



re po rt

2022 ESG

#BeautyForTheFuture

summary



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how to read this report

This report presents information on the main advances and challenges of all the companies in the Boticário Group in the environmental, social and governance (ESG) aspects of the business and on their strategic stakeholder groups in the period from January 1 to December 31, 2022. The publication is annual and is in accordance with the standards of the Global Reporting Initiative or GRI, the main global benchmark in sustainability reporting.

The data were selected focused on objectivity and transparency, with a view to providing a concise, independent portrait of the company. Additional sources of information are indicated throughout the text.

The contents of the GRI Standards reported are also identified in each chapter or segment.

The report covers all the companies in the Boticário Group (Boticário Produtos de Beleza Ltda). The companies and the reporting period are the same as those in the organization's financial statements, which are audited by a third-party. Since the organization is privately owned, the Boticário Group opts not to disclose its financial statements.

GRI 2-1, 2-2, 2-3

The publication is organized in three blocks:

THE FIRST concentrates the Boticário Group's more descriptive and institutional information, including statements from leaders, governance structure and the priority focuses in managing environmental, social and governance (ESG) aspects.

THE SECOND addresses the company's performance in the material topics defined in the materiality process conducted in 2022.

THE THIRD contains the contents related to the methodology adopted, such as the GRI Content Index and the third-party assurance report.

The presentation of each material topic corresponds to five fixed sections:



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 2022:

Advances, challenges and monitoring indicators



VARIABLE REMUNERATION:

Company areas in which the performance in each material topic is linked with the calculation of variable remuneration



COMMITMENTS FOR THE FUTURE:

Identification of the Commitments For the Future (agenda defined by the group with the sustainable development goals and targets to be achieved by 2030) related to each topic



Please address any doubts, comments or suggestions about the publication to the email esg@grupoboticario.com.br

Enjoy reading it!

Building a legacy

GRI 2-22

Forty-six years ago, it appeared, modern and visionary, the seed of what it is today the Boticário Group. The principles of respect for people and nature, social responsibility and good governance already oriented our conduct long before the emergence of the acronym ESG (Environment, Social and Governance).

Our promotion of the ESG agenda has been consistent and long lasting. We believe that success in business should be responsible and that results are more valuable when shared with the whole of society, generating positive impact for employees, partners, suppliers, franchisees, resellers, consumers and neighboring communities.

With our Commitments for the Future, launched in 2021, we are working towards a fairer and better world through respect for human rights, diversity and inclusion, environmental care and strengthening a circular, low carbon economy.

All the areas to the Boticário Group contribute to this effort with initiatives, goals and targets that are part of the company's strategic planning and are incorporated into the definition of variable remuneration indicators. In 2022, we had two targets for the whole company: to increase the percentage of solutions for waste and the presence of black people in leadership. In 2023, we continue to work on these challenges. As we develop our practices, we continue to identify new opportunities to enhance this work and leverage results.

An important step in 2022 was to further strengthen ESG governance with a dedicated structure at vice presidency level. The Boticário Group commitments for the future cut across the entire organization, but the new structure consolidates a matrix vision of the work being done, contributing to addressing the challenges ahead. The year was also marked by the restructuring of the ESG Committee, with the participation of the highest governance level (board and executives), now chaired by an independent board member. The ESG Committee proposes a future vision anchored on the evolution of our deliveries.

We initiated the first review of our commitments with the goal of ensuring greater focus and effectiveness in the group's future agenda, in a process that was carefully evaluated by the ESG Committee. The reviews are conducted every three years and involve all leadership. This engagement is fundamental for the effective integration of the commitments into the organization's business model, as well as for enriching the learning process.

Building the future we want is a collective and collaborative process. With this agenda, we expect to continue to build and consolidate our legacy for society.



Fernando Modé
CEO, Boticário Group

“Building the future we want is a collective and collaborative process. With this agenda, we expect to continue to build and consolidate our legacy for society.”

Transparency and future vision

“Two years after the publication of our ambition, we ended 2022 with key advances in the areas of waste, diversity, climate emergency and energy, among others.”

In this report, we share our main results for 2022 with our stakeholders, providing information on the steps taken by the Boticário Group on its journey towards tomorrow, undertaken day by day. This is a task that requires critical vision, learning and consistency, and a commitment to transparency.

This process is being managed in line with the 11 topics that drive the Boticário Group’s management and communication of the evolution of its ESG agenda, in accordance with the annual materiality review, undertaken at the end of 2022. These position us for our 2030 vision, reflected in our Commitments for the Future, which are aligned with the United Nations (UN) Sustainable Development Goals (SDGs). Two years after the publication of our ambition, we ended 2022 with key advances in the areas of waste, diversity, climate emergency and energy, among others. We have also matured in our approach to topics related to biodiversity and natural capital and have advanced in developing ways to reduce social inequality.

There were numerous achievements during the year. Some examples are: based on our pursuit of a circular economy and its potential to drive economic and social development, we identified new opportunities to reduce, reuse and recycle waste, finding solutions for 37% of the waste in our chain. Worthy of note on this front was the structured introduction of the reduction and reuse pillars in 2022, complementing the consistent efforts we have been making in the recycling area for decades.

Oriented by the conviction that beauty is plural, we expanded our conversation

channels with a number of diverse groups for the development of products that introduce innovation and reinforce equality and inclusion initiatives aimed at everyone: employees, partners, suppliers and consumers

In 2022, we developed our decarbonization plan, with the definition of the company’s climate change strategy, migrating all our plants to the use of renewable energy. We also value Brazilian biodiversity, a topic of great importance for us, and we encourage research on ingredients and inputs that highlight our Brazilian character.

Internally, we launched the Quintana LAB, a new R&D laboratory for the development of natural ingredients of vegetable origin. This is in addition to Quintana Herbal, comprising 58 species that contribute to research and development and knowledge about new ingredients that could be incorporated into our formulas, in pursuit of an even more sustainable future for beauty.

For the last 30 years, the Boticário Group has been supporting The Boticário Group Foundation for Nature Protection which develops projects to protect nature, integrating environmental care, economic development and quality of life for everyone.

We have ambitious goals for the future and are aware that we still have a lot to learn. Even in areas in which we have not been able to progress according to plan, such as expanding the reutilization of water in our operations, we have managed to correct our course to further accelerate the delivery of results in 2023.

I invite you to learn a little more about these and other initiatives in the coming pages.



Fabiana de Freitas
Vice president, Legal, Compliance, ESG and
Institutional Affairs for Boticário Group

ESG as mental model

“It is necessary to make ESG a mental model and to deeply consider the relationship of causality between action, result and impact.”

The global ESG-oriented investment market is projected to reach some US\$ 33.9 trillion by 2026*, growth almost nine percentage points above the projection for the overall asset management market. This perspective helps to quantify a new way of looking at business and the role of companies in society and in the world that goes far beyond the financial impact they may generate.

This new set of expectations and demands, and the sense of urgency related to them is not limited to publicly traded companies, to shareholders or to investment funds. A company like the Boticário Group also operates in this universe and wants to make its mark as a valuable asset for society. Incorporating ESG into business management and planning is part of this work and its vision in terms of consistency and perpetuity.

For some companies, the acronym ESG created by the financial market still has a very limited interpretation, but it is necessary to make ESG a mental model and to deeply consider the relationship of causality between action, result and impact.

To make a difference, to generate value for the environment and for people, and to establish the bases for a better future for everyone, governance is necessary. This includes listening carefully to those involved, defining targets, goals, those responsible and action plans, monitoring progress, openness to learning and the constant application of external references to assess points ranging from the

degree of ambition of the goals proposed to the comparative impact of the efforts expended.

The Boticário Group has been addressing these challenges with courage. In 2022, strengthening ESG governance was one of the main focuses of the ESG Committee, a forum in which I have the honor of participating together with others senior professionals and executives of the company. The structure incorporates different perspectives, consolidating them into a single vision and reinforcing the idea that ESG is a shared agenda that converses directly with the company’s purpose.

In 2022, the committee acted directly on the governance of environmental and social aspects, the G of the E and the S. The work was focused on ensuring the organization’s adherence to these themes, the generation of positive impact by the business and the participation of its stakeholders. There was great concern to structure the governance of the commitments assumed by the group, to embed method and organization in decision making processes and monitoring and to provide a strategic vision of how these will function and evolve over time.

We know that this is an ongoing process. Working on the solid base developed so far, the committee will continue to support the group in the work that lies ahead.

* Asset and Wealth Management Revolution by PWC published in October 2022.



Carolina da Costa
Independent board member and leader of
the Boticário Group ESG Committee

Profile

Who we are

GRI 2-1, 2-6

Boticário came into being in 1977 as a small compounding pharmacy in downtown Curitiba, Paraná, the city in which its headquarters are located until today. An entrepreneurial and innovative spirit marked the evolution of the business, leading to the creation of the Boticário Group, one of the 15 largest beauty conglomerates in the world, present nationwide in Brazil and in a number of other countries.*

The group is defined as an ecosystem covering the complete cycle in the sector (laboratory – industry – logistics and retail) and operates in an integrated manner with its own brands, licensed products, and multiple internationally recognized brands. A series of investments undertaken in recent years has strengthened this ecosystem with new brands and companies. There were two in 2022 (Equilibrium and Dr. JONES) and another at the beginning of 2023 (Truss Professional). The commercialization network also spans different models: company-owned and franchised stores, e-commerce, marketplace, direct sales and non-proprietary channels, such as pharmacies or drugstores.

Oriented to ethics, we believe our decisions as people and as a company influence our entire value chain. We are proud to have a foundation that protects nature, with a track record of more than three decades of Conservation of biodiversity and supporting science, and an institute that consistently executes the organization’s private social investment strategy.

With our Commitments for the Future (see [page 16](#)), comprising 15 targets to be achieved by 2030, we seek to generate positive impact and be part of the solution for major contemporary challenges.

* As verified in our website: <https://www.grupoboticario.com.br/en/home-en/>

OUR VISION

This year, there was a change in the preposition in our vision. From “Be the biggest and best beauty ecosystem in the world” to “Be the biggest and best beauty ecosystem FOR the world”. The change reflects our way of being and doing things more closely. This has been true from the beginning and it underscores and reinforces our responsibility towards the world, towards people and the legacy we are building.



ESSENCES

- Glow in the eye is everything
- We are restless
- We nourish our relationships
- We are agile
- We seek responsible success

PURPOSE

Create opportunity for beauty to transform each one’s life and thus transform the world around us.

highlights

The group has more than **15 brands**. Including the one most loved by Brazilians: O Boticário. This distinction, achieved for the fourth year running in 2022, is the result of a study done by Kantar Worldpanel, global leader in market research and behavior data.

OBOTICARIO

EUDORA

Quem Disse, Berenice?

vult

BEAUTYBOX

beleza
NA WEB

O.U.i
ORIGINAL UNIQUE INDIVIDUEL

Dr. JONES

MOOZ

GAVB

TRUSS
PROFESSIONAL

casa magalhães

multi

Fundação GrupoBoticário

Instituto GrupoBoticário

14,955
direct employees



Present in **5,008**
Brazilian municipalities
(90% of the total) with stores and/or direct selling

More than **28,000**
people
working in the franchise network



More than **4,000**
stores



More than **80**
distributors

2 factories **6** distribution centers



2,253
active suppliers



FURTHER INFORMATION:
Boticário Group Website

BOTICÁRIO GROUP – Our team GRI 2-7

Employees	Permanent	Temporary
By gender	14,580	375
Men	5,908	143
Women	8,672	232
By region	14,580	375
Midwest	303	7
Northeast	3,249	112
North	333	4
Southeast	5,384	91
South	5,311	161
Total	14,580	375

Notes: Covers all the operations in Brazil. Everyone works full-time and there are no employees without a guaranteed work load. The total informed includes 293 non-employee workers – 106 interns and 187 apprentices –, who are part of the group's work force. GRI 2-8 The numbers reported are equivalent to the total of employees and non-employee workers on December 31, 2022. There were no significant fluctuations in the number of employees and non-employee workers compared with the previous reporting period.

100% of employees covered by collective bargaining agreements. GRI 2-30

Recognition

In a study published in December 2022, the Boticário Group is the sixth most sustainable company in the world in the personal product category, according to S&P Global, the global rating agency responsible for selecting the companies featured on the Dow Jones Sustainability Index (DJSI). Only publicly traded companies are listed in the DJSI index, but S&P Global extends its assessment of ESG (environmental, social and governance) performance to include privately owned companies.

The assessment covers corporate governance, risk management, ethical business conduct, diversity in the value chain, information security, data privacy, operational eco-efficiency, climate strategy, biodiversity, human rights, employee development, among other factors. The group scored 77 points (from a total of 100).

Sustainability-linked bond

The Boticário Group pioneered the issue of ESG performance-linked bonds, in line with the Sustainability-Linked Bond Principles (sustainable debt bond or SLB¹) in the local market. The operation, conducted in 2020, totalled BRL 1 billion. Two ESG targets to be achieved by 2025 were linked with the bonds: 100% of the electricity consumption in the factories in São José dos Pinhais (PR) and Camaçari (BA) and the distribution centers in Registro (SP) and São Gonçalo dos Campos (BA) should come from renewable sources, and 100% of the waste generated in production and logistics processes should be diverted to recycling or co-processing. Achievement of the targets is measured on an annual basis.

We achieved all the targets established for 2022: 100% renewable energy (see page 51) and 97.7% of waste recycled (see page 55), according to surveys audited by a third-party.

The results reinforce our commitment to best ESG practices.

¹ As established in the issue of the SLB, the calculation of the percentage of renewable energy excludes consumption from non-renewable sources in the following situations: total or partial consumption arising from energy supply problems; grid oscillation that impedes the proper functioning of on-site equipment; consumption necessary for maintenance and conducting mandatory tests on alternative energy systems (generators); consumption necessary for force majeure events and cases in which the group is unable to access renewable alternative sources. Additionally, the impact of energy consumption caused by any relevant alteration in applicable laws, regulations, rules, guidelines and policies and/or related to the activities of the Boticário Group after the date of the issue of the SLB is not included in the calculation.



Commitment to innovation

In its own activities and in partnerships, the group invests consistently in research and development and is attuned to market trends and opportunities. The work is oriented to the concept of open innovation, which presupposes collaboration with different internal and external actors, such as universities, start-ups, research institutes, consultants, government bodies and raw material and packaging suppliers, among others.

Worthy of note among the initiatives undertaken in 2022 are:

GB Ventures

An acceleration program for start-ups in beauty and retail-related technologies. The aim is to identify opportunities to operate in new markets using the group’s knowledge, structure and expertise. Created in 2021, a second edition was organized in 2022 with eight participating companies.

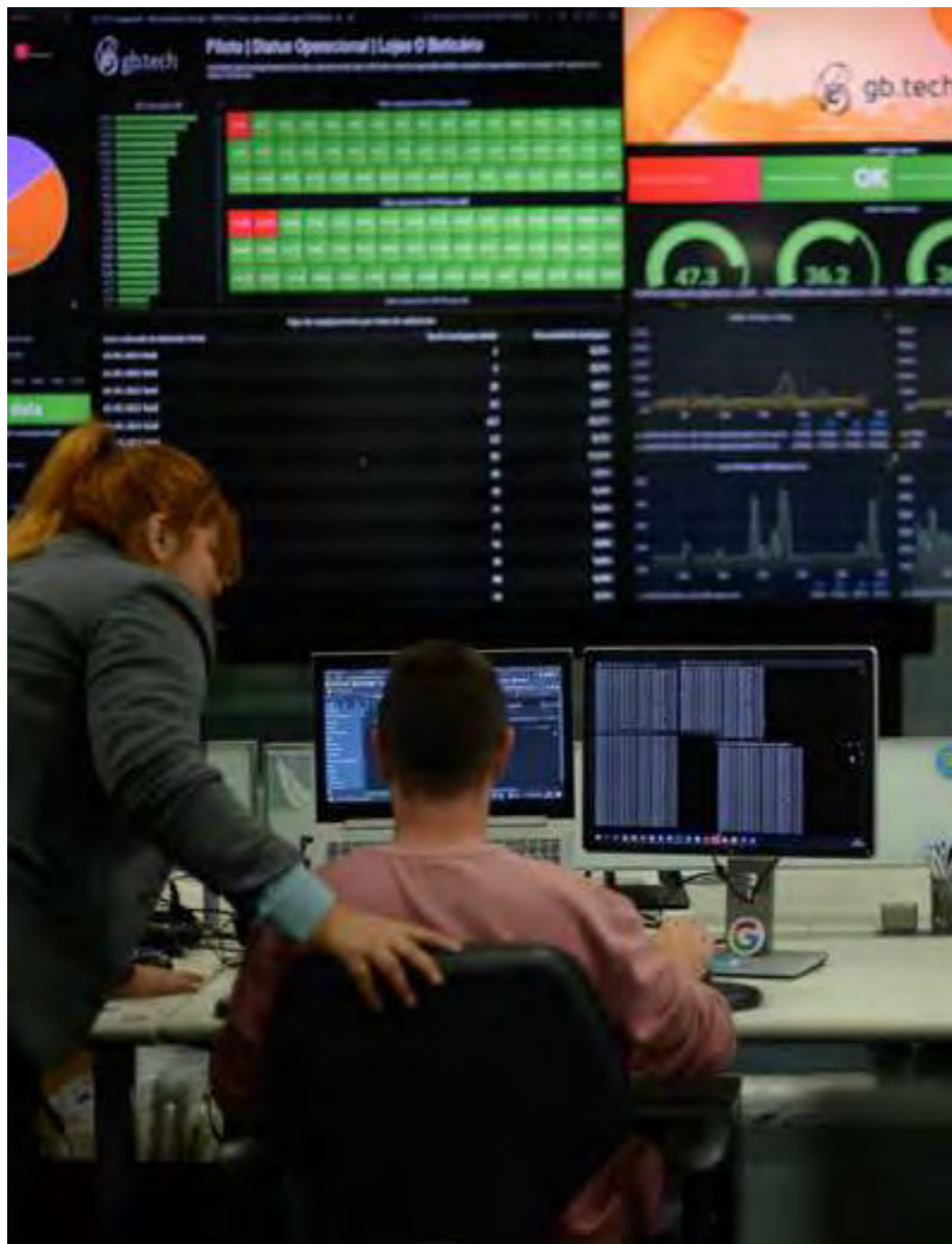
Fully financed by the group and developed in a virtual environment, GB Ventures provides participants with support for the development and establishment of businesses. The training lasts for six months and involves the voluntary participation of specialists and group vice presidents. The exchange of experience and knowledge benefits everyone involved and drives innovation.

Although there is no commitment to invest in the companies at the end of the program, the initiative favors partnerships between the group and the start-ups, as was the case with some of the participants in the first edition in 2021.

“Futuro da Beleza” (Future of Beauty)

The Boticário Group monitors technological, market and consumption trends to anticipate consumer expectations. Since 2018, this work has been driven by the “Futuro da Beleza” (Future of Beauty) program, in which different group areas act in an integrated manner to prospect and develop new formulation, process and packaging technologies and to identify new territories. The initiatives are supported by the group’s innovative mindset and are oriented to ESG principles.

Although more oriented to the medium and long-terms, the program also identifies opportunities for immediate application. In 2022, this work provided the basis for the adoption of new technologies and products, such as perfumery refills and the personalization of shampoos.



FURTHER INFORMATION:

Portal Beleza Transparente - O Futuro da Beleza (Transparent Beauty Portal - The Future of Beauty)





Sector Dialogue GRI 2-28

The Boticário Group is a member of diverse associations representing its segments of activity and participates actively in discussion forums and the development of the sector. Worthy of note are: Brazilian Advertisers Association (ABA), Brazilian Packaging Association (Abre), Brazilian Franchising Association (ABF), Brazilian CFT Association (Abihpec), National Innovative Companies Research and Development Association (Anpei), Brazilian Business Council for Sustainable Development (CBDES), UNO Women, the Global Compact and the Retail Development Institute (IDV).

The full list may be consulted at: <https://www.grupoboticario.com.br/en/certifications/>

Public private committee

Since October 2021, in conjunction with the Paraná government, the Boticário Group has led the first public-private committee to discuss subjects related to environmental, social and governance policies and to address the state’s socio-environmental challenges in a coordinated manner. The group’s participation in the initiative is aimed at contributing towards the development of shared solutions by public authorities and private initiative in benefit of the whole of society.

The subjects areas by the committee include solid waste, water, energy, biodiversity, greenhouse gases, public administration, diversity, social inclusion, training and the inclusion of minority groups to boost their employability. The committee meets every six months and includes some of the biggest and most important companies in Paraná.

our value chain

Our responsibility and transformation capacity are in each one of the relationships we build.

See our value chain and how we protect, generate, circulate and share beauty.



10 Boticário Group Institute

More than 37,000 people had their reality transformed by the projects supported by the Boticário Group Institute

11,000 hours of volunteer work donated by our employees



9 Boticário Group Foundation for Nature Protection

2,9 million hectares with conservation measures*

* areas directly and indirectly conserved by the Boticário Group

1 Supply

Around **2,200** direct and indirect suppliers



2 Research and Development

64% of the products developed have sustainability attributes



3 Manufacture and warehousing

19% of the water consumed in the company-owned operation* comes from reuse

97,7% of waste recycled in the company-owned operation*

100% of electricity from renewable sources in the company-owned operation

*Comprehends the factories in São José dos Pinhais (PR) and Camaçari (BA), and the DCs in Registro (SP) and São Gonçalo dos Campos (BA).



4 Distribution

400 tons of CO₂e avoided through deliveries by electric vehicles



5 Retail

4,000 stores in 1,780 municipalities*

*considering direct sales we are present in over 5,000 municipalities



8 Employees

More than **14,000 employees**, **60%** women, with **40%** of them in leadership positions



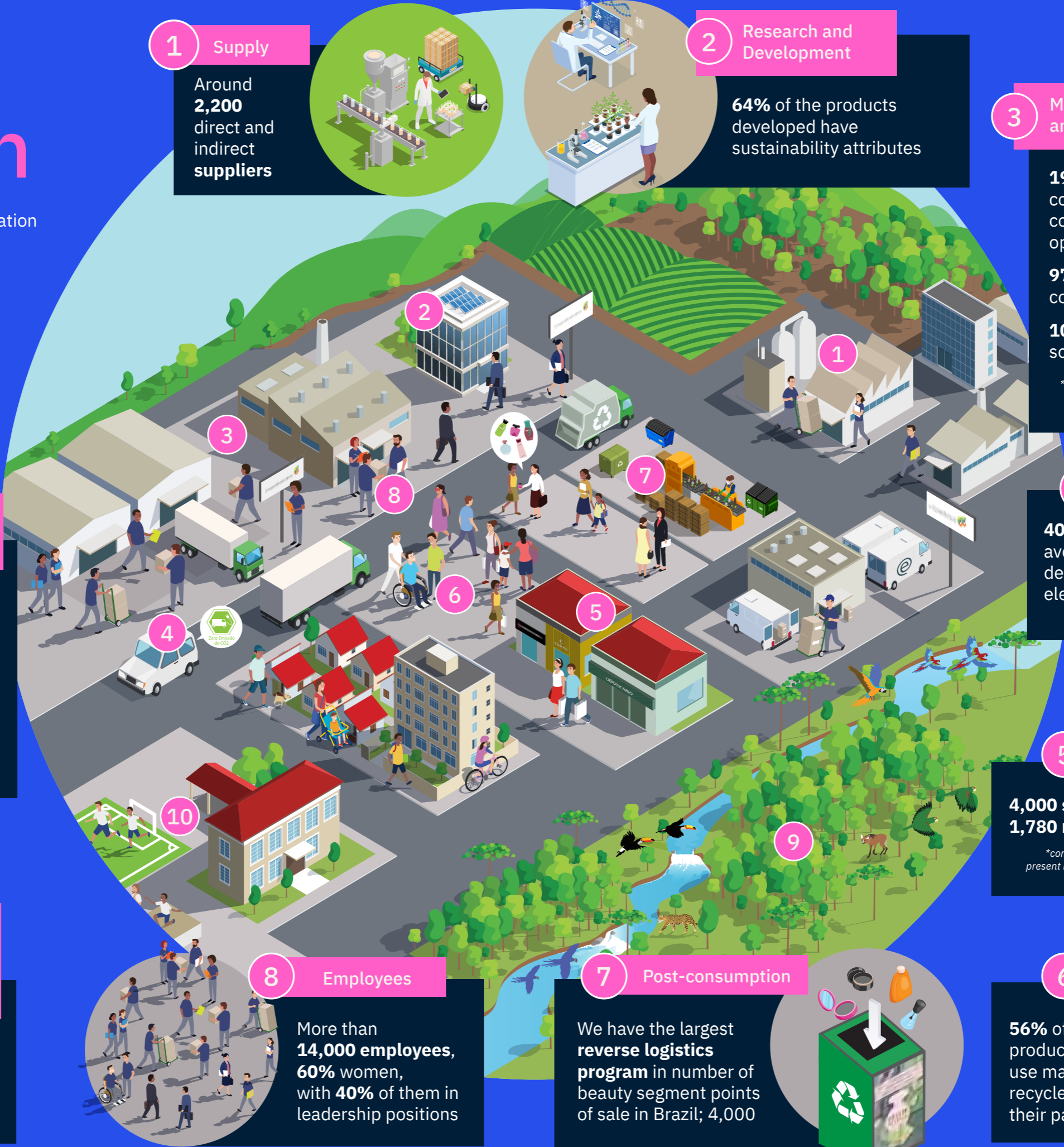
7 Post-consumption

We have the largest **reverse logistics program** in number of beauty segment points of sale in Brazil; **4,000**



6 Consumption

56% of the products developed use material of recycled origin in their packaging



Governance structure

GRI 2-1, 2-9, 2-10, 2-11, 2-12, 2-13, 2-16, 2-17, 2-29

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

The highest governance body is the Advisory Board, which assesses and makes recommendations on group strategies and topics related to finance, reputation and ESG. The body has ten members with indefinite terms of office. Three members are women and a total of seven are independent. The composition of the board may be consulted on the [Boticário Group website](#).

The board members are indicated by the partners of Boticário Produtos de Beleza Ltda based on their competencies and knowledge in the financial/ economic, social and environmental aspects of the business. In accordance with the internal board rules, the nominations also favor diversity of experience and opinions, with a view to amplifying the internal vision and enriching discussion.

The participation of the non-independent members is voluntary, while the independent members receive fixed compensation defined by the partners based on market practice and aligned with business strategy and stakeholder interests. The compensation structure of the members of the Advisory Board is applied to the Advisory Committees (see [page 14](#)).

No board members exercise executive roles in the company. The chair of the board is occupied by the controlling partner.

The Advisory Board is supported by seven committees (see [page 14](#)), focused on specific areas and made up of members of the board, external members and company executives. Meetings are held every two months and contribute to agile decision making by the board and medium and long-term strategic direction.



The integrated vision of financial and non-financial aspects of the businesses permeates the entire decision making structure and involves the participation of the ESG Committee. Chaired by an independent board member, the forum comprehends the CEO of the company, the chair and vice chair of the Advisory Board, external specialists and the two main executives responsible for ESG strategy and monitoring of impacts – the vice president of Legal, Compliance, ESG and Institutional Affairs and the ESG director.

It is up to the ESG Committee to define and monitor the transversal integration of environmental, social, and governance issues into the group's business model and to inform the Advisory Board about management of impacts related to these aspects. The committee also promotes ESG management action and improvement plans. The work is guided by information from the

systematic monitoring of trends, best practices, risks and opportunities conducted on a bi-monthly basis by an external consultancy.

As part of the continuous improvement process of the corporate governance structure, the group plans to review and consolidate the standards and policies for the operation of the board and the committees in 2023.

The executive governance sphere is headed by the company CEO and comprises eight vice presidents focused on specific segments and aspects of the business: B2C; B2B; Retail and International; Consumer; Operations; Finance and Strategy; Technology and People; Legal, Compliance, ESG and Institutional Affairs; and The Boticário Group Foundation for Nature Protection. This structure is responsible for integrated business management, while maintaining the independence of the different brands' legal entities.



Conflicts of interest GRI 2-15

The group follows clear rules to avoid conflicts of interest throughout the organization. This topic is addressed in the group Code of Conduct and the regulations of the Advisory Board. The members are impeded from negotiating or competing with the group and its direct and indirect subsidiaries. They must make prior declarations of any actual or potential conflict of interest and refrain from participating in or accessing discussions and decisions on subjects that imply this type of conflict.

Orientations for employees include not participating in external activities that may compromise the businesses or that involve information restricted to the group. Employee must inform any situation involving an apparent conflict of interest to the Ombudsman. Any questions are dealt with confidentially. More information in the [Code of Conduct](#).

BOARD ADVISORY COMMITTEES

The committees discuss and guide group strategy in their specific areas.

Channels and Retail: sales channels and beauty market retail trade activity model

People: transformation, people management, internal culture, definition of competencies and review of senior leadership performance, executive remuneration and incentives

Consumer: this works with consumers, mainly via communication, products and brands, including related matters, such as sustainability initiatives and pricing strategy

Risks and Audit: governance, compliance, risk management, internal controls, internal and external audit, fraud. The Conduct Committee is part of this structure with a specific focus on matters related to ethical conduct

Technology and Digital: technology projects and initiatives to promote a better customer experience

ESG: integration of ESG aspects into the business model and the value chain, prioritizing initiatives and shaping potentially critical decisions, monitoring group performance in the Commitments for the Future.

Operations: topics related to resilience, optimization, innovation and flexibility in the operational chain aimed at strengthening capacity to respond to demand, offering consumers the best experience and supporting the sustainable growth of the business

Risk management

Risk management involves all company areas on a matrix basis for identifying, assessing, controlling and mitigating the risks inherent to their activities and implanting action plans to address them. The risks identified are addressed by means of controls and/or action plans that must be validated by the Audit, Risk and Control area, which is also responsible for assessing the effectiveness of these mechanisms.

The process includes prioritizing the risks identified in accordance with the company's risk appetite and tolerance levels. These parameters are reviewed annually based on the monitoring of indicators, as is risk mitigation and reporting. The work is coordinated by the Risk Management & Business Continuity area, which reports to the Risk and Audit Committee, structure of advice from the Group's Advisory Board, chaired by an independent member.

The group risk matrix is reviewed at least annually, based on internal and external trends. Risks are classified in three groups:

- **Strategic risks:** internal or external events that threaten the group's strategic planning, such as, for example, climate change, the evolution of ESG commitments or cybernetic attacks;
- **Operational risks:** related to group operations, due to mistakes, failures, deficiencies in processes that may result in 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. In the table at the side we present two examples the Boticário Group considers to be strategic risks.

The risk management policy is an important element of business strategy and management of the brands' reputation and financial health, as well as decision making involving investments, operations and expansion.

Emerging risks

Description	Impact	Mitigation
Crisis in the offer of natural resources and sustainable supplies		
<p>Incapacity to guarantee the supply of key ingredients produced sustainably and at a reasonable cost due to imbalance between supply and demand and/or crop shortfalls. There has been a significant increase in the importance of this risk due to the disruption of supply chains caused by the pandemic, climate change, geopolitical issues and increased demand for raw materials with a guarantee of traceability and sustainable origin.</p> <p>The post-pandemic situation has not yet normalized. The group constantly seeks alternatives to fulfil its needs, ensure operational flexibility and help mitigate business impacts.</p>	<p>Interruptions in the supply of inputs that adversely affect our activities and businesses; risk of lack of products available in the market in the planned time frames and quantities; non-fulfilment of consumer demand, as well as possible increases in product and production costs.</p>	<p>Today the company works with dual sourcing for critical inputs, which involves shared supply by two providers, in accordance with criteria pre-established by the Boticário Group. The company uses its Supplier Assessment and Development program (PADP in the Portuguese acronym) to assess specific suppliers, with audits and action plans (see page 63).</p> <p>We monitor costs and the availability of critical inputs, as well as updating the risk matrix for categories and suppliers of direct inputs on an annual basis to ensure the elaboration of strategic supply plans for critical categories.</p> <p>We also accompany this risk within climate change strategic risks, monitoring via the key risk indicator (KRI), which establishes the critical points involving risk appetite and the risk profile identified and provides important information for achieving strategic targets.</p>
Difficulty in attracting and retaining talent in the post-pandemic period		
<p>Reduction in the capacity to retain key employees associated with the return to the on-site/hybrid work format. There has been a significant increase in the importance of this risk due to important changes in the labor market since the beginning of the pandemic. Employees who have had the opportunity to work remotely during the last two years may not want to give up this flexibility, imposing a challenge in retaining talent with the increase in the need for on-site work.</p> <p>The evolution in the group's structure and the change in the format of working during the pandemic has increased the demand for excellent professionals, as well as the need to offer attractive opportunities to hire and to retain these people.</p>	<p>Loss of competitiveness in attracting and retaining talent; increased staff turnover and difficulty in ensuring coverage in mapping successors for critical positions.</p>	<p>We periodically conduct market surveys to identify best practices and to offer our staff attractive benefits.</p> <p>In accordance with the nature of the work, our teams may work in on-site, hybrid or remote formats, with structure and support initiatives for the staff working off the company premises.</p> <p>We reinforced the value proposition for high performing individuals and improved the performance review process in order to understand employee needs and ambitions.</p> <p>The benefits package includes a series of initiatives dedicated to mental health on three levels: Individual, Relations and System (see page 31). The work includes physical and emotional well-being sessions, healthcare and self-care campaigns, specific service channels and an online therapy channel, among other benefits.</p>

commitments for the future

Aware of our responsibility and the potential reach and strength of our value chain, in 2021 we established a series of ambitious goals and targets aimed at helping to address global challenges. Our Commitments for the Future are aligned with the United Nations Sustainable Development Goals (SDGs) and adopt the same time frame, with a deadline up to 2030.

After two years of learning and advances on this route, we initiated the review of these commitments. In 2022, we made adjustments aimed at tightening the focus and boosting the effectiveness of our work plans, a process that will be further strengthened in 2023.

The changes were approved by the ESG Committee and involve a structured updating stage with the participation of all the company's leadership. This will now take place periodically at intervals of three years. The goal is to ensure the commitments, the business context and market demands are attuned, so that our mistakes and successes may feed back into the process of building the future that we want.






In the coming pages, we present the 15 commitments and a consolidated assessment of our evolution in each one in 2022.









FURTHER INFORMATION:
[Boticário Group Website - Our commitments](#)

#BeautyForTheFuture



Our Commitments What we want to achieve	Our results in 2022 See guidance in caption (page 19)
<p>#1 Map and find solutions for 150% of all the solid waste generated by our chain¹</p>	 150% <p>37%</p>
<p>#2 Positively impact the lives of 1 million Brazilians involved in the beauty ecosystem, contributing to the reduction in social inequality²</p>	 100% (1 million) <p>7% (74,259 people benefited³)</p> <p>Consolidated status (2020 to 2022)</p>
<p>#3 Neutralizing GHG emissions and using 100% renewable electricity for direct operation⁴ and reset the industrial water balance⁵</p>	<p>Emissions: Updating of climate change strategy and definition of GHG emissions reduction and neutralization measures</p> <p>Energy</p>  100% <p>97%</p> <p>Water</p>  100% <p>37%</p>
<p>#4 Reducing the consumption of nonrenewable energy, the volume of water extracted and the volume of GHG emissions from our critical suppliers by 50%</p>	<p>Definition of the baseline of critical suppliers, targets and management plans</p>
<p>#5 Guarantee lower water impact in 100% of our critical product lines</p>	<p>Creation of the tool LYRA, fundamental for defining the baseline and for achieving the target, which comes into operation in the second half of 2023</p>
<p>#6 Use 100% raw materials from renewable sources or alternative lower impact sources⁶</p>	 100% <p>47%</p>

Our Commitments What we want to achieve	Our results in 2022 See guidance in caption (page 19)
<p>#7 Investing about BRL 6 million in the conservation of critical natural capital for business continuity</p>	 <p>100% (BRL 6 million)</p> <p>27% (BRL 1.6 million)</p> <p>Consolidated status (2020 to 2022)</p>
<p>#8 Promote the conservation of biodiversity, directly or indirectly, in 3.5 million hectares</p>	 <p>100% (3.5 million)</p> <p>83% (2.9 million hectares)</p> <p>Consolidated status (2020 to 2022)</p>
<p>#9 Guarantee the traceability and sustainable origin of 100% of critical raw materials</p>	 <p>100%</p> <p>61%</p>
<p>#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</p>	<p>Planning stage with development of pilot project</p>
<p>#11 Guarantee the representation of minority groups in leadership positions⁷</p> <p>By 2023:</p> <ul style="list-style-type: none"> • increase hiring of black talent by 40%, achieving representation of at least 50% in the entire company; • reach, at least, 25% black corporate leaders; <p>By 2025:</p> <ul style="list-style-type: none"> • reach, at least, 50% women in director-level positions 	<p>Considering the partial targets, up to 2023 and 2025:</p> <p>Black employees</p>  <p>50% (by 2023)</p> <p>45%</p> <hr/> <p>Black leaders</p>  <p>25% (by 2023)</p> <p>25%</p> <hr/> <p>Women leaders</p>  <p>50% (by 2025)</p> <p>40%</p>





Our Commitments What we want to achieve	Our results in 2022
<p>#12 Ensure the progressive increase in affirmative purchases to stimulate enterprise among minority groups</p>	<p>24 companies owned by minority groups</p> <p>7% improvement in diversity performance among suppliers participating in the Partner Assessment and Development Program (PADP in the Portuguese acronym)</p>
<p>#13 Guarantee that our communication represents the Brazilian population⁸</p>	<p>4% representation of people with disabilities</p> <p>49% representation of black people</p> <p>7% representation of people aged 45 or over</p> <p>17% representation of curvy people, plus size or above 44</p> <p>32% representation of trans, non-binary and LGBTQIA+ people</p>
<p>#14 Offer an inclusive and diverse product portfolio, taking different lifestyles into account</p>	<p>100%</p> <p>73%</p>
<p>#15 Measure and ensure an increase in quality of life for resellers</p>	<p>Review of methodology to improve measurement of reseller socio-economic data.</p>

¹ Based on the direct operation: factories, company and third-party distribution centers, offices and own retail.

² The current version substitutes and expands on the previous version of the commitment, that was limited to the solid waste sector. By focusing on the beauty ecosystem, the group boosts positive impact in diverse links of its value chain.

³ Takes into account people who were trained or had an increase in income (without duplication).

⁴ Direct operation: factories, company and third-party distribution centers, offices and own stores.

⁵ Effluents reused from the total treated effluent.

⁶ Takes into account spending on renewable raw materials over the total spend on raw materials.

⁷ There were adjustments in the premises for female leaders compared with the previous year. This year we reduced the positions considered to be leaders, taking only directors into account.

⁸ The result refers to the representativeness of these groups within all the people who appeared in front of the cameras in our communication campaigns. Targets were established for each one of the Boticário Group brands, considering the representation of minority groups and brand strategy.

materiality and
strategic focus

GRI 2-14, 2-29, 3-1



#BeautyForTheFuture

In ESG management, the Boticário Group focuses on the topics considered most relevant in accordance with an annual materiality definition process, assured by a third-party.

In the most recent edition, conducted at the end of 2022, the impacts were identified and considered based on internal and external references and commitments, perceptions and expectations of the group's main stakeholder groups and the actual and potential positive and negative impacts of financially relevant topics for people, the environment and the economy.

Worthy of note among the internal references and commitments analyzed are the Commitments For the Future, strategic goals, the company's risk map and the material topics defined in the 2021 edition.

The external survey comprised: sector benchmarking, with consultations on sustainability topics relevant for external stakeholders, such as government, the press, civil society in general and the industry, as well as sector studies and stakeholder research conducted by benchmark organizations in the management and communication of sustainability, such

as the Global Reporting Initiative (GRI), the Value Reporting Foundation and MSCI.

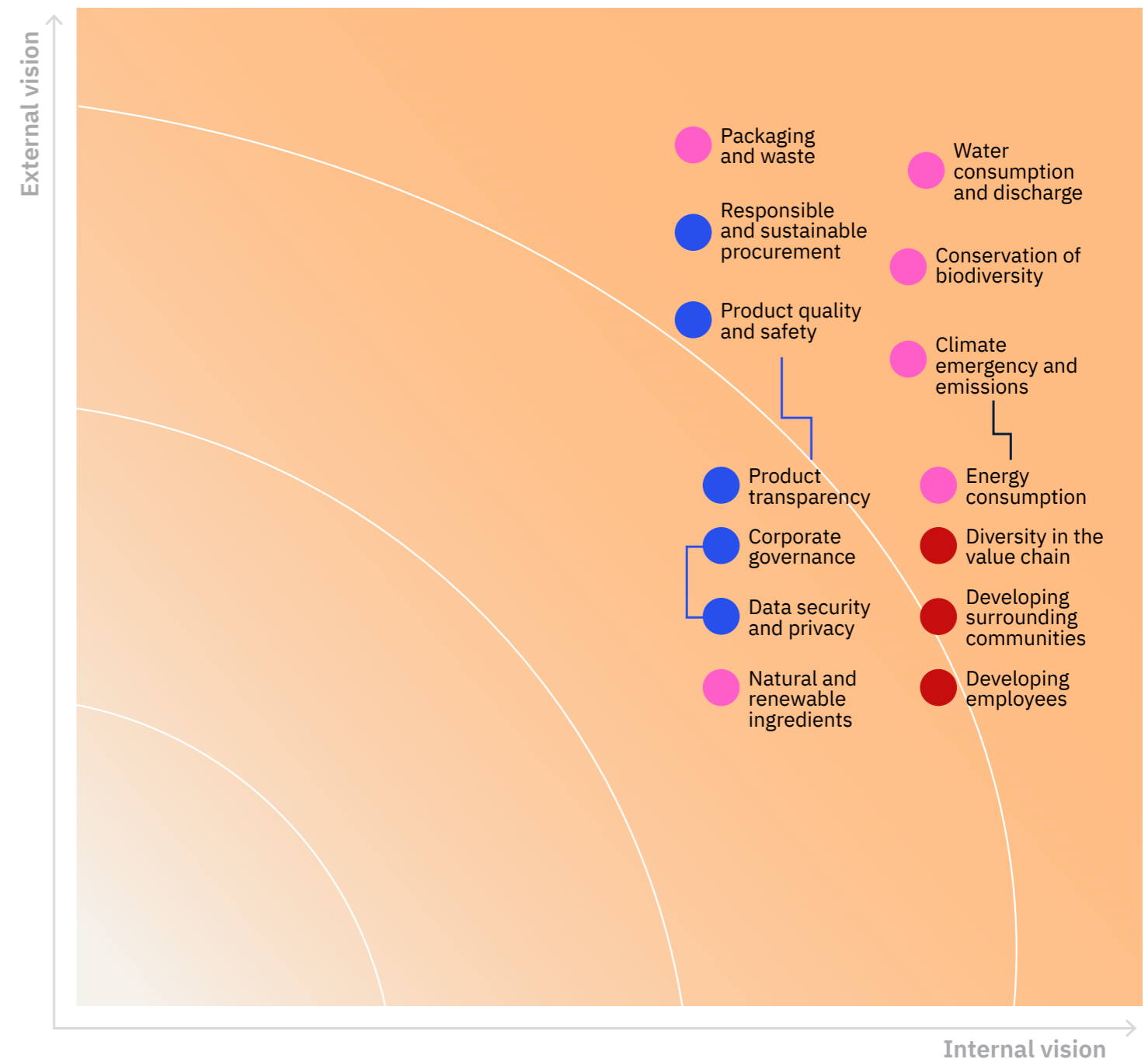
Employees, consumers, resellers, franchisees and suppliers, totalling 1,707 people, participated in an online consultation on potentially relevant topics.

The results were prioritized in the matrix at the side and integrated into the group risk management process, supporting the oversight of the topics and the allocation of funds for managing them.

The CEO, senior executive leadership and the group's Advisory Board assessed the entire process of identifying and prioritizing the materiality impacts, as well as this ESG report, which presents the company's performance in the prioritized topics. The material topics were approved by all pertinent company instances.

The annual review of materiality is one of the diverse sources of information used by the ESG Committee to update and adjust the group's ESG strategy and drive constant evolution in this agenda. The work includes monitoring performance in the Commitments for the Future and analyzing trends and best practices in ESG management.

MATERIALITY MATRIX



- Environment
- Social
- Governance

PARTICIPATING GROUPS

(Online consultation and secondary research)

- Boticário Group Leaders
- Franchisees
- Resellers
- Consumers
- Employees
- Financial Sector
- Suppliers
- Government
- Hygiene and Beauty Sector
- Press
- Organized Civil Society

The following table presents the 11 topics prioritized in the process and a brief summary of how each one is managed. The following chapters further develop and complement this information. [GRI 3-2, 3-3](#)

Definition ¹	Actual and potential impacts ²		How the Boticário Group manages the topic	
Topic	Which	Origin	Commitments and policies ²	Initiatives, monitoring and communication ³ GRI 2-25
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.	+ Transparency and security in decision making Credibility Managing cybernetic risks - Risk of data leaks (security, compliance)	Direct	Data Privacy Policy Information Security Policy IT Service Continuity Policy	Initiatives: page 25 Monitoring and results indicators: page 28
Employee development: Practices to attract, retain and develop the best talent by means of employee-oriented policies and practices.	+ Internal engagement, talent attraction and retention Managing knowledge Strategic alignment, excellence and productivity - Risk of staff turnover and loss of talent/knowledge, with reduction in productivity and competitiveness	Direct: people management	Organizational Human Development Policy Corporate Education Policy Labor Policy Group Essences and Purpose	Initiatives: page 29 Monitoring and results indicators: page 32
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.	+ Driving consumer awareness Reliability and strengthening bonds with the customer Reduction in product impacts - Risk of complaints or non-conformance	Direct: product conception and manufacture Indirect: consumer relations and communication	Commitment for the Future (page 16): #5 and #10 Research and Development Policy Code of Conduct Transparent Beauty Portal	Initiatives: page 34 Monitoring and results indicators: page 37

¹In accordance with materiality process.

²Policies and commitments related to the topic.

³Topic management initiatives, monitoring of results achieved and communication of advances and challenges.

Definition ¹	Actual and potential impacts ²		How the Boticário Group manages the topic	
Topic	Which	Origin	Commitments and policies ²	Initiatives, monitoring and communication ³ <small>GRI 2-25</small>
Lower impact or renewable ingredients: Substitution of ingredients of fossil and mineral origin with renewable and/or lower impact alternatives.	+ Reduction of product environmental impacts, including water impacts in the consumption and post-consumption phases Responsible management of natural resources Meeting demands of an ever more aware consumer public - Risk of exhaustion/excessive pressure on non-renewable resources	Direct: product conception and manufacture	Commitment for the Future (page 16): #6 Research and Development Policy Environmental Policy ⁵	Initiatives: page 38 Monitoring and results indicators: page 40
Conservation of biodiversity: Practices for protecting the variety and value of vegetable and animal life on Earth in the value chain and measures to conserve ecosystems.	+ Preservation of natural capital as a whole and critical natural capital for the business Socio-environmental development of the communities supplying biodiversity actives or involved in protecting ecosystems - Risk of exhaustion of resources essential for life Risks of business continuity	Direct: production activities, Fundação Grupo Boticário initiatives Indirect: suppliers	Commitment for the Future (page 16): #7 and #8 Environmental Policy ⁵ Brazilian Business Commitment for Biodiversity	Initiatives: page 41 Monitoring and results indicators: page 43
Water consumption and discharge: Adoption of practices and technologies to manage the withdrawal and use of water and ensure the adequate treatment of effluents.	- Consumption of a limited resource in the world that is essential to life Risks related to the discharge of effluents (impacts, compliance)	Direct: production Indirect: suppliers	Commitment for the Future (page 16): #3, #4 and #5 Environmental Policy ⁵	Initiatives: page 44 Monitoring and results indicators: page 46
Climate emergency, emissions, energy: Adoption of practices and technologies to reduce greenhouse gas emissions and mitigate the effects of climate change.	- Energy consumption Generation of greenhouse gas (GHG) emissions	Direct: production, product distribution and commercialization, waste management	Commitment for the Future (page 16): #3, #4 and #6 Environmental Policy ⁵	Initiatives: page 47 Monitoring and results indicators: page 50

¹In accordance with materiality process.

²Policies and commitments related to the topic.

³Topic management initiatives, monitoring of results achieved and communication of advances and challenges.

⁵Integrated Quality, Health and Safety, Environment and Energy Efficiency Management System Policy.

Definition ¹	Actual and potential impacts ²		How the Boticário Group manages the topic	
Topic	Which	Origin	Commitments and policies ²	Initiatives, monitoring and communication ³ GRI 2-25
Packaging and waste: Adoption of practices and processes to reduce the generation and the environmental impact of packaging and waste in our value chain.	+ Income generation Reduction in social inequality - Material consumption Waste generation (packaging) and risk of inadequate disposal	Direct: production, product distribution and commercialization Indirect: consumers (post-consumer packaging) and suppliers	Commitment for the Future (page 16): #1 and #2 Targets included in calculation of executive variable remuneration Environmental Policy⁵	Initiatives: page 52 Monitoring and results indicators: page 54
Diversity in the value chain: Promotion of development practices and construction of an environment favorable for the inclusion of minorities, for the construction of a diverse value chain, including employees, resellers and the sales force.	+ Drive for innovation, enrichment of internal exchanges Internal engagement, talent attraction and retention Strengthening of responsible business and relationship dynamics that value human rights Awareness, bring to the fore questions of diversity	Direct: people management Indirect: supplier management and communication activities with the value chain	Commitment for the Future (page 16): #11, #12, #13 and #14 Diversity and Inclusion Policy	Initiatives: page 56 Monitoring and results indicators: page 58
Responsible and sustainable procurement: Adoption of responsible procurement practices, including legal and environmental compliance, the guarantee of human rights and the promotion of sustainable practices by suppliers.	+ Promotion of good practices and strengthening of responsible business dynamics Engagement of and partnership with suppliers Reduction of environmental impacts in the chain	Direct: supplier management Indirect: environmental care and management by partnering companies	Commitment for the Future (page 16): #4, #6, #9 and #12 Supply Policy Supplier Relationship Policy Code of Conduct	Initiatives: page 61 Monitoring and results indicators: page 63
Developing surrounding communities: Promotion of dialogue and partnerships to reinforce the development of the communities surrounding the Boticário Group operations.	+ Drive local development Professional training, fostering entrepreneurship and opportunities for work and income in the community, reduction in inequalities Engagement and sense of belonging (internal audience and society) Strengthening social assistance network (donations, projects with incentives) - Risks associated with selection of projects supported (legal compliance of partners, transparency of process)	Direct: relationship with resellers Indirect: relationship with partnering organizations, support for projects	Commitment for the Future (page 16): #2 and #15 Donation Policy	Initiatives: page 65 Monitoring and results indicators: page 67

¹In accordance with materiality process.

²Policies and commitments related to the topic.

³Topic management initiatives, monitoring of results achieved and communication of advances and challenges.

⁵Integrated Quality, Health and Safety, Environment and Energy Efficiency Management System Policy.

The 2022 list of material topics differs from the previous year by not including the topic Developing Resellers.

corporate

governance



#BeautyForTheFuture

why it matters

The definition and reporting of 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.

our strategy

GRI 2-23 and 2-24

We are aware that the position we occupy in society goes beyond business relations, and we seek to ensure that our success is everyone's success – the company, employees, partners and consumers. For this reason, we take our impacts on the social, environmental and economic dimensions into consideration and understand our responsibility as agents of change, consolidating the tomorrow we believe in through the decisions we take today.

We adopt best governance practices and in every instance decision making is oriented to the pursuit of shared value. This process is supported by a series of policies, corporate

guidelines and commitments defined internally and validated by all senior leadership, both in the institutional and executive spheres. Some examples are the Commitment Charter to Human Rights and Diversity, the Code of Conduct, the Anti-corruption, Labor, Compliance, Risk and Audit, Supply, Organizational Human Development and Education policies, and our Commitments for the Future (see [page 16](#)). These are communicated as a set to employees, third-parties and business partners, reinforcing ethical conduct, responsibility and respect for human rights in our work and relationship dynamics.

We are also guided by external commitments we have assumed. One of these is the Global

Compact, an initiative by the United Nations Organization (UNO) adopted by companies and organizations worldwide that are committed to ten principles of responsible conduct in the areas of human rights, labor, the environment and anti-corruption. Other examples are the Women's Empowerment Principles (WEP), also from the UN, the Business Integrity Pact (Pacto Empresarial pela Integridade e contra a Corrupção), the UNstereotype Alliance and the Financial Stability Board's (FSB) Task Force on Climate-Related Financial Disclosures (TCFD).

The full list may be consulted at: <https://www.grupoboticario.com.br/certificacoes/>.

Human rights

GRI 2-23 and 2-24

Respect for human rights is a fundamental value for the Boticário Group and the basis for relations with its entire value chain. As signatories to the Global Compact, we have adhered to the UN Universal Declaration of Human Rights and to the fundamental principle of protecting these rights.

Our positioning on this is made explicit in a Commitment Charter, approved jointly by the Group Advisory Board and the highest executive governance level and published in 2021. This positioning is also incorporated into the Code of Conduct, which applies to all employees, third-parties, suppliers and business partners, and which addresses aspects such as forced, child or slave labor, human trafficking, diversity, non-discrimination, equality of gender and remuneration, freedom of association and the right to collective bargaining, among others. The company's own teams and third-parties take mandatory periodic training courses on the code.

Before doing business with the group, all suppliers must adhere formally to the Code of Conduct and make the commitment to respect human rights in their own operations and in their supply chains. The company's Supplier Relationship Policy explicitly prohibits the use of child or forced labor.

Internally, Labor Policy addresses human rights in the work place and compliance with related legislation. All employees and third-parties working on company premises undergo mandatory training on human rights.

The company operation (employees), new acquisitions, suppliers, third-party employees and surrounding communities are submitted to periodic assessments of the risk of human rights violations. This situation is continuously monitored, with the development of action and improvement plans.



Data usage

Data management provides a wide-ranging guarantee of privacy, data protection and information security.

Our data privacy and information security policies are aligned with the applicable legal requirements, clearly and transparently setting forth the security and governance procedures and measures adopted for treating all kinds of data, including personal data. A by design approach is adopted. This is oriented to proactive actions to prevent privacy and security risks, such as the violation or unwarranted treatment of data.



The Data Privacy Policy is disclosed on the group's Data Privacy and Ethics Portal, as are the Cookies Policy, the fraud protection mechanisms and our Commitment to Personal Data. The portal also provides the means for the data owners to exercise all their legal rights automatically after authentication. After undertaking measures to mitigate the risks that could lead to the unwarranted treatment of personal data and to update the portal, the group saw a 90% decrease in petitions from owners in 2022.

The group has technical tools to prevent frauds, cybernetic incidents, leaks and any other unwarranted uses of personal data. Internally, a data protection officer (DPO) 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 Brazilian Data Protection Authority (ANPD - *Agência Nacional de Proteção de Dados*).

All Boticário Group employees, franchisees and resellers receive periodic 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.

Ethical conduct [GRI 2-25, 2-26](#)

All our operations are bound by a series of policies related to compliance, anti-corruption and risk management, among other factors. Employees receive periodic training in areas such as risk management, anti-corruption, prevention of money laundering and financing of terrorism.

Since 2019, we have organized an annual Compliance Week, a corporate event that addresses issues related to the group's Code of Conduct and Essences, reinforcing staff awareness in these areas.

The Conduct Channel, created in 2009, receives internal and external reports of suspected cases of violation of the Code of Conduct. A group of employees representing all levels of the organization is consulted for the conception, review and improvements to the mechanism. Based on this consultation, alterations are undertaken and submitted for approval by the Conduct Committee, the Risk and Audit Committee (CRA in the Portuguese acronym) and the chair of the Board.

The structure is independent. It functions 24 hours a day and is aligned with best practices in confidentiality and treatment of such reports. All reports received are assessed via processes defined in accordance with the severity of the question and the hierarchical levels involved. They may be resolved directly with the pertinent manager through the Conduct Committee or the Risk and Audit Committee (CRA).

The Conduct Committee, led by the compliance officer, comprises five directors who are indicated and approved by the CRA. The committee is responsible for analyzing and deciding on the treatment to be given to the reports. Depending on the seriousness of the report there is a pyramid for involving people and internal areas, which may include the Conduct area, Business Partners, Managers, the Conduct Committee, the Risk and Audit Committee and the Advisory Board. Once the handling of each report has been decided, the Conduct area is responsible for monitoring the process and verifying execution.

Ombudsman [GRI 2-16, 2-24, 2-26](#)

The Ombudsman service may be accessed via internet or telephone 24 hours a day, seven days a week. It is managed by an external consultancy and, like the Conduct Channel, receives reports of suspected breaches of the Code of Conduct or unethical practices. The channel also handles cases of non-compliance with group policies. All reports are addressed with full impartiality and confidentiality in the executive sphere, in accordance with the predefined governance structure.

Political contributions

The group does not make financial contributions, donations or provide support for politicians and political parties, neither does it permit them to be made on its behalf. The rule is incorporated into the [Code of Conduct](#). As in previous years, no contributions were made in 2022.



FURTHER INFORMATION:

[Human Rights Commitment Charter](#)

[Privacy Portal](#)

actions and **results** 2022

Response to complaints [GRI 418-1](#)

In 2022, the Boticário Group received four notifications from the Brazilian Data Protection Authority (ANPD - *Agência Nacional de Proteção de Dados*) about the unwarranted registration of resellers. In the four cases, the data owners did not use the channel provided by the company to request the exclusion of their data, opting to approach the agency directly. Upon receiving the notifications, the company rapidly complied with the requests.

In the course of the year, internal preventive processes detected 42 cases of unwarranted use of personal data (for purposes different from those intended or exposure that did not constitute a risk for the data owner). All the incidents were deemed to be low risk and were resolved.

These incidents contributed to improving the risk management process, with changes in the Privacy Portal to facilitate de-registration and reinforce anti-fraud verification mechanisms. No complaints from previous years are being processed.

Compliance [GRI 2-27](#)

The Boticário Group is committed to legal compliance in all environments and spheres. With support from internal and external specialists, the group constantly reviews its conformity with standards and regulations in force, analyzing the interpretation and applicability of each. Internal and external audits test and reinforce mechanisms of control and compliance, which are also submitted to analysis by the executive sphere and the board.

The group received no fines or significant non-monetary sanctions in any area, including the environment, in 2022.



employee

development



#BeautyForTheFuture



The values of creativity, innovation, commitment, agility, trust, collaboration, cordiality and responsibility, which characterize the Boticário Group, can only be put into practice through the daily attitudes and mindset of our employees. We have almost 15,000 people working in our factories, distribution centers, company stores and offices. Valuing this team and driving its growth is equivalent to promoting the future of the group.

our strategy

Training

A series of coordinated initiatives, with training courses and academies, supports employee development, strengthening their technical, management and leadership skills.

Educa.GB provides classroom and online training for employees with specific contents for different groups, positions and areas of activities in alignment with the group's business strategy. All employees in the country, regardless of their hierarchical level, may apply for places and take part in the training courses. The training structure is evolving constantly, with the launch of new courses and academies in 2022.

Feedback and career management

Talent management takes into account the entire team and involves the development of performance review and feedback cycles so that employees may draft their development path with autonomy.

The reviews are annual for operational employees and biannual in the administrative area and are conducted in accordance with

pre-defined criteria. The process begins with a self-assessment exercise for the employee. In parallel, leaders of correlated areas participate in a people committee to discuss the next steps for the development of the team. With its sights on the future, the committee also analyzes the extent to which the current body of employees in each area is prepared to respond to the evolution of the business and assume new challenges in the future.

The second stage of the evaluation is conducted by the direct manager.

The cycle ends with a feedback session between the leader and the employee, which formalizes the result of the performance review. In addition to enabling the employee to better understand the assessment received and to encourage them to reflect, the meeting provides them with guidance on their future prospects and career opportunities.

To complement the assessment cycle, all employees may use the 360 degree Assessment tool to request feedback from their peers and managers, in a process that encourages engagement and drives the continuous improvement of the entire team.

The group also seeks to boost the visibility



of internal opportunities in the company. The Career Trail was developed during the course of 2022. This is an internal page with information about job posts, related requirements and information about the position. This information is not posted externally. The goal is to boost access and make the process even more transparent. The first modules of the Trail came into operation at the beginning of 2023.

Another improvement currently being implanted is the Talent Match, an artificial intelligence system that actively identifies potential internal candidates for positions open in the company, providing this information to the recruiter and the manager of the job post.

Remuneration policy

GRI 2-19 and 2-20

The remuneration and benefits policies are incorporated into employee attraction, retention and recognition strategies and guarantee equitable compensation at the different functional levels. These are defined in accordance with internal business criteria and external references, such as market surveys, with a view to ensuring a compensation system that is both attractive and competitive.

Remuneration consists of a fixed salary and a variable component, linked to the achievement of strategic targets defined by area of activity and the overall targets of the group. Some of these are directly related to the company's ESG commitments.

For executives, remuneration policies are also submitted to the People Committee, which supports the Advisory Board. For this group, in addition to specific financial and non-financial targets according to the area, variable remuneration also depends on the achievement of ESG targets shared by the whole group: increasing the percentage of solutions for waste, and the participation of black people in leadership roles.

Benefits

In addition to the 180 days maternity leave regulated by federal law, the group grants universal parental leave of 120 days that benefits biological or adoptive mothers and fathers regardless of the configuration of the family. In place in the operations in Brazil since 2021, the leave was enhanced in 2022 with measures to stimulate the retention of employees after their return to work. This was also extended to another three countries in which the group operates, in accordance with local legislation and particularities: United States, Portugal and Colombia.

Further measures to support employees with children include: nursery, allowance for hiring child minder, allowance for education and nutrition, room for mothers who are breast feeding, the Atypical Parents program (support, orientation and care for families with children with intellectual disabilities or syndromes, including subsidies for special therapy) and the Growing Family program (care and guidance for all stages of pregnancy or adoption).

The benefits package also includes meal and food allowances, pet allowance, Gympass (corporate physical activity platform focused on quality of life, health and well-being, providing access to gyms, studios and live classes), online ergonomics program, support program for employees on sick leave, monitoring and support for Covid-19 patients, exclusive medical analyses for cases of complex or rare diseases, free annual influenza vaccination for employees

and dependents, medical and dental assistance plan for employees and dependents, subsidies for purchase of medication, telemedicine, second medical opinion, private pension plan and life insurance.

Flexible work

Employees who do not require the company's physical infrastructure or who may fully exercise their function remotely are permitted to work flexibly and may opt for the home office format, incorporated into the company routine in 2019.

Health and safety

The group's two factories and the distribution centers in Registro (SP) and São Gonçalo dos Campos (BA) have ISO 45001 (Occupational Health and Safety Management System) and ISO 14001 (Environmental Management) certification.

At all company units the Integrated Management System (IMS) for Quality, Health, Safety, Environment and Energy Efficiency identifies hazards and assesses risks in the work place and defines plans and targets to mitigate or eliminate them. The Integrated Management System policy applies to all employees and third-parties.

Other important attributions of the system are: elaborating emergency plans; carrying out internal and external audits; defining specific procedures for investigating workplace accidents, incidents and ill-health; conducting continuous monitoring of performance against targets and providing training related to health and safety, environmental compliance and environmental impacts.

The training programs contribute towards strengthening the company's safety culture, which is the target of two specific programs: Care is in our DNA, which promotes safe behavior aimed at eliminating hazards in the workplace, and Focus on Focus, oriented to

managing risks and promoting learning based on identified incidents.

Employees are consulted and participate actively in processes to improve occupational health and safety management.

Integral well-being

Employee healthcare extends beyond physical aspects. An area dedicated to mental health provides care on three fronts: System, Relations and Individual. This comprehends rounds of conversation (learning about self-knowledge and emotional health), physical and emotional well-being sessions, health and self-care campaigns, weekly monitoring of employee mental health and specific service channels, an online therapy platform, social assistance and psychological, legal and financial support (exclusive, free consulting to support decisions related to mental health).

Engagement

To measure the extent of team engagement, the Boticário Group employs the Team Culture (Flash GB) communication tool, which permits weekly surveys of all company employees. The engagement score is based on the average employee response to questions in ten categories: Recognition; Feedback; Happiness; Well-being; Relations with manager; Relations with team; Personal growth; Alignment; Satisfaction; Alignment with company values.

The results are compiled in real time and may be segmented by management position, gender, performance assessment, length of service and location, among other criteria. The score guides decision making and enables managers to create action plans together with employees inside the actual tool.

In addition to strengthening engagement, Team Culture is used to generate up-to-date information and enables monitoring of factors such as management actions and the psychological well-being of employees, enhancing management practices.



FURTHER INFORMATION:
Boticário Group- Our essences and our purpose



Impact on variable remuneration

The targets related to this material topic impact the calculation of the variable remuneration of two areas: Operations (accident frequency) and People (employee engagement and internal recruitment).

actions and results 2022

Leadership training

Around one thousand company leaders were trained in aspects of governance and team management. The training involved external consultants and addressed topics such as feedback for employees, awareness around diversity and inclusion, psychological support for employees on sick leave and reaffirmation of the group essences.

Succession mapping

The group concluded the succession mapping for senior leadership positions, in a process supported by an external consultancy and internal rounds of discussion. The map identifies risks in changes at vice president level, potential successors, their current degree of preparation and the development measures necessary for future challenges.



New training programs

The portfolio of online learning trails Educa.ON was complemented by the Data Analytics Course, which covers the use of data for decision making, problem solving and improvements in the governance process. The trail was made available for all employees with the goal of strengthening the data culture in the company. The trail should be expanded in 2023. Specific trails related to ESG topics were also created: diversity and waste.

Four new academies were created: Leadership Academy (which develops functional and leadership competencies); Consumer Academy (focused on the customer as the core element in the company's decision making process); Logistics Academy (which addresses supply and distribution processes); and Data Academy (oriented to developing data-based decision making).

88%
employee engagement rate,

2 percentage points higher than the 2021 figure

(Employee perception survey 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
NPS¹: **94**

NEW ACADEMIES	Employees impacted (total % of target public)	NPS ¹	Work load
Leadership Academy	794 62%	86	1,762
Consumer Academy	454 65%	84	846
Logistics Academy	423 40%	99	946
Data Academy	3,726 22%	87	10,007

¹ NPS (Net Promoter Score): scale from -100 to +100.

More than
100,000
hours of training

Average
investment per employee:
R\$ 423



52%
of the posts
opened
in 2022 were filled by
internal recruitment

Of these, 3 out of every 5 were occupied by women, and 3 out of every 10, by black people

DEVELOPING EMPLOYEES ¹	Average training (hours/employee) GRI 404-1	Performance assessment ² GRI 404-3
By gender		
Men	8.4	100%
Women	6.7	100%
By functional category		
CEO and vice presidents	4.2	100%
Directors	6.0	100%
Senior management	5.9	100%
Management	7.5	100%
Supervision	6.1	100%
Coordination	6.6	100%
Administrative	5.5	100%
Specialized technical	6.3	100%
Technical	13.0	100%
Operational	9.6	100%
Interns	8.7	NA
Apprentices	4.1	NA
Total	7.4	100%

¹ Covers all the operations in Brazil.

² Total trained/total eligible employees in each segment. Employees admitted up to September 30 of the same year are eligible for the annual performance review.

NA: Not applicable. Interns and apprentices are not eligible for performance reviews.

External recognition

The Boticário Group was placed sixth in the 2022 Great Place to Work (GPTW) ranking in the segment of companies with more than 10,000 employees. The GPTW recognizes the best corporate environments in the country, with emphasis on the positive impacts generated for their employees and surrounding communities. More than 4,000 companies were assessed.

From the employee viewpoint which is incorporated into the assessment, the aspects receiving the best ratings were growth opportunities, quality of life, remuneration, benefits and economic stability.

Employee development Average hours of training per employee GRI 404-1

By age group	
Under 30 years	6.9
From 30 to 50 years	7.7
Over 50 years	8.5
By race/color/ethnic background	
Oriental	7.9
White	7.4
Indigenous	5.8
Dark Skin	7.9
Brown	7.4
Not declared	5.9

OCCUPATIONAL HEALTH AND SAFETY ¹	2021	2022
By functional category		
Lost-time injury frequency rate^{2,4}		
Employees	0.17	0.14
Contractors	0.12	0.99
Severity rate³		
Employees	6.87	0.61
Contractors ⁴	1.78	6.63
Work-related fatalities		
Employees	0	0
Contractors	0	0

¹ Covers all the operations in Brazil.

² Formula: Number of accidents with leave/ Man-hours worked X 1,000,000.

³ Formula: number of days lost due to injuries/ Man-hours worked X 1,000,000.

⁴ A significant increase in the frequency and severity rate for partners may be noted in the information presented. This is accounted for by the increase in the number of permanent and temporary employees due to the increase in production and industrial and logistics expansion, resulting in a greater number and greater frequency of construction works thus generating a more challenging situation.

product

quality, safety
and transparency

#BeautyForTheFuture

why it matters

Customers are increasingly demanding and proactive, with awareness of the impacts of consumption on the rise. In their purchase decision, they consider factors such as the origin and type of raw materials, the components of the formula, the production processes used and the effects on biodiversity. The Boticário Group believes that companies should respond to this change in consumer profile by offering high quality, accessible, science-based information.

our strategy

GRI 416-1

The group portfolio has always pursued quality and excellence, care with safety and the adoption of a policy of transparency in relation to product formulations. The consolidation of these practices over the years has led to evolution and the establishment of a relationship of trust with the consumer.

On a routine basis, we put the concept of “transparent beauty” into practice, providing information to consumers in simple, accessible language that enables them to make choices. The Transparent Beauty Portal provides information on formulas, research and the production process. It contains an extensive glossary with more than 900 entries that enables comprehension of all the raw materials used by the group brands.

The Boticário Group is committed to offering safe products. Attention to quality and consumer safety characterizes all production stages, starting with the choice of the raw materials. Preference is given to ingredients that are sustainable, natural, vegan, certified and of traceable origin in formulations. Moreover, 100% of the ingredients are reviewed by a multidisciplinary team made up of researchers, pharmacists, biologists, chemists, toxicologists and microbiologists. This work is aimed at guaranteeing that the ingredients are used in safe concentrations.

At the product development stage, the group conducts raw material and formulation environmental impact assessments using different tools. Particularly worthy of note is the Environmental Risk Assessment Index (IARA

in the Portuguese acronym), a methodology developed internally to assess the ingredients used in rinsable products, such as shampoos and conditioners.

With the IARA Tech initiative, the tool is being evolved to enable the calculation of the environmental impact on water and the biodegradability of all the Boticário Group formulas automatically. The tool will include calculators that will permit the assessment of formulas during the development stage and indicator dashboards which will enable monitoring of the environmental impact on water and the biodegradability of raw materials and products over the years.

The company also conducts in vitro clinical studies and drafts finished product safety reports to ensure legal compliance in the countries in which the products are commercialized and the safety of the end consumer.

Packaging

Packaging, developed to preserve the product and to connect with the consumption experience, undergoes constant enhancement aimed at reducing waste generation and environmental impacts. See [page 52](#).



Life Cycle Assessment

With a focus on reducing its environmental impacts, packaging is submitted to life cycle assessment (LCA). The LCAs for some formulas were already initiated in 2022, in processes adjusted for the specificities of the packs. The assessment may be applied in two models: simplified and complete, which result in an overall picture of the impacts in three areas: human health, the environment and natural resources.

The simplified analysis uses information from 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 assesses impacts on: climate change, ozone depletion, human toxicity, respiratory particulate/inorganic material, photochemical ozone formation, ionizing radiation, acidification, eutrophication, ecotoxicity, land use, exhaustion of material and energy resources and water. Some of these impact categories are also recommended by UNEP (United Nations Environment Program), by Setac (Society of Environmental Toxicology and Chemistry), as well as the life cycle impact research network RAICV (Rede em Pesquisa de Avaliação de Impacto do Ciclo de Vida). Because it uses already available data bases and some standard models, the simplified analysis can be done more rapidly, covering a higher number of items.

In some specific projects requiring more information, the complete model is used for the LCA, surveying a wider range of data.

Compliance

The quality control and assurance process permits the prior identification of any deviations or inconsistencies, preventing non-conforming products from reaching the consumer. In 2022, as in the previous years, there were no cases of non-conformance that required a product recall. There were no cases of recall.



Commitment
For the Future

#Uma
Beleza
De
Futuro

#10 Communicate the socioenvironmental footprint of 100% of our products transparently, creating tools so that consumers can understand and act to reduce the impact of their consumption and disposal decisions.



FURTHER INFORMATION:
Transparent Beauty Portal
Boticário Group - Our commitments



Impact on variable remuneration

The target of the material topic consumer satisfaction impacts the calculation of the variable remuneration of the Operations, People and Consumer areas.



actions and results 2022

ESG Score

This tool developed by the group gathers and organizes fundamental information for accelerating the achievement of the Commitments for the Future, incorporating ESG principles into the routines of the Product Research and Development area.

Organized in the environmental, social and economic pillars, the score comprises seven indicators that break down into 23 attributes, such as renewable materials and ingredients, water resources, climate change, waste solutions, diversity and accessibility, sustainable chain and economy. Each attribute has a specific weight; currently the highest is waste solutions. The final score is determined by weighting the performance of the product in the different attributes.

Work on the tool was begun in 2021, and it has already been tested on perfumery products. In 2023, it should be extended to other categories, with the creation of a proprietary computerized system to support the analyses. The idea is to apply it to the product creation process.

GB Maps

This tool is in the testing phase. Its purpose is to measure the recyclability rate of packaging and map the raw materials used in making it. Suppliers respond to a questionnaire providing details on the two topics. With the systematization of the responses, it will be possible to determine the origin of the materials and the proportion of recycled raw material in each group/type of packaging used.

I Claim

A project aimed at providing more transparent information about product packaging, particularly with respect to traceability in the chain and the certifications obtained. This factor is fundamental in mapping raw materials of renewable origin, for example.

Transparency in labeling

GRI 417-1

All product categories obey requirements related to labeling and information for consumers about composition, safe use and recommendations for post-consumer disposal with a view to reducing environmental impacts.

Safety

No formulation produced by the Boticário Group contains hazardous substances (in accordance with Annex XVII of REACH international regulations, aimed at guaranteeing human and environmental health in the use of chemical products).

Consumer satisfaction (O Boticário)	2021	2022	
		Target	Result
Net Promoter Score (scale from -100 to +100)	87.4	87.4	87.1

ingredients

from renewable or
lower impact sources

#BeautyForTheFuture

why it matters

The choice of ingredients taking into account their degree of sustainability may limit or increase the impacts throughout the product life cycle. A series of questions need to be answered before a new input is incorporated into the portfolio. Among other aspects, it is necessary to consider the following: what its origin is, what the environmental and social consequences of its extraction or production are, how long nature takes to produce it and what its impacts on the post consumer phase are.



our strategy

Our formulas evolve constantly, reinforcing the company's commitment to environmental care and in line with the expectations of customers, who are ever more aware of the impacts of consumption on the health of people and of the planet.

Natural ingredients have always been used in company formulations, but today the portfolio of brands also includes traceable vegan and organic products of certified origin. The organization does not conduct tests on

animals. Some components of animal origin that persist in the formulas are gradually being replaced, as are derivatives of petroleum.

We invest in research and development to increase our knowledge in this area, underpin decision making and establish new routes for evolution.

This care is extended to packaging, with the choice of materials and a focus on potential for post-consumer recycling, among other factors.

Commitment **For the Future**

#Uma
Beleza
De
Futuro

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



FURTHER INFORMATION:
Transparent Beauty Portal
Boticário Group - Our commitments

actions and results 2022

Research and Innovation Center

At the end of 2022, the Boticário Group inaugurated its Research and Innovation Center. Located at the São José dos Pinhais factory in Paraná, the new unit combines science, research, innovation and sustainability. It consists of the Quintana Lab and an annex, Quintana Herbal.

In the former, new raw materials of vegetable origin which will be exclusive to the group's brands are developed. Quintana research is based on what is known as green chemistry and the circular economy, prioritizing actives from Brazilian biodiversity or adapted to our soil.

Quintana Herbal works with 58 different species of plants that are native to Brazil or have adapted to its soil.

Mapping

Boticário Group researchers have defined guidelines for prospecting new products. This mapping includes:

- new ingredients and new natural applications of biodiversity for cosmetics and perfumery;
- use of biodiversity ingredients to replace the materials already in use;
- technologies and processes based on green chemistry, circular economy and minimum waste; and
- reuse of waste from the cosmetic and other chains for the formulation of products and packaging materials.

Of the total products developed in 2022:

19%
used sustainable processes¹

56%
used material of recycled origin in their packaging

47%
of the raw materials used are of renewable origin²

90%
are vegan³

64%
of the cosmetics have sustainability attributes⁴

30%
used plastic from renewable sources in packaging

¹ Cold manufacture and/or filling, reduction in energy and water consumption or reduction in GHG emissions in manufacture, filling or formula.

² Calculated based on spend.

³ No components of animal origin.

⁴ In the formula or pack. (Examples: eco-efficient manufacture, vegan product, reduction in ecotoxicity, reduction in ingredients, vegetable mass, green plastic, material – paper, plastic, glass, surlyn – post-consumer recycled, returnable tray, mono-material, refillable product, reduction of mass of packaging.)

conservation of biodiversity

#BeautyForTheFuture

Black-faced lion tamarin. Photo: Zig Koch

why it matters

For the Boticário Group, it is impossible to disassociate economic activity from care for nature. Biodiversity plays a fundamental role in the well-being and health of people and the supply of ecosystem services essential for life, with impacts on food, the availability of drinking water, regulation of the climate and protection against natural disasters. The responsible and sustainable use of natural capital is even more important in Brazil, which has around 20% of the planet's vegetable species and one third of its tropical forests.

our strategy

Fundação Grupo Boticário de Proteção à Natureza

(The Boticário Group Foundation for Nature Protection): a private institution which for over 30 years has sought to make biodiversity a priority in business and in public policy through articulation with different actors and mechanisms to pursue solutions for environmental, social and economic challenges.

The foundation maintains two Private Natural Heritage Reservations (RPPNs in the Portuguese acronym): Salto Morato, in Guaraqueçaba (Paraná), located in the Atlantic Rainforest biome, and Serra do Tombador, part of the Cerrado biome, located in Goiás, close to the Tocantins border. The two areas total 11,000 hectares, the equivalent of 70 times the area of Ibirapuera Park in the city of São Paulo. [GRI 304-3](#)

The institution also invests in innovative projects and business models. Since the beginning it has engaged in over 1,600 projects in every biome in the country. These are based on the belief that care for the environment has the potential to foster economic development, strengthen local culture, promote quality of life and generate social benefits.

With more than 1.2 million followers on the social networks, the foundation also seeks to bring the defense of nature closer to people's everyday routines.

Critical Natural Capital: identification and conservation of the raw materials (natural inputs) and the ecosystem services (those provided by nature, such as water and energy) that are vital for the activities of the group and for society.

External commitment

The group participates in the Brazilian Business Commitment for Biodiversity, an initiative of the Brazilian sustainable business development body CEBDS (Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável), which establishes goals and targets to be achieved by 2030 in the areas of prevention, mitigation, compensation (of impacts) and the generation and sharing of information on biodiversity. Since becoming a signatory to the commitment in 2019, the group has undertaken actions focused on each one of the nine targets and discloses its main advances on the CEBDS website.

#Uma Beleza De Futuro
Commitments
For the Future

- #7 Invest around R\$ 6 million in the conservation of critical natural capital to ensure the perpetuation of the business
- #8 Promote the conservation of biodiversity, directly or indirectly, in 3.5 million hectares



Impact on variable remuneration

The targets related to this material topic impact the calculation of the variable remuneration of the ESG area.

Salto Morato Nature Reserve
Photo: Jose Paiva



FURTHER INFORMATION:

The Boticário Group Foundation for Nature Protection

Boticário Group - Our commitments

Brazilian Business Commitment for Biodiversity

actions and **results** **2022**

2.9 million hectares with conservation measures

BRL 1.6 million invested in conservation*

* of the natural capital critical for the perpetuation of the business (2020 – 2022)

Critical Natural Capital

With support from external specialists, the Boticário Group progressed in mapping its critical natural capital (raw materials and ecosystem services vital for the operational activities in its manufacturing units).

The study, initiated in 2022, has three focuses:

- identification of impacts and dependencies, with a risk analysis from the perspective of biodiversity;
- diagnosis and prioritization of the critical natural capitals; and
- formulation of strategies and tactical-operational plans for the conservation of the biodiversity related to the business's dependencies, focused on the sustainability of its processes and products.

The mapping used the LIFE BSE Matrix of impacts and dependencies on ecosystem services (linked with LIFE Key methodology) and the Natural Capital Protocol framework.

Development on the work continues in 2023, but the group is already employing some of the preliminary results. One example is water. This was identified as very important for company activities and will be the object of specific management strategies. Measures are also being developed to generate positive impacts through the conservation of biodiversity, with coordinated initiatives by diverse areas of the business. The next focus will be management of the raw materials identified as priorities by the study.

New technologies

Through the consultancy Emerge, the group is prospecting and mapping technologies related to the Atlantic Rainforest and Cerrado biomes under development in the academic milieu. During 2022, initially 72 technologies from different universities were identified. These have potential for connection with internal projects and may be selected to receive support from the group in the future. The analysis took into account the viability of the initiative, market interest, the robustness of the technology, its challenges and opportunities.

In a second stage, four finalists were selected. The process continues in 2023, when the winning team will be selected and will receive investment from Emerge for the creation of a start-up.

The group also invests in internal development. In 2022 it inaugurated its new Research and Innovation Center in São José dos Pinhais (see [page 40](#)).

Conservation

In 2022, the areas receiving direct or indirect conservation measures from the group totaled 2.9 million hectares. Of this total, 1.5 million hectares received investments, with measures to protect, create, expand or restore natural areas or promote land title regularization. The remaining 1.4 million hectares involves: the commitments established with 23 local governments in the Atlantic Rainforest Great Reserve to promote economic development allied with the conservation of nature in their territories; and the influence of The Boticário Group Foundation for Nature Protection over public policies that should benefit state parks in the state of Paraná and reduce fires in the municipality of Cavalcante (GO), where one of the foundation's reserves is located.



Red-tailed Amazon, Amazona brasiliensis. Photo: Zig Koch

consumption
and discharge of

water

#BeautyForTheFuture

Serra do Tombador Nature Reserve (GO). Photo: Adrian Moss

our strategy

why it matters



Water is a strategic good, essential for human life, the preservation of ecosystems and regulation of the climate. Ensuring water availability and quality is the responsibility of everyone – governments, companies and society.

GRI 303-1, 303-2

Water is a critical element for the Boticário Group, be it in product formulation or in production support activities. In water management, the group goes beyond the identification, quantification and mitigation of internal and external negative impacts that water use might represent and invests in generating positive reflexes for society.

The work ranges from rationalizing consumption at the production stage to care with the potential impact of products on water systems in the consumption and post-consumption stages. The factories and administrative areas have reuse systems and the distribution centers harvest rainwater in order to clean floors, water gardens, feed cooling towers and supply toilet flushes.

A new effluent treatment and reuse system under construction at the São José dos Pinhais (PR) plant, will enable use in the boilers from 2023 (see page 46).

The group uses enhanced water treatment techniques in the manufacturing process to improve effectiveness and reduce the impacts of consumption. One example is the project developed in the Camaçari plant in Bahia to optimize the cleaning and sanitizing of

reactors. Using features incorporated into the equipment it was possible to reduce water consumption by 59%, generating cost savings and reducing waste generation.

Water impacts are considered from the product formulation stage. Using a proprietary tool – Environmental Risk Assessment Index (IARA) –, the group assesses the impact of rinsable products, such as shampoos, conditioners and soaps, on water. Based on the performance of the different raw materials used in the rinsables in aspects related to bio-accumulation, biodegradation and water toxicity, the tool enables the creation of lower impact products.

The parameters monitored, as well as acceptance criteria, quality standards for effluent discharge, frequency of measurement, means of recording and measures to be taken in the event of deviations are described in internal procedures which take into account the requirements established in the CONAMA resolution 430 and applicable state and municipal legislation, and the conditions established in the environmental licenses and discharge permits.



Salto Morato Nature Reserve
Photo: Jose Paiva



Impact on variable remuneration

The targets related to this material topic impact the calculation of the variable remuneration of the Operations area.



FURTHER INFORMATION:
Transparent Beauty Portal - Formulas with lower water impact

Commitments For the Future

#Uma Beleza De Futuro

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

#04 Reducing the consumption of nonrenewable 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

Safe for coral

The body sun protection products in the Boti Sun line were developed to minimize environmental impact on the aquatic ecosystem. Employing pioneering technologies, these products were tested and approved, guaranteeing that they do not harm reefs, earning “reef safe” certification. The Boticário Group pioneered this initiative in Brazil with the 2020 launch of the product.

actions and results 2022

IARA Tech/LYRA

The project represents an evolution of IARA technology. In addition to including other aspects in the assessment of raw material environmental impacts – such as energy consumption and waste generation –, the new system provides automated reports and a clearer view of the performance of each ingredient in the indicators analyzed. With faster diagnoses, it will be possible to extend the assessment to the entire group portfolio and create an indicator dashboard, supporting monitoring of advances in commitment #5.

MANAGING WATER ¹ (ML - Megaliters)			
Withdrawal GRI 303-3	2020	2021	2022
Water utility	114.7	104.3	109.3
Well	100.3	104.9	171.0
Rainwater or reused water	67.7	55.9	65.9
Total withdrawn ²	288.1	265.2	346.2
Discharge 303-4³			
Water bodies	NA	NA	40.3
Water utilities	NA	NA	77.2
Total discharged	NA	NA	117.4
Consumption⁴ 303-5	NA	NA	228.8

NA: information not available. The GRI standard was adopted from the 2022 report; there are no comparable metrics for the previous years.

¹ All the volumes informed are for fresh water. There is no withdrawal or discharge in areas with water stress. According to the WRI (World Resources Institute) tool the Aqueduct Water Risk Atlas, our operations are in areas with low risk of stress in annual assessments.

² In 2020, the company received 5.2 ML (Megaliters) from water tanker trucks.

³ The water content reports demonstrate that there are no priority substances that may cause irreversible damage to water bodies.

⁴ Total withdrawn minus total discharged. Corresponds to the volumes incorporated into the products. Takes 100% of the company operation into account*.

EFFICIENT WATER USE	2020	2021	2022 ¹		2023 target	2030 target ²
			Target	Result		
Reuse (Total reused/ Total withdrawn)	23.5%	21%	22%	19%	15%	50%
Water intensity (m ³ /ton produced)	5.60	4.34	4.27	5.00	5.50	3.20

¹ The result 3 percentage points below target was due to the lack of water within adequate parameters for safe reuse in sanitary facilities, cooling towers and irrigation during part of the year. The performance was the target of analysis and mitigation plans, in parallel with investment in the new reuse system, which comes into operation in 2023 and should improve performance in this area.

² 2030 target specific to the Operations area, which complements the Commitments for the Future targets.

Takes 100% of company operation into account*.

* Takes the São José dos Pinhais (PR) and Camaçari (BA) factories and the Registro (SP) and São Gonçalo dos Campos (BA) distribution centers into account



Reuse system

In 2022, the group invested BRL 10 million in a new Water Reuse Treatment Plant in the São José dos Pinhais (PR) factory, which will improve the quality of the treated effluent, enabling an increase in the types of use and the volumes available.

The system involves three treatment stages. In the first, the sanitary effluent and effluents from industrial processes are treated chemically to remove solids and organic material. The second involves filtering through membranes that completes the separation of smaller solids and micro-organisms. The water resulting from this stage is of sufficient quality for use in sanitary facilities, gardens, cleaning and the cooling towers, in line with what the previous treatment system permitted. The new Water Reuse Treatment Plant adds a third treatment stage to the process, elevating the final quality of the water, permitting its reuse in the boilers.

The new system has a capacity of 8,000 liters, double that of the previous one, and will come into operation in the second half of 2023.

External assessment

Boticário Group water security management was rated A- in an assessment undertaken by the CDP, a global benchmark in this area and in climate change and forest management. This was the first time that the group took part in the assessment. The CDP classification scale ranges from A+ to D.

climate emergency,
energy and

emissions



#BeautyForTheFuture

why it matters

The ever more frequent occurrence of extreme climatic events (floods, heat waves or intense cold, prolonged droughts) is the more visible face of a phenomenon that concerns the whole world. Containing global warming to a temperature increase of 1.5°C is a target defined by the Paris Agreement in 2015 and reaffirmed in 2022, during the United Nations Climate Change Conference, COP 27, held in Egypt. Controlling and reducing greenhouse gas emissions requires a joint effort on the part of the whole of society. Governments, international organisms, scientific institutions and corporations are uniting around this goal.

our strategy

The response to the climate emergency is strategic for the Boticário Group due to the risks presented by extreme climatic events or by the possibility of scarcity of resources for operations and the business.

The group assesses and measures the positive and negative impacts of its activities on climate change and energy consumption, considering all the stages, ranging from the operation to retail, and the reflexes on society and the environment. One impact is the emission of greenhouse gases (GHG); the company constantly strives to reduce these emissions. The group's target is to neutralize emissions in the direct operation by 2030.

Managing this issue is strategic for the group and is the responsibility of the highest governance level. The ESG Committee defines the guidelines and approves the company's Climate Strategy, which also monitors advances against the

targets and, together with the Risks and Audit Committee, the climate risks identified in the operations and in the group's value chain.

In this work, the group follows the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD), an initiative of the Financial Stability Council (FSB) which standardizes the disclosure of company actions to mitigate climate change risks. The standard establishes the monitoring of 11 indicators grouped in four clusters: governance; risk management; strategy and metrics; and targets.

The group's climate performance assessment metrics take into account impacts and opportunities and are constantly reassessed. In the 2022, the key risk indicator (KRI) was reviewed with a focus on the production, distribution and retail stages. The KRI establishes the critical points between risk appetite and the risk profile identified and provides important information for achieving strategic targets.

Commitments

#Uma
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Futuro

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 nonrenewable 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 alternative lower impact sources



Climate action initiatives

To combat climatic events such as the prolonged drought in 2020/2021 in the Southern region (where the São José dos Pinhais plant is located, in Paraná), the group developed adaptation projects, such as water reuse and optimization of consumption.

The pursuit of clean energy sources is part of the group's commitment to transition to a low carbon economy, helping to mitigate the effects of climate change. In the factories and in the distribution centers in Registro (SP) and São Gonçalo dos Campos (BA), all energy is acquired from the free market and comes from renewable sources, excluding the cases provided for in the issue of the sustainability-linked bond – SLB.¹

In the Camaçari (BA) plant, part of the energy (5%) comes from solar panels.

In the second half of 2023, a distributed generation project (acquisition of renewable energy from small distributors) is scheduled for the company's own stores located in Minas Gerais. Building on this pilot initiative, the project may be improved and extended to other states.

The electric vehicle fleet used to distribute products to the retail network in the municipality of São Paulo now has 29 vehicles, double the number for last year, and should continue to grow, reaching other state capitals in Brazil.

Measuring emissions

The GHG (greenhouse gas) emissions inventory is aligned with the GHG Protocol methodology and is disclosed annually in Brazil's Public Emissions Registry. The group also reports its emission to the CDP, a global non-profit organization that engages investors, institutions, corporations and governments in collaborative measures to promote sustainable development. In addition to these initiatives, the Boticário Group engages its suppliers in recording their emissions using the same methodology.

¹ As established in the issue of the SLB, the calculation of the percentage of renewable energy excludes consumption from non-renewable sources in the following situations: total or partial consumption arising from energy supply problems; grid oscillation that impedes the proper functioning of on-site equipment; consumption necessary for maintenance and conducting mandatory tests on alternative energy systems (generators); consumption necessary for force majeure events and cases in which the group is unable to access renewable alternative sources. Additionally, the impact of energy consumption caused by any relevant alteration in applicable laws, regulations, rules, guidelines and policies and/or related to the activities of the Boticário Group after the date of the issue of the SLB is not included in the calculation.

CDP Rating

The group received a B rating in climate change in the assessment conducted by the CDP in 2022, performance higher than the average for the sector (B-) and for companies in South America (C).

Annually, thousands of companies worldwide respond to the CDP questionnaires on topics such as climate change, water security and forests. After analysis and systematization, the data provide a diagnosis of the maturity of management of these topics and of related risks, opportunities and impacts. Companies, market analysts, investors and government representatives may consult different segments of this information as a basis for decision making.



Impact on variable remuneration

The targets related to this material topic impact the calculation of the variable remuneration of the Operations area.



FURTHER INFORMATION:
Transparent Beauty Portal -
More efficient processes

actions and **results** **2022**

Decarbonization Plan

Since 2019, when the Boticário Group defined an internal price for carbon, this variable has been considered in our decision making processes and in studies for offsetting atmospheric emissions.

The Decarbonization Plan, one of the mechanisms used to guarantee achievement of the Commitments for the Future, was updated in 2022 and should include the MACC - Marginal Abatement Cost Curve. This indicator is under construction and consists of a ranking of the initiatives in accordance with cost and effectiveness criteria, permitting comparison between the different projects. It also enables the calculation of the cost of mitigating one ton of carbon and, thus, planning investments to achieve group objectives.

Adhesion to the SBTi

In 2022, the Boticário Group undertook preparations for its formal adhesion to the SBTi (Science Base Target Initiative) – a collaborative measure led by the CDP, the United Nations Global Compact, the World Resources Institute and the World Fund for Nature to define climate targets based on scientific data. More than one thousand companies worldwide are participating in the initiative.

The targets to be submitted to the SBTi by the group will take into account the results of the MACC curve and will include scope 1,2 and 3 emissions (the direct and indirect emissions of the group and its value chain).

Climate risks

The climate risks identified by the group are divided into two categories – Physical (acute or chronic) and Transition (political and general, technological, market and reputation) – with the description of the impacts related to them and their possible effects on the activities of the group and its value chain. The work is oriented by four tools: Aqueduct, Adapta Brasil, Think Hazard and Water Risk Filter.

The analysis is based on different climate-related scenarios – SSP1-2.6, SSP2-4.5, SSP3-7.0 and SSP5-8.5 –, that include social variables such as population increase, economic and bio-ecological factors. All of them consider that as early as the beginning of the next decade, global warming will be 1.5°C higher than pre-industrial levels. According to the most ambitious Paris Agreement target, this limit should not be reached before 2040.

The new scenarios used are the counterparts of those applied previously by the group: RCP 2.6 (Low emissions), RCPs 4.5 and 6.0 (stabilization of median GHG emissions) and RCP 8.5 (high emissions). The modification is in line with what was established in the 2022 assessment report from the United Nations Intergovernmental Panel on Climate Change (IPCC).

In its risk assessment, the group identified 35 climate threats, defined as climatic risk factors which, jointly, represent a threat to the business. These are split into 14 physical risks, the result of the company's exposure to modifications in climate patterns, and 21 transition risks, leveraged by the rapid migration of the economy to a low carbon model.

An action plan with a dedicated budget was defined for each one of them.



Standardization and transparency

In reporting its GHG emissions, the group follows the TCFD (Task Force on Climate-Related Financial Disclosures) standard, which establishes the disclosure of information taking into account the dimensions of governance; risk management; strategy and metrics; and targets.

ENERGY CONSUMPTION INSIDE THE ORGANIZATION¹ (GJ) GRI 302-1 ²	2022
Fuel consumption	69,411.2
Consumption of fuels from non-renewable sources	60,874.4
Non-renewable source - Diesel	1,566.7
Non-renewable source - Natural Gas ³	40,493.8
Non-renewable source - LPG	771.9
Non-renewable source - Gasoline (pure)	18,042.0
Consumption of fuels from non-renewable sources	8,536.8
Renewable source - Anhydrous Ethanol	3,745.0
Renewable source - Ethanol	4,629.4
Renewable source - Biodiesel (B100)	162.5
Electricity consumption⁴	165,859.9
Total	235,271.1

¹ Scope: direct operation: factories, company and third-party distribution centers, offices and own retail.

² No energy sales.

³ Steam generation in boilers fueled by natural gas.

⁴ 79% of the total is acquired from the free energy market and low impact sources.

ECO-EFFICIENCY IN THE FACTORIES** GRI 302-3, 305-4	2021	2022		2023 target
		Target	Result	
Energy intensity (MWh/million units produced) ¹	96.2	95.8	87.3	87.3
GHG emissions intensity – Scope 1 stationary sources (tCO ₂ e/million units produced) ²	7.8	7.6	6.8	5.8

¹ Takes into account electricity consumed in the factories. Considering the total energy consumption in the factories (electricity and steam), the indicator is 121.25 MWh /million units produced.

² Scope: factory stationary combustion. The gases included in the calculation are: CO₂, CH₄, N₂O. Approach used: calculation based on published emission factors.

OTHER FACTORY EMISSIONS** GRI 305-7	
NOx (nitrogen oxides) [t]	0.35
SOx (sulfur oxides) [t]	0.08
Particulate material (PM)	0.01

In 2020 and 2021 our report did not use the GRI standard; therefore, there is no comparability. From 2022 we will adopt the standard in all our ESG reports. (Note valid for all the indicators on this page).

DIRECT (SCOPE 1) GHG EMISSIONS** GRI 305-1	
Category	tCO₂e
Stationary combustion	2,359.49
Mobile combustion	1,129.64
Fugitive emissions	538.97
Total	4,028.10

Biogenic CO₂ Emissions (Scope 1): 586.1 tCO₂e.

ENERGY INDIRECT (SCOPE 2) GHG EMISSIONS FROM THE ACQUISITION OF ENERGY** GRI 305-2	
Category	tCO₂e
Electricity consumption (location based)	2,008.71
Electricity consumption (market based)	486.80
Total	2,495.51

Biogenic CO₂ Emissions (Scope 2): 0 tCO₂e.

The increase in scope 3 emissions in 2022 compared with the previous year is due to the inclusion of new emissions categories.

GHG EMISSIONS (SCOPE 3)** GRI 305-3	
Category	tCO₂e
Category 1 - Goods and services acquired ¹	235,411.0
Category 2 - Capital goods ¹	9,891.2
Category 3 - Fuel and energy-related activities (not included in scopes 1 or 2) ¹	13,521.0
Category 4 - Transport and distribution (upstream)	27,465.7
Category 5 - Waste generated in the operations	2,554.8
Category 6 - Business travel	344.8
Category 7 - Employee travel	7,024.6
Category 11 - Use of products sold ¹	71,409.3
Category 12 - End-of-life treatment of products sold ¹	5,581.4
Category 14 - Franchises ¹	1,093.6
Total	374,297.5

¹ New categories included in 2022.

Biogenic CO₂ Emissions (Scope 3): 3,391.4 tCO₂e.

**Base year 2022.

Consolidation approach adopted: Operational Control. The gases included in the calculation are: CO₂, CH₄, N₂O.

The standards and calculation tools adopted, as well as the conversion factors, are aligned with the principles of the 2023 GHG Protocol. For the scope 3 categories 1, 2, 3, 5 and 12, the Ecoinvent premisses and conversion factors were used.

100%

of the electricity consumed

in the company's own operation* from renewable sources

In 2022, we achieved a

43%

reduction in the stationary emissions intensity in the factories compared with base year 2007. The target is to reach 50% by 2025.

* Takes the São José dos Pinhais (PR) and Camaçari (BA) factories and the Registro (SP) and São Gonçalo dos Campos (BA) distribution centers into account

packaging and

waste

#BeautyForTheFuture

why it **matters**

Waste management is one of the major challenges for the modern world. Addressing it requires a commitment to new standards of production and consumption and a new, more circular economy. It is necessary to rethink processes, products and packs, from their conception to the post-consumer phase.

Commitment **For the Future**

#Uma Beleza De Futuro

#1 Map and find solutions for 150% of all the solid waste generated by our chain

Impact on variable remuneration

The waste eco-efficiency targets in the production stage impact the calculation of the variable remuneration of the Operations area, and the 3R (reduce, reuse and recycle) targets impact the whole group.

our **strategy**

GRI 306-1, 306-2

Waste management is a challenge shared by the whole value chain: manufacturing, distribution, sales channels and consumers. In the Boticário Group, we are aware of our role in this chain and want to be a key component in the solution. We assess and measure the impacts of our waste generation on the environment and on society. In addition to reducing and mitigating negative impacts, we boost the positive ones, strengthening the circular economy and including individuals and cooperatives that work with the collection and recycling of waste materials.

Our work is based on the concept of the 3Rs – reduce, reuse and recycle. Our target is ambitious: map and find solutions for 150% of all the solid waste generated in our chain by 2030. To do this, we have rethought diverse processes, such as the conception and manufacture of products, packaging, distribution logistics, communication and the post-consumer stage.

For packaging, which represents a significant part of the waste generated in retail operations, care involves, among other measures: favoring materials of recycled origin or with greater potential to be recycled and applying the concepts of ecodesign, such as packs that can be reused, easily disassembled or refilled, among others, aimed at reducing the consumption of raw materials, optimizing transportation and facilitating disassembly.

The Malbec perfume bottle, for example, contains 35% recycled glass in its composition. Moreover, currently 6% of the group’s portfolio has refill options, with packs that use up to 92% less material than conventional ones. The Nativa Spa and Cuide-se Bem cosmetics lines and the perfumes of the Arbo Forest, Celebre and Glamour lines are some examples.

Also worthy of note is the Boti Recicla program, providing reverse logistics for post-consumer packaging of personal hygiene, cosmetics and perfumery products.



FURTHER INFORMATION:
Transparent Beauty Portal
- Ecodesign

Transparent Beauty Portal
- Sustainable Materials



actions and **results** **2022**

Training in Waste Solutions

Teaching by example: this is the essence of the training program given to employees in 2022. During the training, they were encouraged to complement the “reduce, reuse and recycle” concept with a fourth R and Rethink their routine attitudes. In practice, this means identifying possibilities for reducing waste generation, finding new uses for products and, when disposal is necessary, to do this correctly.

The course also reinforces internal adhesion to the Boti Recicla program, rewarding the employees who are most engaged.

Boti Recicla is the largest reverse logistics program in drop-off points for the cosmetics sector in Brazil. There are over 4,500 points nationwide that collect post-consumer packs of any personal hygiene, cosmetics or perfumery product. The volume collected at these points has been growing year on year and is donated to recycling cooperatives.

Digitalization of catalogues

The printed product catalogues for the O Boticário and Eudora brands are a powerful tool for driving household sales, but they also generate waste because new editions are published and printed every 30 days. For this reason, the group is encouraging the resellers to migrate from the paper publication to the digital version, with a new approach to customers and the creation of “virtual stores”.

The results of this initiative were already felt in 2022. The annual average number of catalogues printed (Eudora and O Boticário) per reseller decreased by 32% compared with 2021. Moreover, the reduction of the grammage in this period led to a 570 ton reduction in paper consumption.

Social Franchise

The project, still in the embryo phase, is aimed at providing support for the group’s waste collection cooperative partners and shows high growth potential for the coming years. The proposal is to improve the physical infrastructure and performance of the cooperatives and boost the benefits generated for members.

Factory Price Station (Estação Preço de Fábrica)

After the good results of the first Factory Price Station in 2021 in Carapicuíba (SP) in partnership with the start-up Green Mining, the initiative was expanded in 2022. A new unit was created in partnership with Ibema, which supplies paper to the group, and is located in Embu das Artes (SP). The purpose of the stations – also known as Glass Hubs – is to help develop the recycling chain, particularly in paper and glass.

In the case of glass, which has great reuse potential, the project can boost the collection by cooperatives, who traditionally do not favor the material because it is difficult to transport and to find buyers. The station receives the post-consumer glass delivered by recyclable material pickers or collects it free of charge from partnering commercial establishments. The glass is separated by type at the unit and then sent for processing and recycling by packaging industries. The direct dynamic with no middlemen adds value to the waste and increases the income of those delivering it, generating positive environmental and social impacts. In its first year of operation, the unit exceeded its processing target. The Carapicuíba Factory Price Station ended 2022 having collected 343 tons of glass, 14% more than planned.

In 2023, the Boticário Group plans to inaugurate another two Factory Price Stations, and the target is to reach nine units by 2030.

Reuse of boxes

This project is based on a simple idea: the cartons that hold inputs or caps transported by the supplier to the factory are reused in the distribution logistics of finished products and then return to the factory or the distribution centers for new cycles of use. This dynamic reduces the demand for new cartons, as well as waste generation.

A pilot project was implanted at the two manufacturing units – in Paraná and Bahia – and in the distribution centers. To leverage the results of the initiative, the group also invested in reducing the grammage of the cardboard in the cartons. The measure has the potential to reduce paper consumption by 330 tons a year.

Returnable crates

The substitution of disposable crates with returnable ones in the transportation of lids avoided the generation of 833 tons of plastic waste in the year.

Zero Landfill Project

The group progressed in its target to increase the recycled portion of waste generated in its own operation* and eliminate disposal in sanitary landfills. In 2022, the recyclability rate was 97.7%, exceeding the 95% target for the year. The composting of canteen waste was one of the factors that contributed to this result.

* Takes into account the São José dos Pinhais and Camaçari factories, and the distribution centers in Registro and São Gonçalo dos Campos.

USE OF MATERIALS (t) GRI 301-1, 301-2	Renewable (Total %)	Non-renewable (Total %)
Product formulas ¹	17,212 70%	7,391 30%
Packaging	6,103 13%	42,598 87%

¹ In formulation, raw materials of vegetable and biotechnological origin were considered renewable. Synthetic and mixed materials or ones of animal origin were considered non-renewable.

Note: due to the nature of the products, raw materials of recycled origin are not used in product formulation. For packaging, 3% of the total (in volume) is of recycled origin (301-2).

WASTE MANAGEMENT IN THE FACTORIES ¹	2020	2021	2022	2023 target
Recyclability (Total generated/Total recycled)	96.9%	97.4%	97.7 (target 95.0%)	96%
Generation intensity (Total generated (t)/Million units produced)	21.6	25.1	22.0 (target 24.4)	21.8

¹ Scope: own operation (takes the São José dos Pinhais (PR) and Camaçari (BA) factories and the Registro (SP) and São Gonçalo dos Campos (BA) distribution centers into account).

WASTE MANAGEMENT¹ (t) GRI 306-3, 306-4 and 306-5

HAZARDOUS WASTE	
Waste generated	1,408.9
Preparation for reuse	0.2
Recycling	568.3
Co-processing	714.6
Incineration (without energy recovery)	125.8

NON-HAZARDOUS WASTE	
Waste generated	7,036.4
Preparation for reuse	126.8
Recycling	4,377.8
Co-processing and/or composting	2,329.5
Incineration (without energy recovery)	8.9
Confinement in landfill	193.4

¹ Scope: own operation (takes the São José dos Pinhais (PR) and Camaçari (BA) factories and the Registro (SP) and São Gonçalo dos Campos (BA) distribution centers into account).

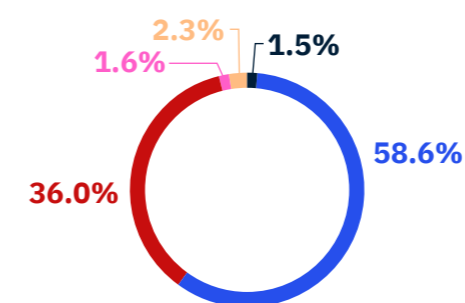
Based on the data in the waste transportation manifests and the weights recorded by the recipients.

Obs.: all disposal is undertaken externally.



Waste disposal

Hazardous + Non-hazardous



Total: 8,445.3 tons

- Preparation for reuse
- Recycling
- Co-processing and/or composting
- Incineration (without energy recovery)
- Confinement in landfill



diversity

in the value chain

#BeautyForTheFuture

why it matters

The world is plural, and any relationship, learning and evolution claiming to be true and sustainable over time needs to start from this premise, recognizing and valuing individualities and promoting diversity and inclusion. More than welcoming and respecting differences, it is necessary to enable multiplicity to leverage growth, connections, innovation and balance.

POLICIES AND GUIDELINES

The principles of inclusion, equality and respect for diversity are incorporated into the group's internal normative framework, in documents such as the Code of Conduct and the Human Rights Commitment Charter.

The Diversity Policy goes deeper into the treatment in this area, with the explicit prohibition of any type of harassment, the policy of zero tolerance of discrimination, the definition of a process for scaling up the reporting of incidents and the corrective or disciplinary measures to be adopted in the event of discriminatory behavior or cases of harassment. The document also sets out the practice of training all employees in topics relating to discrimination and harassment in the workplace.

our strategy

Adopting a broad-based approach that encompasses its relationship network, the Boticario Group focuses diversity and inclusion efforts on five dimensions: people with disabilities, LGBTQIA+ people, women, black people (including dark skin and brown people) and +45 (people aged 45 or over). These five groups are the object of coordinated and systematic work aimed at producing structural changes; each year, one group is chosen as the focus for in-depth management initiatives.

The actions are organized in five pillars: people (employees, consumers), products (brand portfolios), social impact (reflexes on the community), value chain (suppliers, franchisees and sales force) and communication (use of traditional media or social networks as instruments to disseminate diversity).



Commitments For the Future

#Uma Beleza De Futuro

#11 Guarantee the representativeness of minority groups in leadership positions. Two stages are scheduled to achieve this target:

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

By 2030:

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

#13 Guarantee that our communication represents the Brazilian population

#14 Offer a portfolio of diverse and inclusive products, taking different lifestyles into account



FURTHER INFORMATION:

Boticário Group- Diversity
Boticário Group | #BeautyForTheFuture with diversity and inclusion
Human Rights and Diversity Commitment Charter



Impact on variable remuneration

The target of increasing the participation of black people in leadership positions impacts the variable remuneration of all areas of the group; the other diversity targets impact the calculation of the People area.

Some actions developed:

Education: diverse initiatives. The main one is the training in Diversity and Inclusion, which promotes awareness and the diffusion of knowledge in these topics.

In 2022, the LGBTPhobia Trail was created, with virtual modules and pills (shorter units) aimed at employees and the sales force. Through the group brand social networks, this information also impacted customers and suppliers.

Training: the 2022 agenda included workshops on: Gender Equality, Racial Equality, Inclusion of PWD, Inclusion of LGBTQIA+ and Generational Diversity.

Diversity Census: the group organizes a voluntary and anonymous annual survey with employees to gather information about how support for diversity is perceived internally and how receptive the team is to related topics. The census contributes to the design of new diversity and inclusion-related initiatives. The mentoring program Impulsiona GB, Acessibilidade 360, and Indica Aí are some examples of measures inspired by the census results.

Indica Aí (Refer someone): this encourages the recommendation of talents for company selection processes; employees receive a bonus if the person recommended is hired. In 2022, internal participation helped boost the admission of black candidates; the number hired was four times higher than in the previous year.

Hiring focused on diversity: in 2022, 60% of the participants in the intern program and 67% of the participants in the trainee program were from minority groups. Racial diversity in the Business Acceleration Journey program was 67%, with 83% participation of women.

During the course of the year, the share of affirmative vacancies in the total number of jobs offered increased from 4% (in January) to 18% (in December).

360 Accessibility: oriented to employees who have some type of disability (motor, visual, hearing), the program is aimed at identifying and eliminating barriers to the execution of activities, incentivizing inclusion and reinforcing professional growth opportunities.

actions and results 2022

Impulsiona GB

This is a mentoring program that combines pairs of employees from under-represented groups in the company structure: an experienced employee, who acts as a mentor, shares their professional experience with a less experienced colleague. In addition to expanding career prospects for the mentoree, the dynamics of the exchange of experience enriches the world view of the mentor. Almost 170 pairs of employees participated in 2022.

Successors Program

This involves 18 months of personalized training organized in five modules based on essential business topics. The objective is to prepare succession processes in the franchise network, ensuring service excellence and the perpetuation of the business. 260 successors have been prepared in the 13 years of the program.

The initiative undergoes periodic enhancement. The most recent editions have incorporated the subjects of Digitalization, Diversity and ESG, with contents on respectful and inclusive customer service, diversity in hiring, among others, reinforcing alignment with matters of interest to the group.

Acceleration of the Future Instrument (IAF)

A Boticário Group program on processes and standards for the operation of the franchises. The objective is to boost the market share and profitability of the franchisees. In addition to serving as an instrument for assessing and managing the network, the initiative promotes engagement and recognition of best practices on four fronts: Results, Digitalization, ESG and Operations. Assessment is annual and rewards good performance with prizes, such as trips abroad.



The ESG front has a weight of 20% in the final score, and takes into account ten indicators for diversity, reverse logistics (Boti Recicla), governance and management.

Inclusive Support Committee

This addresses cases of discrimination or unconscious bias in relation to minority groups, covering race, gender, age, social class, sexual orientation, gender identity and disability. The work involves active listening and care for employees and customers, with specific dialogue channels for each group. The committee also proposes policies to drive respect and co-existence with differences, as well as measures to strengthen the group's journey towards equality and inclusion.

Affirmative Purchases Portal

With this initiative, the group leverages purchases and/or negotiations with companies owned by members of minority groups (women, black people, people with disabilities and the LGBTQIA+ community). The suppliers benefited are mostly small and medium-sized companies for whom bureaucracy, cash flow and working capital management represent barriers to entry in the market.

Three integrator organizations (Integrare, WEConnect International and BPool) make the connection between the group and the suppliers by curating the Portal supplier base.

The Portal was launched in the second half of 2022. By the end of the year it had more than one thousand companies registered to take part in group purchasing processes and more than 200 contracts signed with companies from varied segments. Communication, marketing, events, gifts, construction, facilities and security are some examples.

The plan for 2023 is to reinforce the engagement of the requesting areas and to disseminate the initiative in partnership with the integrator organizations.

Affinity groups

Discussion forums aimed at engaging employees and leaders, driving visibility for questions of diversity and inclusion and suggesting initiatives and strategies. Around one thousand employees participate in the five thematic groups: Além da Pele (Beyond Skin - racial equality), Lado a Lado (Side by Side - gender equality), Inclusão na Real (Real Inclusion - people with disabilities), Orgulho (Pride - LGBTQIA+ inclusion) and GeNext (generational diversity).

Free Beauty Communities Project

On an interactive platform, different group teams and minority groups meet to co-develop products, from conception through to final definition. The project is

a joint initiative of the Diversity ESG and Consumer Insights areas and is conducted in partnership with the company Ipsos Brasil, specialized in communities, which engages the participants and stimulates dialogue in a virtual environment.

The work began in March 2022 and became operational in October with around 200 participants from all over Brazil (40% black people, 20% people with disabilities, 20% from the LGBTQIA+ community and 20% aged over 50 years). The active participation of community members generates information to prepare future product launches aligned with the group's commitment to develop an extensive portfolio, capable of accommodating different needs, personal characteristics and consumer lifestyles.

Diversa Beleza (Diverse Beauty)

A movement aimed at giving new meaning to beauty standards and deconstructing stereotypes, disseminating a new concept

of beauty, closer to people in real life, with all their differences in color, skin and biotypes. It was idealized by the Diversity and Inclusion team jointly with the company brands O Boticário, Quem Disse, Berenice?, Eudora, Vult, O.U.i and Australian Gold. It was initiated in 2021 with the launch of a manifesto defending inclusive beauty.

In 2022, the work involved training 600 people engaged in the group communication chain, including partnering agencies and producers, and the creation of an image bank with models that represent the diversity of the population. The archive is public and may be used free of charge.

The initiative is also reflected in the review of language and concepts of what is or is not beautiful, with the gradual suppression of terms that reinforce stereotypes – such as lightening, normal, perfect – on product packaging.

The Diverse Beauty movement is aligned with the principles of the United Nations (UN) Unstereotype Alliance, to which the Boticário Group is a signatory.

DIVERSITY 405-1	Gender		Age group		
	Men	Women	Under 30 years	From 30 to 50 years	Over 50 years
Board	70%	30%	0%	40%	60%
Employees					
CEO and Vice Presidencies	67%	33%	0%	56%	44%
Director level	60%	40%	0%	96%	4%
Senior management	49%	51%	1%	94%	5%
Management	50%	50%	4%	94%	2%
Supervision	28%	72%	7%	89%	4%
Coordination	52%	48%	6%	92%	2%
Administrative	20%	80%	37%	60%	3%
Specialized technical	45%	55%	29%	69%	2%
Technical	65%	35%	22%	73%	5%
Operational	56%	44%	33%	62%	5%
Interns	34%	66%	96%	4%	0%
Apprentices	42%	58%	100%	0%	0%
Total employees	40%	60%	30%	67%	3%

Obs.: considers all the operations in Brazil.

DIVERSITY 405-1	Race					
	Dark skin	Brown	White	Oriental	Indigenous	Not declared
Board	0%	0%	100%	0%	0%	0%
Employees						
CEO and Vice Presidencies	0%	0%	100%	0%	0%	0%
Director level	0%	7%	88%	3%	0%	2%
Senior management	2%	10%	81%	4%	0%	3%
Management	4%	12%	81%	3%	0%	0%
Supervision	5%	40%	51%	2%	0%	2%
Coordination	6%	22%	68%	3%	0%	1%
Administrative	12%	50%	35%	2%	0%	1%
Specialized technical	9%	21%	66%	2%	0%	2%
Technical	12%	37%	47%	2%	0%	2%
Operational	16%	44%	35%	1%	0%	4%
Interns	28%	30%	39%	2%	0%	1%
Apprentices	14%	41%	44%	0%	1%	0%
Total employees	11%	34%	51%	2%	0%	2%

Obs.: considers all the operations in Brazil.



Product development

Of the products launched in 2022:

73%
have diversity
and inclusion
attributes

58%
had minority
groups involved
in their
development

Salary equity* GRI 405-2

The salary equity ratio between men and women was 0.80 at executive level, 0.93 at management level and 0.90 at non-management level. (Data audited by third-party.)

* Takes total remuneration into account

Training

85% of group executives and 70% of employees in leadership roles participated in the Inclusive Leadership training.

Hiring

During the course of the year, the share of affirmative vacancies in the total number of jobs offered increased from 4% (in January) to 18% (in December). Among the candidates selected in non-affirmative processes, 43% belong to diverse groups.

responsible and sustainable

procurement



#BeautyForTheFuture

why it matters

To be effective, organizational commitment to ESG, respect for human rights, ethics and the conservation of biodiversity should not be limited to companies' internal environment. This commitment should permeate the entire value chain. In this respect, supplier relations is a key space for each company to put what it believes and advocates into practice, while encouraging best practices and driving the evolution of the entire ecosystem.



FURTHER INFORMATION:

**Boticário Group
Supplier Portal**

our strategy

GRI 308-1, 308-2, 414-1, 414-2

All suppliers undergo a prior approval process that involves the face to face or remote audit of documents related to legal compliance (economic, labor, integrity and anti-corruption, environmental and operational permits), as well as health, safety, social responsibility and environmental management, eco-efficiency, ethical conduct, human rights, diversity, equality, non-discrimination and governance, among other factors.

During the prior approval process they must adhere to the group Code of Conduct, the Supplier Sustainability Management Guide and a specific document that sets forth the guidelines and commitments to ethical conduct required in doing business with the group. This material is

in the welcome kit for partners and is available in the supplier portal.

Moreover, all contracts include specific clauses on respect for the Code of Conduct and occupational health, safety and environmental standards in the work place.

The same factors considered in the approval process are assessed during the audits – face to face or remote – conducted while the contract is in force. The assessments employ the group's proprietary methodology and the intervals between them vary in accordance with the risk matrix, which takes into account business strategy, quality, logistics, sector of activity, the goods or services supplied and ESG aspects, among other criteria.

The risk matrix is also applied to the analysis and classification of suppliers as strategic or regular, based on criteria such as: amount commercialized, capacity to add value to the business, structure to fulfill business requirements, synergy with the group essences and ESG topics. Among the ESG aspects addressed, worthy of note are: eco-efficiency, climate change, biodiversity, traceability of raw materials, waste management, diversity and inclusion, ethical conduct, governance, integrity and risk management.

Partners also undergo a criticality analysis; those with the largest purchase volumes and that supply products and services considered essential for the business are classified as critical.

In 2022, the group's supply chain comprised 2,253 active suppliers.



Commitments

#Uma
Beleza
De
Futuro

For the Future

#04 Reducing the consumption of nonrenewable 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 Guarantee the traceability and sustainable origin of 100% of critical raw materials

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

Management, relationship and development

Partners' management practices and engagement with the group's principles of conduct are reviewed continuously to ensure alignment with the Code of Conduct and avoid possible conflicts with ESG requirements.

All suppliers considered strategic participate in the Partner Assessment and Development Program (PADP in the Portuguese acronym), of which the ESG Program for Suppliers is part. They are audited periodically while the contract is in force, at intervals determined by the risk matrix, just like the rest of the supplier network. Program participants receive scores based on their overall performance in different aspects. The ESG criteria have a weight of 10% in the final score.

Once a year, the program assesses partner performance in relation to overall performance in the supply of products and services. Twice a year, the assessment is focused on ESG aspects in the risk matrix, which also define the suppliers' degree of ESG criticality.

The companies presenting the best performance in quality, commercial, customer service, technical evaluation, service and ESG are awarded by the group. There are also specific recognitions for partners with outstanding ESG performance. The selection includes an audit by a third-party specialized in this area.

Suppliers with a score of over 60% in the ESG performance assessment are considered sustainable, while those scoring below this level are classified as high ESG risk. These receive feedback and suggestions for improvement, with support from internal and external specialists for the development of action and improvement plans.

In 2022, 100% of strategic suppliers were assessed. No contracts were rescinded based on ESG criteria.

Focus on raw materials

A socio-environmental risk matrix based on the raw materials used by strategic suppliers is under construction. This tool will support the development of new performance assessment programs and will stimulate sustainable development in the supplier chain.

actions and results 2022

Training and engagement

Suppliers of all sizes take part in online workshops organized by the group on ESG topics such as water security, climate change, diversity and inclusion, solid waste and social commitment. This training was aimed at presenting the group policies on ESG and its Commitments for the Future, explaining the importance of these actions and encouraging partners to adopt best practices in these areas.

Beauty Chain

The digital platform, launched in 2022, is aimed at enhancing communication between the group and its partners. The initiative streamlines processes, with centralized management, information traceability and the generation of reports in a data analytics environment.

All suppliers are invited to respond to an ESG assessment (previously applied manually), receive feedback on their performance and guidance from group specialists; they also have access to the records of their relationship.

Based on the performance assessment the companies receive a score and are ranked in seven categories according to their area of activity. A total of 450 companies are registered on the platform. Of these, 315 are under assessment, which corresponds to almost double the number of suppliers assessed in 2020.



Partner Assessment and Development Program (PADP)	2020	2021	2022
Suppliers with a rating of over 60% in the sustainability performance assessment	61 58	54 68	72 59
% of total strategic suppliers % of total spend			
Suppliers that participate in the Eco-efficiency Partnership Program commit to improvements, assessed quarterly	100 63	100 74	100 65
% of total strategic suppliers % of total spend			
Suppliers that promote measures to boost diversity	99 63	100 74	100 69
% of total strategic suppliers % of total spend			

Notes: Suppliers are classified as strategic based on a risk matrix that takes into account the criteria of amount commercialized, capacity to add value for the business, structure to meet business requirements, synergy with company essences and sustainable conduct.

The basis for suppliers that participate in the Eco-Efficiency Program is the number of strategic suppliers that respond to the questionnaire.



Selection and assessment

GRI 308-1, 308-2, 414-1, 414-2

All the new suppliers registered (total of 73) were selected based on social and environmental criteria during the approval process. For 23 of them, identified as at potential risk in these topics, the group undertook in-depth on-site audits.

During the year, 196 partners were submitted to screening for social and environmental aspects; none were identified as having actual or potential negative impacts in these areas.

CDP Supply Chain

In 2022, the Boticário Group joined the CDP Supply Chain, an initiative of the Carbon Disclosure Program that encourages companies to engage their supplier networks in the identification and mitigation of climate-related risks. At the group's invitation, strategic suppliers responded to the annual CDP survey on the subject.

24
suppliers
owned by
minority groups

7%
improvement
in diversity performance among suppliers
participating in the Partner Assessment and
Development Program (PADP)

development of surrounding
communities

#BeautyForTheFuture

why it matters

No company operates in isolation from its socio-economic context. The measurement of responsible success goes beyond financial results and brand credibility. It includes a broad-based vision of the company's stakeholder groups and opportunities to generate positive impact based on its operations, products and value chain, transforming the reality of society based on these relations.

our strategy

For the Boticário Group, promoting development and social transformation represents a duty and a mission. To do this, we strengthen education, foster inclusion and social mobility by means of professional training in areas related to the beauty ecosystem, we encourage entrepreneurship and develop actions to protect nature.

Our presence in the segment – from the industry to retail – and our capillarity in Brazil and abroad represent opportunities to generate positive impact in our relationship network, in community development and in improving people's lives.

The group is a signatory to the Global Compact, a United Nations (UN) initiative that promotes best practices in the environment, human rights, labor and anti-corruption, among other factors. Our actions are aligned with the UN Sustainable Development Goals (SDGs) and with the achievement of the Commitments for the Future (see [page 16](#)).

Boticário Group Institute

Founded in 2004, the Boticário Group Institute has benefited millions of people through support for professional training and enterprise programs and actions in the areas of health, education, diversity and gender equality. The organization also partners with recycling cooperatives and non-governmental organizations that assist disadvantaged populations.

Based on the belief that every human being has the potential to change the world around them, the institute raises the awareness of group employees and encourages them to do volunteer work. The work is focused on the communities surrounding the operations, reinforcing the group's commitment to these locations. The final goal is to build a fairer society from inside the organization.

The institute's activities are financed with funds from the group's Social and Private Investment Policy, which earmarks up to 1% of the net revenue from sales channels that have had positive operating results in the three years prior to the financing of the social and environmental actions.

The institute also supports projects approved by tax incentive laws.

Commitments For the Future

#Uma Beleza De Futuro

#2 Positively impact the lives of 1 million Brazilians involved in the beauty ecosystem, contributing to the reduction in social inequality

Impact on variable remuneration

The target of people whose reality is transformed impacts the variable remuneration of the ESG area.

Projeto Gente que Faz o Bem (People who Do Good Project)



actions and results 2022

Beauty Entrepreneurs

GRI 203-1

The program is aimed at empowering disadvantaged women through entrepreneurship. It is developed in partnership with non-governmental organizations and community bodies. In 2022, the group invested more than BRL 1.6 million in face to face and online activities.

The online courses are permanent and two annual editions are held. In 2022, more than 58,700 people enrolled in training courses in the areas of Sales, Personal Development, Enterprise, Nails and Make-up. At the end of the year, around 11,000 people had been trained; 68% increased their income as a result of applying the knowledge learned in the courses, contributing to the reduction of social inequality and improved living conditions for this social group.

At the end of the year, with the relaxation of the restrictions imposed by the Covid-19 pandemic, on-site training was implemented focused on women in the communities surrounding the operations. The six-week program trained 75 women in three municipalities: São José dos Pinhais (PR), Registro (SP) and Serra (ES).



Beauty Entrepreneur Project

R\$ 1.1
million
in end of
life product
donations*

R\$ 3.5
million
invested in
tax incentive
law projects

* With shelf life of six months or less.

More than
37,000
people

had their reality transformed
by the projects supported by the
Boticário Group Institute

11,000
hours donated

by our employees in
volunteer work

Desenvolve (Develop) Project

GRI 203-1

In partnership with the technology school Alura, the group offers vocational courses in the information technology area for disadvantaged people. The goal is to train new talents, promote diversity and help reduce the gender and race gap in the technology area in Brazil. Group employees participate in the program as volunteer mentors, assisting the students.

The initiative was launched in 2021 and consolidated in 2022. During the period, demand for the courses increased by 156%, with 21,300 enrollments. The group multiplied the places on offer more than sixfold, from 134 to 1,000. The network of partnering companies, comprising AWS and other technology companies, who help in hiring the program graduates, increased from 13 to 27.

A total of 339 people concluded the course; 54 were hired by the group and 20 by other companies, with positive reflexes on income generation and the living conditions of these people.



*Projeto Gente que Faz o Bem
(People who Do Good Project)*

Festival Gente que Faz o Bem (People who Do Good Festival) GRI 203-1

To increase employee engagement in social causes, the Boticário Group encourages volunteer work in surrounding communities. In 2022, this work involved the organization of the Gente que Faz o Bem (People who Do Good) Festival, which mobilized all areas of the company. The action benefited 2,500 disadvantaged children and institutions providing assistance to children.

The event was held at the end of August in Curitiba, São Paulo and Camaçari, with support from around 1,500 volunteers. The agenda included more than 70 sporting and recreational educational activities, in addition to the Hamburgada do Bem, in which 4,600 sandwiches were distributed to participants. Another noteworthy activity was the recycling workshop, which found new uses for 1,200 PET bottles. Drop-off stations for the Boti Recicla reverse logistics program were located at the event venues.

Cooperatives

The Boticário Group has partnerships with 14 recycling cooperatives in different states, as part of the Boti Recicla reverse logistics program. They receive the waste material delivered to the drop off stations and commit to dispose of this correctly.

In 2022, the group invested in a pilot project to train members of a cooperative located in Manaus (AM). They received training in governance for their business, compliance, data management, material recyclability and proper waste treatment. The next step will be to apply the learning from this experience to strengthen the company's partnerships with other cooperatives and help them to boost their networks of partners and their income, as well as implanting more transparent and readily auditable remuneration systems.

Resellers

The resellers expand the capillarity and presence of the brand as a fundamental component of the organization's business model. This group of partners is characterized by its entrepreneurial nature, viewing the direct sale of Boticário Group products as an income opportunity. Relations with this network are based on structured actions to drive support, empowerment, improved quality of life, satisfaction and incentives for education, development and professional growth.

A highlight in the work done in 2022 was the digital communication training program *Influenciadoras da Beleza* (Beauty Influencers), created to help resellers make their dream of having their own business come true.

There were two cycles of online training for a total of almost 25,000 participants. This ranged from basic information (for those unfamiliar with the digital world) to guidance on how to boost results and gain audience in the social networks. More than 5,500 women completed the courses and are qualified to operate in the virtual universe. Among those who put the knowledge acquired on how to be a digital influencer into practice, some 20% had an increase in income. The resellers also have support from the Universidade da Beleza Boticário (Boticário Beauty University) and the Eudora University. These are platforms that offer free courses, materials and videos on subjects such as financial and business management, stocks, marketing and sales techniques. In 2022, the training materials and e-books in the Beauty University were accessed over 8,500 times; while the figure for the Eudora University was 80,700.

Support in emergencies

The group supports civil society initiatives to provide assistance in crises or emergencies with financial donations. In February 2023, together with other companies and individuals, it participated in the campaign #tamojunto, by the non-governmental organization Gerando Falcões to provide food, hygiene kits, clothing and infrastructure for people displaced or made homeless by flooding on the north coast of the state of São Paulo.

GRI

content index



#BeautyForTheFuture

GRI content index

Statement of use: The Boticário Group reported in accordance with the GRI Standards for the period from January 1 to December 31, 2022

GRI 1 used: GRI 1: Foundation 2021

GRI Standard - Disclosure	Location	Omission
GRI 2: General disclosures 2021		
2-1 Organizational details	Pages 3 , 7 , 13	
2-2 Entities included in the organization's sustainability reporting	Page 3	
2-3 Reporting period, frequency and contact point	Page 3	
2-4 Restatements of information		There were no restatements of information. There were no alterations or errors regarding information reported previously that influence decision making on the part of the company.
2-5 External assurance	Page 75	
2-6 Activities, value chain and other business relationships	Page 7	
2-7 Employees	Page 9	
2-8 Workers who are not employees	Page 9	
2-9 Governance structure and composition	Page 13	
2-10 Nomination and selection of the highest governance body	Page 13	
2-11 Chair of the highest governance body	Page 13	
2-12 Role of the highest governance body in overseeing the management of impacts	Page 13	
2-13 Delegation of responsibility for managing impacts	Page 13	
2-14 Role of the highest governance body in sustainability reporting	Page 20	
2-15 Conflicts of interest	Page 14	
2-16 Communication of critical concerns	Pages 13 , 27	Content partially omitted because it is considered critical/strategic.
2-17 Collective knowledge of the highest governance body	Page 13	
2-18 Evaluation of the performance of the highest governance body		Content omitted because it is not applicable to the group.

GRI Standard - Disclosure	Location	Omission
GRI 2: General disclosures 2021 (cont'd)		
2-19 Remuneration policies	Page 30	Content partially omitted because it is considered critical/strategic
2-20 Process to determine remuneration	Page 30	Content partially omitted because it is considered critical/strategic
2-21 Annual total compensation ratio		Content partially omitted because it is considered critical/strategic.
2-22 Statement on sustainable development strategy	Page 4	
2-23 Policy commitments	Page 26	Our commitments and policies provide for the application of the precautionary principle whenever this is applicable. The same is true for the execution of due diligence, as set forth in the Code of Conduct and the Diversity, Anti-corruption, Labor, Compliance, Risk and Audit and Procurement policies.
2-24 Embedding policy commitments	Pages 26 , 27	
2-25 Processes to remediate negative impacts	Pages 22 , 23 , 24 , 27	
2-26 Mechanisms for seeking advice and raising concerns	Page 27	
2-27 Compliance with laws and regulations	Page 28	
2-28 Membership of associations	Page 11	
2-29 Approach to stakeholder engagement	Pages 13 , 20	
2-30 Collective bargaining agreements	Page 9	
GRI 3: Material Topics 2021		
3-1 Process to determine material topics	Page 20	
3-2 List of material topics	Page 22	
3-3 Management of material topics	Page 22	

GRI Standard/Other source	Disclosure	Location	Omission
Material topic: Corporate governance, data security and customer privacy			
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 28	
Material topic: Employee development			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	Page 33	
GRI 404: Training and education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	Page 33	
Material topic: Product quality, safety and transparency			
GRI 416: Consumer health and safety	416-1 Assessment of the health and safety impacts of product and service categories	Page 35	
GRI 416: Consumer health and safety	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	There were no cases.	
GRI 417: Marketing and labelling	417-1 Requirements for product and service information and labelling	Page 37	
Material topic: Conservation of biodiversity			
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	Page 42	
Material topic: Water consumption and discharge			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Page 45	
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	Page 45	
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	Page 46	
GRI 303: Water and Effluents 2018	303-4 Water discharge	Page 46	
GRI 303: Water and Effluents 2018	303-5 Water consumption	Page 46	

GRI Standard/Other source	Disclosure	Location	Omission
Material topic: Climate emergency, emissions, energy			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 51	
GRI 302: Energy 2016	302-3 Energy intensity	Page 51	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 51	
GRI 305: Emissions 2016	305-2 Energy Indirect (Scope 2) GHG emissions from the acquisition of energy	Page 51	
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions	Page 51	
GRI 305: Emissions 2016	305-4 GHG emissions intensity	Page 51	
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Page 51	
Material topic: Packaging and waste			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Page 53	
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	Page 53	
GRI 306: Waste 2020	306-3 Waste generated	Page 55	
GRI 306: Waste 2020	306-4 Waste diverted from disposal	Page 55	
GRI 306: Waste 2020	306-5 Waste directed to disposal	Page 55	
Material topic: Diversity in the value chain			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Page 59	
GRI 405: Diversity and equal opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	Page 60	Content partially omitted. This information is sensitive because it addresses the median remuneration positioning of the Boticário Group. Publication could affect attractiveness, engagement and talent retention

GRI Standard/Other source	Disclosure	Location	Omission
Material topic: Responsible and sustainable procurement			
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	Pages 62 , 64	
GRI 308: Supplier environmental assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	Pages 62 , 64	
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	Pages 62 , 64	
GRI 414: Supplier social assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	Pages 62 , 64	
Material topic: Development of surrounding communities			
GRI 203: Indirect economic impacts 2016	203-1 Investments in infrastructure and services supported	Pages 67 , 68	There are no actual or expected negative impacts.

Credits:

Materiality and consulting on indicators
Gestão Origami

Text and editing
Conecta Conteúdo e Sustentabilidade

Graphic design and layout
Adesign

Translation to English
Raymond Maddock



KPMG Assurance Services Ltda.
Rua Verbo Divino, 1400, Conjunto Térreo ao 801 - Parte,
Chácara Santo Antônio, CEP 04719-911, São Paulo - SP
Caixa Postal 79518 - CEP 04707-970 - São Paulo - SP - Brasil
Telefone +55 (11) 3940-1500

kpmg.com.br

Independent auditors' limited assurance report on non-financial information included in the 2022 ESG Report

(A free translation of the original report in Portuguese, containing the Assurance Report).

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 present our limited assurance report on the non-financial information included in the "2022 ESG Report" of the Company, for the year ended December 31, 2022.

Our limited assurance does not extend to prior period information or to any other information disclosed in conjunction with the 2022 ESG Report, including any embedded images, audio files or videos.

Responsibilities of the Company's management

The management of the Company is responsible for:

- select and establish appropriate criteria for the elaboration of the information contained in the 2022 ESG Report;
- prepare the information in accordance with the criteria and guidelines of the Global Reporting Initiative (GRI - Standards);
- design, implement, and maintain internal control over information relevant to the preparation of 2022 ESG Report that is free from material misstatement, whether due to fraud or error.

Responsibility of the independent auditors

Our responsibility is to express a conclusion on the non-financial information included in the 2022 ESG Report, based on the limited assurance engagement conducted in accordance with Technical Communication CTO 07/2022 issued by the CFC, and based on NBC TO 3000 - Assurance Engagements other than Audits and Reviews, also issued by the CFC, which is equivalent to international standard ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information, issued by the International Auditing and Assurance Standards Board (IAASB). These standards require compliance by the auditor with ethical requirements, independence, and other responsibilities relating to it, including the application of the Brazilian Quality Control Standard (NBC PA 01) and, therefore, the maintenance of a comprehensive quality control system, including documented policies and procedures on compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Additionally, the standards require that the work be planned and performed with the objective of obtaining limited assurance that the non-financial information in the 2022 ESG Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) mainly consists of inquiries to the Company's management and other Boticário's professionals who are involved in the preparation of information, as well as the application of analytical procedures to obtain evidence that enables us to conclude, in a limited assurance manner, on the information taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the information disclosed in the 2022 ESG Report, taken as a whole, may present material misstatements.

The procedures selected were based on our understanding of the aspects relating to the compilation, materiality and presentation of the information contained in the 2022 ESG Report, other circumstances of the engagement and our consideration of areas and the processes associated with the material information disclosed in the 2022 ESG Report where material misstatements could exist. The procedures comprised, among others:

- planning the work, considering the materiality of the aspects for the Company's activities, the relevance of the information disclosed, the volume of quantitative and qualitative information and the operating and internal control systems that served as a basis for the preparation of the information contained in the 2022 ESG Report.
- the understanding of the calculation methodology and the procedures for the compilation of the indicators through inquiries with the managers responsible for the preparation of the information;

- the application of analytical procedures on the quantitative information and inquiries on the qualitative information and its correlation with the indicators disclosed in the information contained in the 2022 ESG Report; and
- for the cases in which the non-financial data correlate with indicators of a financial nature, the confrontation of these indicators with the accounting statements and/or accounting records.
- analysis of the processes for preparing the Report and its structure and content, based on the Content and Quality Principles of the Sustainability Reporting Standards of the Global Reporting Initiative – GRI.
- evaluation of the sampled non-financial indicators from GRI-Standards.
- understanding the calculation methodology and the procedures for the compilation of the indicators through interviews with the managers responsible for the preparation of the information.
- analysis of the reasonableness of the justifications for the omission of performance indicators associated with aspects and topics indicated as material in the Company's materiality analysis.

The limited assurance work also comprised adherence to the guidelines and criteria of the GRI - Standards elaboration framework applicable in the preparation of the information included in the 2022 ESG Report.

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

Scope and limitations

The procedures performed in limited assurance work vary in nature and timing, and are smaller in extent than in reasonable assurance work. Consequently, the level of assurance obtained in limited assurance work is substantially lower than that which would be obtained if reasonable assurance work had been performed. If we had performed reasonable assurance work, we could have identified other issues and possible distortions that may exist in the information contained in the 2022 ESG Report. Therefore, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, given the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretations of materiality, relevance, and accuracy of the data are subject to individual assumptions and judgments. Additionally, we did not perform any work on data reported for prior periods, nor in relation to future projections and targets.

The preparation and presentation of sustainability indicators followed the GRI - Standards criteria and, therefore, are not intended to ensure compliance with social, economic, environmental or engineering laws and regulations. These standards do, however, provide for the presentation and disclosure of any non-compliance with such regulations when significant sanctions or fines are incurred. Our assurance report must be read and understood in this context, inherent to the selected criteria (GRI - Standards).

Conclusion

Based on the procedures performed, described in this report and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial information included in the 2022 ESG Report for the year ended December 31, 2022 of Boticário, have not been prepared, in all material respects, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative – GRI

São Paulo, May 31st, 2023

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

Original report in portuguese signed by

Sebastian Yoshizato Soares
Accountant CRC 1SP257710/O-4

GrupoBoticário



O BOTICÁRIO

EUDORA

Quem Disse,
Berenice?

vult 

BEAUTYBOX

beleza
NA WEB

O.U.i
ORIGINAL UNIQUE INDIVIDUEL

Dr. JONES 

MOOZ

 GAVB


TRUSS
PROFESSIONAL

casa
magalhães

multi 

Fundação
GrupoBoticário 

Instituto
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Our web pages



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