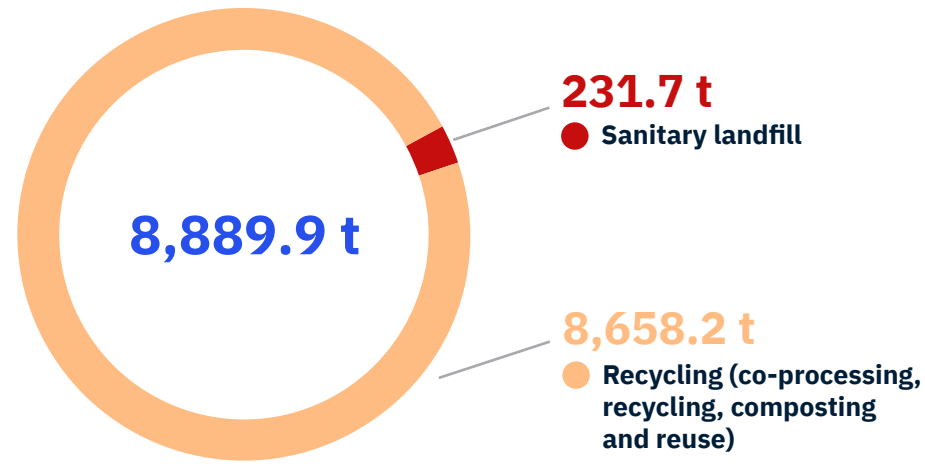
WASTE MANAGEMENT IN THE FACTORIES	2020	2021		2022 target
		Target	Result	
Waste recyclability. Total recycled/Total generated	96.9%	95.0%	97.4%	95.0%
Waste intensity. Total waste (t)/Million units produced	21.57	21.24	25.11	24.42

Scope: 100% of own operation.

Waste disposal

– factories and distribution centers (t)

Scope: 100% of own operation.



97.39%
recycled



27%
of cosmetic
products

developed in 2021 used plastic from renewable sources in their packaging (green PE)

77%
of the cosmetic
products

developed contain recycled material in their packaging (paper, plastic and post-consumer recycled glass)



Glass hubs

In a partnership with the start-up Green Mining, the Boticário Group intends to collect the equivalent of 15% of the total volume of glass it uses by 2030. This will engage more people in the circular economy dynamic and improve the commercialization of this material, particularly for those who depend on the activity. The Glass Hubs project collects, centralizes and sorts the glass in containers prepared to store the material. At the next stage, the material is sent to the processor and packaging supplier to be recycled and reinserted in the production chain. This dynamic adds value

to the waste and increases the income of those delivering it, generating positive environmental and social impacts.

In 2021, the Boticário Group and Green Mining initiated a pilot project with the local government of Carapicuíba, the Plaza Shopping Carapicuíba mall and the companies Wheaton and Massfix. This joint effort resulted in the recycling of approximately 57 tons of glass and increased the income of 224 recyclable material pickers. The goal is to increase the volume and extend the hubs to other municipalities in the country.

Supplier Profile

procurement



Why it matters

At the Boticário we are committed to sustainability and are aware that “doing our part” is not enough”. To leverage results it is necessary to join forces with partners aligned with our values and goals, mobilizing them to implement best environmental, social and governance practices.

Our strategy

We value partnerships with our suppliers and dedicate time and effort to joint development and construction measures.

All suppliers are subject to a prior approval process which includes the assessment of social and environmental criteria and a formal commitment to the principles set forth in our Code of Conduct, which should be applied internally by the companies and in their relations with their supply chains. Supplier contracts include specific clauses on respect for the code and occupational health, safety and environmental standards in the work place.

Besides the assessment process, suppliers are required to present documents demonstrating compliance with labor, human rights and legal (environmental licenses, sanitary, fire brigade) requirements on an annual basis. Suppliers are only approved and maintained in the base after regularizing any existing pending requirements and assuming the commitment to respect human rights in their operations and in their own value chain. This ensures a more transparent chain that employs best practices in all dimensions.

In addition to this general alignment parameter, we have our Partner Assessment and Development Program (PADP in the Portuguese acronym) which recognizes and stimulates good practices. The program is aimed at suppliers classified as strategic – in accordance with their importance, commercial value, synergy with the essence of the group, service structure and potential to add value to the business – or relevant, defined as suppliers with the potential to become strategic in the future. Twice a year suppliers in the PADP program respond to a questionnaire that covers topics such as ethics and integrity, eco-efficiency, corporate diversity and sustainability, among others. They then receive feedback and suggestions for improvements, with support from group specialists for action plans related to improvements. The socio-environmental aspects analyzed in the supplier development program have a weight of 10% in the final score.

Critical suppliers – with a higher volume of purchases and responsible for supplying products and services considered essential – are subject to a specific approval process and undergo frequent audits.

Supplier assessment

Diverse aspects are considered in the pre-approval process for suppliers and periodic reviews are conducted during the course of the contract. Here are some examples:

- Legal compliance (economic, labor and environmental aspects, operational licenses and permits)
- Integrity and anti-corruption
- Human rights
- Non-discrimination
- Diversity
- Health and safety
- Environmental management

ESG risk assessment

Suppliers are also classified in function of criticality in terms of ESG factors such as eco-efficiency, climate change, human rights, traceability of raw materials, diversity and inclusion, solid waste and material management, biodiversity, ethics and conduct, product design and life cycle management.

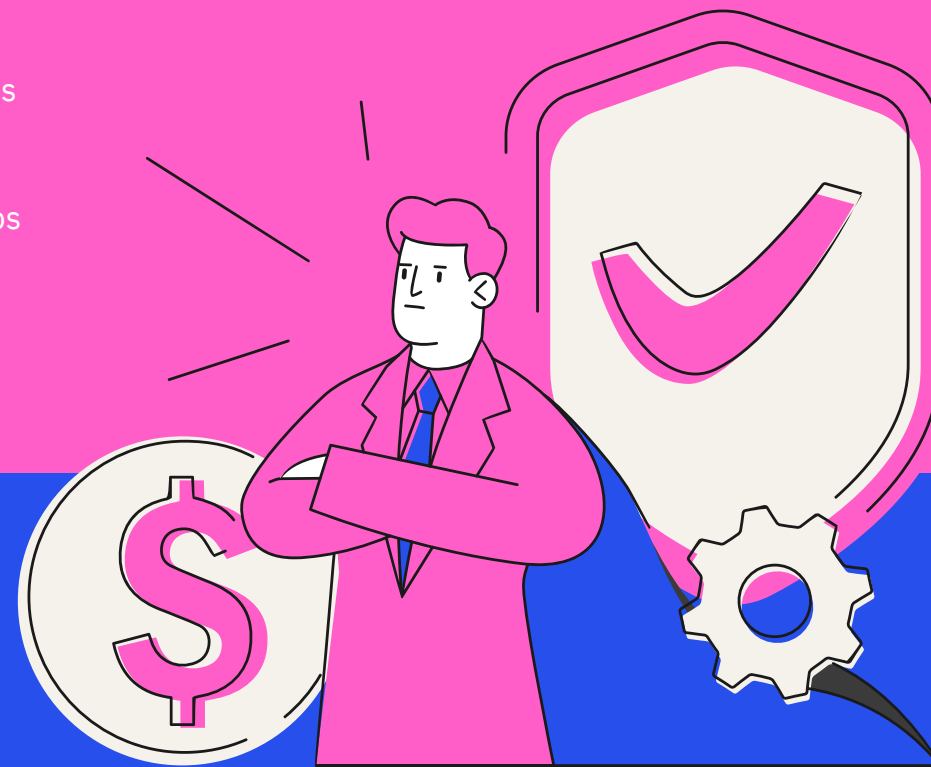
Currently, the group is updating the identification of raw materials and strategic suppliers that will serve as the basis for the organization’s socioenvironmental risk matrix and the development of new programs for performance reviews and incentives for the sustainable development of partners.





What are the Boticário Group's plans for relations with strategic suppliers focused on medium to long-term development and growth opportunities?

Strategic suppliers are encouraged to share our targets and commitments because the purpose is to establish increasingly robust partnerships focused on providing the best experience for our consumers, society and the environment.



How can suppliers help the Boticário Group to deliver on its commitments for 2030?

Our partners can make a significant contribution to the achievement of our targets, particularly those related to four Commitments for the Future:

- reduction in greenhouse gas emissions, the volume of water withdrawn and the percentage of energy from non-renewable sources (#04);
- use of raw materials from renewable sources or from lower impact alternative sources (#06);
- creation of more sustainable chains, with traceable raw materials (#09); and
- promotion of diversity and inclusion, reinforcing the effect of this policy on society and creating a group of suppliers engaged in this question (#16).



FURTHER INFORMATION:

<http://fornecedores.grupoboticario.com.br/>

Actions and results in 2021

The group progressed in its measures to foster sustainability among partnering suppliers, establishing indicators to be monitored and a program which consolidated diverse responsible procurement practices, such as:

- The establishment of benchmarks and training events on questions such as diversity and inclusion, conscious water use and awareness of the Boticário Group Commitments for the Future.
- Review of the Sustainable and Responsible Procurement Policy, with the establishment of criteria and principles to be adopted by suppliers.
- ESG Payer Risk – creation of a credit program to finance the production chain, with advance of receivables and more attractive discount rates for suppliers that adopt sustainable practices and participate in the Facilita platform, established by Mooz, the Boticário Group fintech.
- ESG Recognition – suppliers participating in the Supplier Assessment and Development Program (PADP) were assessed by an external consultancy, with recognition for those with a good performance in sustainability.

In 2022, the objective is to implement programs and projects that enable growth in the indicators and ensure proper measurement of ESG data at our suppliers. The actions projected

include the creation of a hub of minority group suppliers and the establishment of processes and rules to verify the origin and traceability of raw materials considered critical.

	2019	2020	2021
Suppliers with a rating of over 60% in the sustainability performance assessment % of total strategic and relevant suppliers % of total spend	51 40	61 58	54 68
Suppliers participating in the Eco-efficiency Partnership Program committed to improvements, assessed quarterly % of total strategic and relevant suppliers % of total spend	86 41	100 63	100 74
Suppliers who promote measures to expand diversity % of total strategic and relevant suppliers % of total spend	73 32	99 63	100 74



Commitments For the Future

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



emp plo yee

development



Why it matters

Care with people is one of the key characteristics of the Boticário Group and for us, this care starts at home. We have more than 12,000 employees, who work in our factories, distribution centers, own stores and offices. They are the ones who make a difference, seeking to anticipate what our consumers want. They like to innovate and do their best. They strengthen our relationships, focused on the company's results and outlook for the future. They are agile and collaborative. They know we are responsible for the impact our mindset has on the results for the company and for society.



Our strategy

People management encompasses measures to value employees, training, growth and internal mobility opportunities, as well as special attention to health and safety and the guarantee of a diverse and inclusive work environment. This includes:

Training

All employees, regardless of their hierarchical level, have access to education programs, offered in accordance with the needs of each business and the different groups, positions and areas of activity of employees. The courses may be face to face or via digital platform, covering subjects of interest to the diverse areas of the Boticário Group.

Health and Safety

Worthy of note are the programs **Our DNA is care**, aimed at encouraging safe behavior and eliminating unsafe situations, and

Focus on Focus, which is oriented to Risk Management, Learning from Incidents and the company's Occupational and Environmental Safety policy and guidelines.

The factories and the two largest distribution centers are certified by the ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health and Safety Management) standards.

Moreover, the group has an Integrated Management System (EMS) for Quality, Health, Safety, Environment and Energy Efficiency, which identifies hazards and assesses risks and opportunities in the workplace; defines targets and action plans to mitigate and/or eliminate risks; establishes plans for emergencies; continuously assesses performance against targets; conducts internal and external audits; establishes specific procedures for investigating work place accidents, ill-health and work-related incidents; and provides training in health and safety. The Integrated Quality, Health and Safety, Environment and Energy Efficiency

Management System policy is applied to all employees and contractors.

Furthermore, the safe behavior culture is constructed collectively. Employees are consulted in matters related to occupational safety and participate in improvement processes.

Benefits

The benefits program includes life insurance, medical and dental assistance plan (extensive to dependents), assistance in the purchase of medication and a private pension plan. The company provides maternity leave of 180 days. Its universal parental leave of 120 days applies to men, same sex couples and the parents of adopted children, irrespective of their age. Mothers and fathers also have access to the nursery, a child care allowance, allowances for education and nutrition, a special room for mothers who are breast feeding their children, as well as a special package for disabled children. We also offer flexible working hours and the option of working remotely.

360 Assessment

The Boticário Group uses a tool that enables all employees to request feedback from their peers and managers, in a process that encourages engagement and drives the continuous improvement of the entire team.



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.



How is advanced training for employees being conducted during this pandemic?

Educa.GB, the digital education and training platform may be accessed by all employees at any time and offers courses in the most diverse areas related to the group's activities.



How does the Boticário Group guarantee the well-being of its employees?

The benefit package offered to the employees includes a healthcare plan, life insurance, a private pension plan, assistance in the purchase of equipment, nursery allowance or allowance for contracting child minders, as well as education and nutrition expenses and support for parents with disabled children. Moreover, we created a Mental Health area, organized on three fronts: System, Relations and Individual. The focus on employee well-being also involves the offer of diverse benefits, such as psychotherapy, physical and emotion well-being sessions, health and self-care campaigns, weekly monitoring of employee mental health, and specific service provision channels.



FURTHER INFORMATION:

<https://www.grupoboticario.com.br/en/our-essences-and-our-purpose/>



Actions and results in 2021

Educa.GB

During the Covid-19 pandemic, the portfolio of online courses was strengthened, incorporating a number of innovations, such as gaming format to facilitate learning in areas linked to work routines, such as management and leadership development. A specific training trail was provided on remote working.

Pioneering stance

The introduction of universal parental leave in 2021, providing all group employees who become mothers or fathers with 120 days leave, was a major conquest. The benefit, defined with the participation of the employees, also contributes to the commitments of inclusion and equality.

Integrative healthcare

During the pandemic, one of the area's concerns was stress and mental health. The occupational injury rate has decreased by 74% over the last five years, even though the headcount increased from 4,500 to 12,000 people. Since 2016 there have been no fatal accidents involving employees or contractors. One of the reasons for this achievement was certainly the adoption of awareness measures to drive collective responsibility for the elimination of unsafe situations and to involve management in overseeing occupational health and safety.

86%
was the
employee
engagement rate

The calculation is based on ten pillars:

- Recognition
- Feedback
- Happiness
- Well-being
- Relations with manager
- Relations with team
- Personal growth
- Alignment
- Satisfaction
- Alignment with company values

Educa.GB NPS: **92**

1,506
new
hires in 2021

48%
of openings
filled through internal
recruitment

100%
of employees
covered by collective bargaining agreements



TRAINING (hours) – 2021

By gender		By functional level	
Men	37,952	Director level	1,200
Women	37,797	Senior management	84
Not declared	2,255	Management	3,220
By age group		Supervision	2,353
Under 30 years	21,350	Administrative	5,289
From 30 to 50 years	51,961	Specialized technical	28,644
Over 50 years	2,438	Technical	12,327
Not declared	2,255	Operational	20,367
By race/color/ethnic background		Interns	1,290
Oriental	1,755	Apprentices	975
White	43,722	Not declared	2,255
Indigenous	9	Total	78,004
Black	7,661		
Mixed race	20,584		
Not declared	4,273		

Average expenditure on training per employee R\$ 518.50

78,000
hours of
training

(11% increase compared with 2020)

OCCUPATIONAL HEALTH AND SAFETY

	2020	2021
Lost-Time Injury Frequency Rate		
Employees	0.65	0.17
Contractors	0.41	0.12
Work-related fatalities		
Employees	0	0
Contractors	0	0

Note: all the indicators cover 100% of the employees.

diversity in the

value chain





Why it matters

Where there is beauty, there is diversity. Accepting and valuing differences, respecting individuality, exercising inclusion are transformational mindsets.

They make the world more beautiful and people happier. This is what we believe and this belief permeates our relations with employees, suppliers, resellers, consumers and society in general.

Our strategy

More than just respecting diversity, we see differences as levers for innovation and growth. We have teams (Diversity, Inclusion and Equality) dedicated to driving these principles throughout the company. This work is focused on five dimensions – gender equality, racial equality, LGBTQIA+ individuals, persons with disabilities and generations –, with an approach based on the perspective of products, communication, people, value chain and social impact.

Based on a systemic vision of the challenges, action plans and an intersectional perspective of these themes, each year we concentrate on one particular dimension. In 2020, we talked about gender, in 2021 the topic was race and in 2022, we will address the question of LGBTQIA+.



Commitments For the Future

#11 Guarantee the representation of minority groups in leadership positions (by 2030)

By 2023

Increase hiring of black talent by 40%, achieving representation of at least 50% in the entire company Reach, at least, 25% black corporate leaders

By 2025

By 2025, reach at least 50% women in director-level positions

#12 Develop 100% of our products with the participation of the five 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



Impact on variable remuneration

Advancing towards the target of increasing the percentage participation of black people in leadership positions impacts the variable remuneration of all group executives. For executives in the People area, the diversity targets are integrated into the calculation of variable remuneration.



How does the Boticário Group show its concern for people aged over 50 years?

We are members of the Generation and Future of Work Forum. This was created in 2020 for companies to discuss the presence of different generations in the corporate environment; to stimulate co-existence; to combat ageism and create a competitive differential for companies by combining experience and innovation.

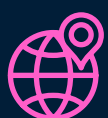
Internally, we are developing our strategy in this area and policies to drive a healthy co-existence between generations. We contracted a specialized consultancy to provide support in this area; in 2022 we will have a detailed diagnosis to guide our next steps.



III Actions and results in 2021

Universal parental leave

The group was a pioneer in Brazil by granting 120 days leave for all employees who become mothers and fathers, regardless of gender identity (cisgender or transgender), parental relationship (biological or adoptive) and the type of relationship (matrimony, civil union, heterosexual or same sex). Since it was launched in June 2021, universal parental leave has benefited 105 fathers and 414 mothers, totalling 519 people.



FURTHER INFORMATION

Parental leave (mini-documentary):
<https://www.youtube.com/watch?v=yCQMxTja-7g>

Training

Launch of Diversity and Inclusion Literacy Program for employees. This work began with the Anti-racist trail, comprising four modules and 24 pills, aimed at sales force leaders and consultants. The training reached 100% of the target public in April 2022. The purpose was to raise the awareness of sales teams and franchisees about the importance of combating racism and discrimination.

Pride Line

Launch of a kit to commemorate LGBTQIA+ pride. This was commercialized from June to December, with part of the proceeds donated to Grupo Dignidade and Casa Florescer, non-governmental organizations active in this area.

360 accessibility

The Employee Journey was created to identify the difficulties disabled persons encounter in the company – ranging from the selection and hiring phase to work routines – and to propose improvements, which will start to be implemented in 2022. The same work will be conducted focused on accessibility for disabled consumers and resellers.

Census and data management

In 2021, we conducted an internal census to measure employee engagement in the company's Commitments for the Future. The participation rate was 64%, with the following results: 95% think the group's positioning in favor of diversity is important; 85% support this subject as a business strategy and recommend the work the Boticário Group does for women, black people, transgender, non-heterosexual people and disabled persons.

Corporate programs

Incentives for hiring young people who represent diversity. In the intern program in 2021 we reached a diversity rate of 60%; in the trainee program the figure was 67%. In the Business Acceleration Journey (JAN in the Portuguese acronym), racial diversity stood at 50% and female representation at 83%.

Desenvolve (Develop)

This program offers technology area courses and training for the labor market for people from low-income groups. In 2021, 400 places were offered, half of which to women and black people. Twenty places were reserved for candidates aged 50 years or more; ten for transgender or non-binary individuals and ten for refugees.

Indica Aí (Refer someone)

The program encourages employees to indicate black people or disabled persons for company selection processes, reinforcing its affirmative action measures.



TEAM PROFILE	Color/race/ethnic origin						Gender			Age group		
	Oriental	White	Indigenous	Mixed race	Black	Not declared	Women	Men	Not declared	Under 30 years	From 30 to 50 years	Over 50 years
Director level	0%	90%	0%	5%	0%	5%	29%	71%	0%	0%	85%	15%
Senior management	3%	81%	1%	8%	1%	6%	50%	47%	3%	1%	93%	6%
Management	3%	78%	1%	12%	2%	4%	50%	47%	3%	8%	90%	2%
Coordination	3%	60%	2%	27%	5%	3%	46%	51%	3%	7%	92%	1%
Supervision	1%	42%	4%	32%	3%	18%	58%	21%	21%	13%	85%	2%
Administrative	1%	50%	3%	26%	6%	14%	70%	18%	12%	42%	55%	3%
Specialized technical	2%	62%	2%	15%	5%	14%	50%	37%	13%	37%	61%	2%
Technical	2%	38%	0%	32%	13%	5%	33%	67%	0%	21%	75%	4%
Operational	1%	29%	0%	54%	11%	5%	64%	34%	2%	39%	57%	4%
Interns	1%	45%	0%	18%	16%	20%	49%	32%	19%	94%	6%	0%
Apprentices	0%	37%	0%	49%	13%	1%	72%	28%	0%	100%	0%	0%
Total	2%	47%	1%	33%	8%	9%	57%	35%	8%	36%	61%	3%

Note: all the indicators cover 100% of the employees.

Equal Pay

The salary equality ratio between men and women was **1.0 at executive level** and **0.95 at management level**.

Suppliers

- **Improvement of 5%** in the median diversity score (2021 X 2020) – as assessed in the Partner Assessment and Development Program.

- **100 % of strategic** and relevant suppliers have diversity initiatives in place; these partners accounted for **74%** of the total spend in 2021.

re seller development



Why it matters

The resellers are a fundamental link in our business model; they boost capillarity and brand presence in locations where we do not have bricks and mortar stores. This is a highly entrepreneurial group of partners, for whom the direct sale of Boticário Group products is an opportunity to generate income for their families and to make their dreams come true.



Our strategy

The Boticário Group responds to the enterprise shown by resellers with structured actions to drive support, empowerment, improved quality of life, satisfaction and incentives for education, development and professional growth. These actions are developed in synergy with the commitment of this group to the goal of consolidating engaged, long-term relationships that generate opportunities for personal, professional, social and financial growth.



Commitments For the Future

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



Impact on variable remuneration

Achieving targets related to the impact of the group's social projects and societal engagement is integrated into the calculation of the variable remuneration of executives in the ESG area.



Do resellers have healthcare assistance?

To experience and to make the 2030 plan happen, the group is defining strategic paths such as the reduction in social inequality, with partnerships that boost quality of life for resellers, as well as measures that increase the offer of benefits, incentives and loyalty. An example is a partnership formed during one of the most critical phases of the Covid-19 pandemic in the country for the provision of services by a healthcare and physical and mental well-being platform. At a low monthly cost, the platform provides access to face to face or online medical consultations, examinations, discounts on medicine purchases in drug stores, as well as orientation on physical exercises, a healthy diet and emotional balance.



FURTHER INFORMATION:
<https://grupoboticario.protetor.app/>

Actions and results in 2021

Direct Selling Census

A survey conducted with resellers enabled us to establish their current situation, their relationship with direct selling, aspirations and what they value. The information will provide a basis for the creation of a macro indicator to measure the evolution in quality of life of this group, taking into account health, education and income, and to decide on the next steps for the company.

Financial Education Journey

In June and July, in a partnership with Conquer, we studied the main financial doubts for resellers of the O Boticário and Eudora brands, and we provided a free course on Personal Finance. The content was organized in learning trails, with a practical approach and applications for daily life.

Partnership with healthcare services

There were almost 25,000 reseller interactions with the telemedicine platform made available from the second half of May to the first half of July. Most of the consultations (96%) were conclusive, avoiding the need for resellers to leave home during a difficult period of the Covid-19 pandemic.

This experience provided a basis for a partnership between the Boticário Group and a healthcare operator. Since August 2021, resellers may opt to join individual or family (up to three dependents) healthcare or physical and mental well-being plans contracted directly with the operator. This initiative reduces financial barriers, facilitating access to preventive and health promotion programs, telemedicine consultations, examinations and medicines.



Free Telemedicine Campaign

24,800
interactions

NPS (Net Promoter Score): **79**

96%
of the attendances
were concluded during the virtual
consultation

development of
surrounding

commu- nities





#Uma
Beleza
De
Futuro

Commitments for the Future

#02 Reduce social inequality for 1 million Brazilians by transforming the reality of waste management in Brazil. Part of this ambition includes the target to reduce inequality for 20,000 people in 2022



Impact on variable remuneration

Achieving the inequality reduction targets is integrated into the calculation of the variable remuneration of executives in the ESG area.

Why it matters

Beauty has a transformational potential. And when we say this we are not referring to a person's aesthetic attributes. Beauty that transforms is beauty aimed at the common good, that empowers people and strengthens communities. As a renowned company and a major retailer with a presence throughout Brazil and abroad, the Boticário Group believes it has a social mission to accomplish by investing in community development.

Our strategy

With two factories and six distribution centers in four states, as well as thousands of stores and points of sale in 1,780 municipalities in Brazil, the Boticário Group has the potential to leverage economic development and generate direct social impact in the locations in which it operates.

But our commitment goes beyond this, because we believe in the transformational power of people. We are signatories to the Global Compact,

a United Nations (UN) initiative that promotes good practices based on ten universal principles in the areas of human rights, work, the environment and anti-corruption.

On an annual basis we channel a percentage of our net revenue to our Social and Private Investment policy to finance social, environmental, cultural and sports projects by means of the Instituto Grupo Boticário, the Fundação Grupo Boticário and the group's corporate ESG area. We also

support projects financed by means of tax incentives.

In the social area, we promote or offer support to projects providing professional training, education and education for entrepreneurship, diversity and gender equality. We also maintain partnerships with recycling cooperatives and NGOs that work with underprivileged social groups.

Internally, we encourage our employees to engage in volunteer work for various projects and causes.



How do employees participate in the Boticário Group social initiatives?

One way of collaborating is to ensure the visibility of the projects by disseminating them via their relationship networks so that more people and communities may benefit from them. Another is by active participation in the “network for good” which we seek to consolidate, dedicating time to corporate volunteer work initiatives.



FURTHER INFORMATION:
<https://www.grupoboticario.com.br/en/boticario-group-institute/>

Corporate volunteer work:
<https://voluntariosgb.com.br/sobre>



Actions and results in 2021

Since a significant part of the development of the projects depended on face to face activities, the Covid-19 pandemic had a negative impact on results in 2021. This was what occurred in the project to train women in Camaçari in Bahia, developed in partnership with the Instituto Federal da Bahia (IFBA). As a result of sanitary restrictions, all the courses were suspended in March 2020 and only resumed in 2022. Even with these limitations, some achievements are worthy of note.

Beauty Entrepreneurs

Courses for underprivileged women who want to be entrepreneurs in the beauty area. The project is developed in partnership with NGOs and community organizations. In 2021, a platform of online activities was created, focused on developing people, sales, makeup, nails and enterprise. Around 17,000 women were impacted by the program. [<https://www.grupoboticario.com.br/empreendedoras-da-beleza/>]

Desenvolve (Develop) Project

Oriented to the technology area with the objective of recruiting talent and promoting diversity in the Boticário Group employee universe. The project offers training in IT for underprivileged people. More than eight thousand people applied for the first edition in 2021. A total of 134 candidates were selected, of which 84 concluded the course; 27% of them were hired by the Boticário Group. Among those hired, 43% are women and 82% are black or mixed race.

Recriar (Recreate) Project

The project builds personalized educational spaces for multidisciplinary use in fundamental level schools, using materials received via the Boti Recicla initiative, which collects empty product packaging for recycling. In 2021, we delivered eight of these spaces, which were built with 2 tons of recycled materials. They each occupy an area of approximately 30 square meters. They are equipped with educational games based on the themes of nature conservation and sustainability. The project benefits approximately 5,000 students in the municipalities of Palhoça (SC), Cuiabá (MT), Vespasiano (MG), Camaçari (BA), São Luís (MA), São José dos Pinhais (PR), Serra (ES) and Aracaju (SE).

R\$ 9.8
million
invested
in professional
qualification programs
and support for
institutions

683
people
directly or indirectly
benefited by community
support and development
actions

22,515
people
had their reality transformed by education
and income generation projects.

- **21,063** people received professional training
- **1,452** had income increases



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Limited assurance report issued by independent auditors

To the Board of Directors and Shareholders
Boticário Produtos de Beleza Ltda.
 Curitiba - PR

Introduction

We have been engaged by Boticário Produtos de Beleza Ltda. (“Boticário” or “Company”) to apply limited assurance procedures on the sustainability information disclosed in Grupo Boticário’s 2021 Impact Report (“Report”) attached in this report, related to the year ended December 31st, 2021.

Responsibilities of Grupo Boticário’s Management

The Management of Grupo Boticário is responsible for adequately preparing and presenting the sustainability information in the 2021’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 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 2021 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, June 22nd, 2022

KPMG Assurance Services Ltda.
 CRC 2SP-023228/O-4

Sebastian Yoshizato Soares
 Contador CRC 1SP257710/O-4

