

TOGETHER WE ARE BUILDING

#BeautyFor
TheFuture

2023 ESG REPORT

// COMMITMENTS FOR THE FUTURE

GrupoBoticário 



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About *this* report

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

It is with a sense of accomplishment that we are publishing our 12th report on the key advances and challenges of Boticário Group. This edition reports on the period January 01 to December 31, 2023 and focuses on environmental, social and governance (ESG) topics.

The reports embraces all companies within Boticário Group (Boticário Produtos de Beleza Ltda.). The companies and the reporting period are the same as those in the organization’s independently audited financial statements. As a privately-held company, Boticário Group chooses not to publish its financial statements, which is prepared according to the strictest standards of corporate governance and follows the best accounting practices aligned with our independent auditor.

This annual publication follows best global standards and corporate and sustainability reporting practices. These are:

- Global Reporting Initiative (GRI) Standards
- Industry-specific standards – Sustainability Accounting Standards Board (SASB)
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Throughout this report there are icons and symbols to facilitate your understanding and signpost the contents:

11 material topics



GRI disclosures

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

The SASB indicators specific to the Personal Products category

Example
CG-HP-140a.1

The SDGs within the UN’s 2030 Agenda prioritized by Boticário Group.



This year's report has innovated by enhancing reporting on climate change, following the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD), and including Sustainability Accounting Standards Board (SASB) indicators for the personal products sector as well as a business and realization model. For the first time, we have implemented the double materiality model, analyzing both impacts caused by and suffered by the business – relevant information that makes our report more transparent.

If you have comments, suggestions, or questions about this publication, please contact us at esg@grupoboticario.com.br

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Messages

TOGETHER WE ARE BUILDING
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ESG at the core *of the* business GRI 2-22

After a 47-year collective and collaborative journey, Boticário Group carries the principles of respect for people and the environment, social responsibility and best governance practices. Our consistent ESG work gives me the confidence to say that this topic was at the heart of our business way before it become established in the market. Our purpose is to create opportunities for beauty to transform each person's life and thus transform the world around us. We strive for shared success that creates value for our entire ecosystem, including employees, suppliers, franchisees, partners, resellers, consumers and local communities. We are a group of people who take care of others and believe that true beauty is growing together.

We have experienced progress—in the way we buy and sell, work and interact with our stakeholders—that has enabled our business to grow to the point where we are now one of the top 15 largest beauty conglomerates in the world. We remain committed to the best corporate governance practices, supported by the Advisory Council and advisory committees, which together evaluate and make recommendations on issues related to the Group's strategy and the results obtained in economic, reputational and ESG issues. Our organized and consistent management approach

ensures that everyone at Boticário Group is familiar with our business strategy and therefore able to set priorities to achieve short-, medium- and long-term objectives.

We embrace the responsibility that comes with being a major player and are aware of the role we can play in addressing global challenges. 2023 was therefore a major milestone in our history. It was the year we updated our 2030 commitments, something we do every three years under our strategic planning, which keeps the ESG agenda aligned with the respective global challenges and at the heart of business decisions.

Representing another great stride towards the sustainable future we wish to continue building, this collective drive involved the joint participation of business leaders and decision-makers and their respective departments in a process headed and endorsed by senior leadership and the ESG Committee, on which I serve. Launched in 2021, Boticário Group's Commitments for the Future are aligned with the United Nations Sustainable Development Goals (SDGs) and follow the same time line as the 2030 Agenda.

This highly consistent performance, which started with the creation of Boticário Group

Foundation in 1990, has allowed us to achieve prestigious plaudits, such as the third most sustainable company in the world in the personal products category according to the Corporate Sustainability Assessment^[1] by S&P Global, which evaluates corporate sustainability practices every year.

Looking ahead, I envision a sturdier Boticário Group, where different perspectives spur on innovation and sustainable growth. We are committed to continuing on this journey, not just because of our values but also as a strategy for our business ecosystem. And so, we continue enhancing the beauty of growing together.

Fernando Modé
Boticário Group CEO

[1] Result disclosed by the Corporate Sustainability Assessment (CSA) of S&P Global on December 22, 2023. The CSA is the main eligibility criteria for entering the Dow Jones Sustainability Index (DJSI).





Equilibrium *and* consistency

Our ESG journey is an endeavor in progress. In 2023, we critically examined our goals, seeking to improve transparency and fine tune what we need to do to meet our 2030 commitments, updated last year.

Attuned to market trends, we have fostered and continue to invest in research and development through the Future of Beauty Program, with various departments pulling together to prospect and develop new technologies for formulas, processes and packaging, with efficient use of resources. We have accordingly made changes to product formulations, particularly rinse-off toiletries (shampoos, conditioners, soap), with the goal of reducing water consumption. Vegan products with certified and traceable origins are now a permanent feature of our brand portfolio. We have not conducted animal testing since 2000, and today we boast over 50 alternative methods for evaluating the safety and efficacy of raw materials and our products.

Ours is a comprehensive approach to diversity and inclusion, extending it not only to our employees and communities but to the entire business ecosystem. From product creation to communication and supply chain management, we are committed to fostering an inclusive and

diverse environment. This strategy reflects our commitment to the beauty of growing together, encouraging entrepreneurship and embedding it in the value chain through initiatives with suppliers, franchisees, resellers and consumers.

Recognizing the importance of considering short-, medium- and long-term horizons, we are committed to a series of actions to mitigate climate change risks and capitalize on related opportunities. We seek best practices aligned with science and climate governance for the business ecosystem, and through integrated action with Boticário Group Foundation, we continue improving our Adaptation Plan to climate change.

In terms of the circular economy, we have achieved over 97% recyclability^[1] of the waste generated in our operations. We have also ramped up the recovery and recycling of solid waste through programs such as Boti Recicla, which has been generating both social and environmental benefits since 2006.

As for the social impact generated, we have made progress in our own social programs, such as Empreendedoras da Beleza (Beauty Entrepreneurs) – aimed at transforming the lives of vulnerable

women through professional training and entrepreneurship – and the Desenvolve development program – which aims to ease the gender and race gap in technology in Brazil, training vulnerable people to enter this market. Through these and other initiatives, we created over 150,000 opportunities in 2023.

Boticário Group continues to grow in an organized, balanced and consistent manner. We are ambitious and restless, eager to expand our expertise, and want to roll out more and more innovative and sustainable solutions in the years ahead. I invite you to learn more about this journey on the following pages of this report.

Fabiana de Freitas
Vice President of Corporate Affairs

[1] This does not include the data from Truss brand operations.

Fostering critical thinking

Throughout 2023, we took the time to discuss and reflect on our ESG agenda. There is a question growing awareness of the relevance of the acronym, which brings the risk of reducing the agenda and generates distrust about real involvement of companies and the financial market. Meanwhile, international regulations are ushering in new demands on investment, fundraising and trade. Society increasingly expects businesses to act responsibly to mitigate climate change and protect biodiversity, fostering diverse and inclusive human development, while maintaining a robust governance structure. The reputational risk is growing owing to a failure to be coherent and consistent.

In 2023, the ESG Committee, which I lead as an independent member, spearheaded the work of updating Boticário Group's Commitments for the Future, recording significant progress in integrating, engaging and mobilizing all areas of the business on social, environmental, and governance issues. This impeccable and robust endeavor is aligned with the best market practices and positions Boticário Group as a standout benchmark in the field.

The commitments made and detailed in specific goals steer business strategies, showcasing where the Group aims to go and, consequently, leading to investments and projects aligned with the company's management model. This is the ESG agenda embedded in the business to drive value creation.

The ESG Committee's consistent looking towards the future and discussing material issues with high-level governance fosters strategic prioritization, resulting in better decisions and, consequently, generating tangible and sustainable results. By establishing solid governance, the company ensures that this analysis process takes place, always underpinned by transparent dialog with all stakeholders. I am therefore enthusiastic about the role of contributing to a continuous process of critical reflection on the ESG agenda within the company.

The challenge for the coming years will be to materialize all the positive value created by Boticário Group so that it is effectively perceived by stakeholders. I congratulate the entire Boticário Group for its true engagement with the ESG agenda

at all levels of governance, including the board, and our ESG team for coordinating the agenda transversally with depth and aplomb. We know that the task is ongoing, and the ESG Committee will continue to support the Group in the challenges and opportunities that arise on this journey. Let's make this evolution happen.

Carolina da Costa
Leader of the Boticário
Group ESG Committee

The ESG Committee's consistent looking towards the future and discussing material issues with high-level governance fosters strategic prioritization, resulting in better decisions and, consequently, generating tangible and sustainable results.



Profile

TOGETHER WE ARE BUILDING
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How *it all* began GRI 2-1, 2-6

Boticário Group is a privately-held Brazilian company, with beauty sector brands and a leader in the country's cosmetics industry.

It all began in 1977 when Miguel Krigsner opened a small compounding pharmacy in Curitiba, Paraná, where our headquarters remain to this day. The founder's dream was to build a 100% Brazilian beauty brand, with high-quality products inspired by love and care for people. Bit by bit this dream blossomed, and O Boticário transposed Brazil's borders, going global. In 1986, the company embarked on its internationalization process in earnest, with the opening of a store in Portugal. Boticário Group now operates in over 50 countries.

The well-being of the natural world is essential to all life. To preserve it, in 1990 the Boticário Group Foundation for Nature Protection was established, focusing on biodiversity conservation and supporting scientific research.

Boticário Group's efforts to spur social development advanced in 2004 with the creation of the Boticário Group Institute, which has consistently achieved results by fostering and supporting social, cultural and sports projects, currently focused on entrepreneurship within the beauty ecosystem.

Over its 47-year history, Boticário Group has grown and incorporated various brands and companies into its business – in 2023, Truss Professional was acquired. The Group's footprint currently spans 99% of Brazilian territory, with company stores, franchises, direct sales and non-proprietary channels such as drugstores and marketplaces.

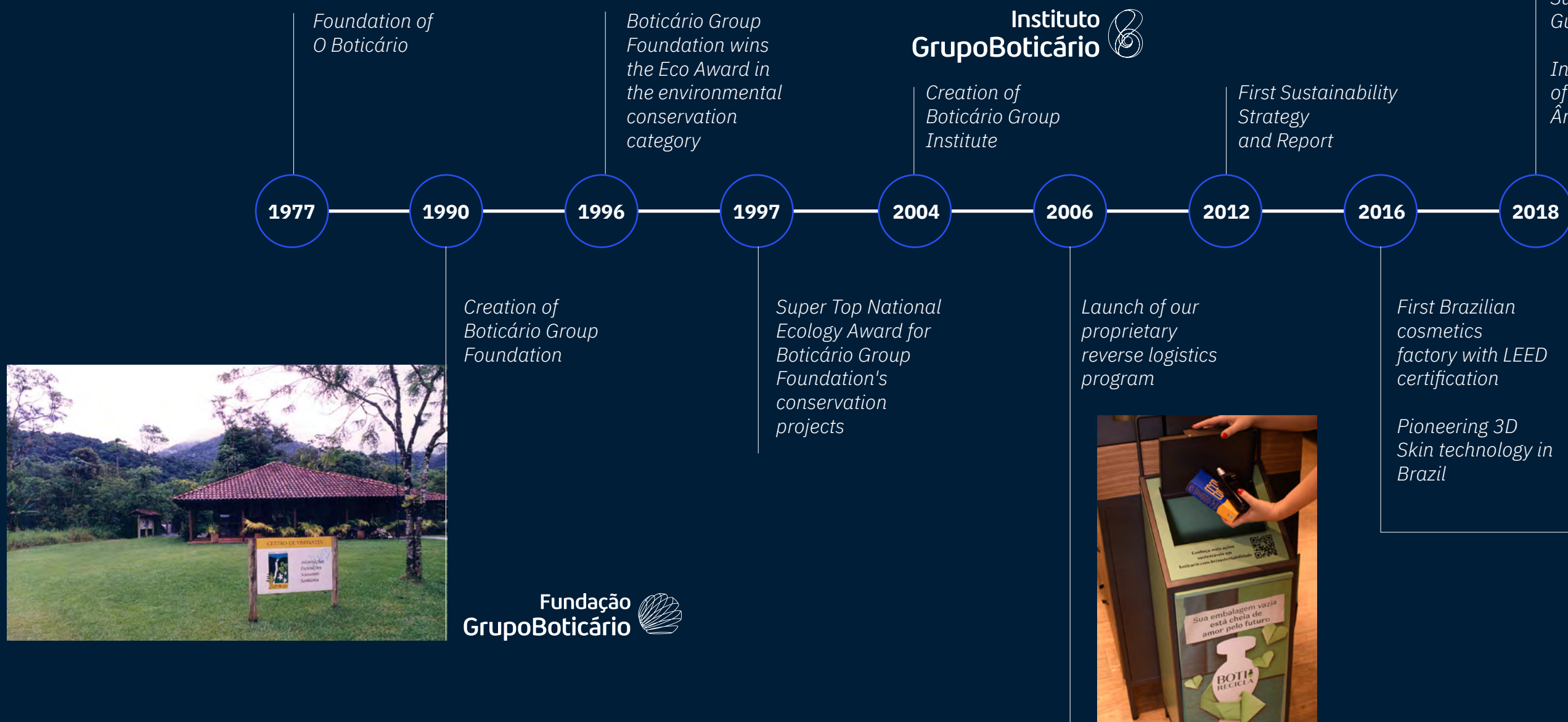
Boticário Group's footprint currently spans 99% of Brazilian territory, with company stores, franchises, direct sales and non-proprietary channels such as pharmacies, drugstores and marketplaces. [Click here](#) to learn more.

The first ever O Boticário store, in downtown Curitiba



Time line

Just like our business, our ESG agenda has also evolved consistently. See below the key milestones in this journey.



Fundação GrupoBoticário



Sustainability award from the Exame Sustainability Guide

Inauguration of sustainable Ânfora Stores





Launch of the Beauty Entrepreneurs Program

Public launch of our Commitments for the Future

Recognition in Diversity & Inclusion^[2]; WEPS Diamond Award; GPTW Ethno-Racial Award; Poc Award – Companies making meaningful contributions to the LGBTQIA+ community



Updating our Commitments for the Future

2nd issuance of sustainable bonds (SLB^[1]) with a pioneering focus on veganism

Commitment to the Science Based Targets initiative (SBTi)

2019

Pioneering the use of eco-alcohol for cosmetic manufacturing in Brazil

2020

First issuance of sustainable bonds (SLB^[1]) to a beauty-products company in Latin America

2021

2022

6th most sustainable beauty company globally in the S&P CSA^[3]

Entry into Carbon Disclosure Project (CDP)

2023

3rd most sustainable beauty company globally in the S&P Global Corporate Sustainability Assessment (CSA)^[4]

A- rating in CDP Climate Change and Water Security

Top 10 best reports in Brazil according to Reporting Matters^[5]



[1] Sustainability-linked bonds.

[2] Diversity and inclusion.

[3] CSA: Corporate Sustainability Assessment of S&P Global, the primary requirement for entry into the Dow Jones Sustainability Index (DJSI). Results announced on 12/15/2022.

[4] Results announced on 12/22/2023.

[5] Reporting Matters: an independent research project on corporate sustainability reporting. Initiated in 2013 at the World Business Council for Sustainable Development (WBCSD). And now it is being published in Brazil for the first time by the Brazilian Business Council for Sustainable Development, with the support of Brazil's Report Group.

What *we* do

Boticário Group researches and develops, protects its industrial property, manufactures, distributes and sells beauty products within a complete ecosystem, covering the entire sector's cycle from end to end. Its retail operations embrace omnichannel strategies, incorporating franchises, e-commerce platforms, marketplaces, direct sales, and non-proprietary channels such as pharmacies and drugstores. As part of this beauty ecosystem, Boticário Group manages its operations by developing digital and financial solutions for point-of-sale (POS) systems, customer relationships, and also for suppliers, franchisees and resellers.

Our purpose

Create opportunities for beauty to transform each person's life and thus transform the world around us.

Our essences

- We make our customers' eyes shine
- We are restless
- We nurture our relationships
- We deliver with passion
- We seek responsible success



Inputs

Financial Capital

To fund our activities we use our own capital and borrowed capital, such as loans or by issuing securities like SLBs (sustainability-linked bonds), among others.

Manufactured Capital

Our productive structure includes our own factories, partnerships with third-party manufacturers and our research and development center. We have distribution centers that supply our physical stores, franchises, direct sales spaces for resellers, e-commerce, and non-proprietary channels. We also have offices and administrative buildings.

Human Capital

We have a team of in-house and third-party employees working from industry to retail. We have a sales force, resellers and franchisees to market our products.

Intelectual Capital

We have a research center for product development and rely on the expertise of the Group's perfumer (the only one in Brazil). We are engaged in open innovation and the acceleration of startups. Through partnerships with universities and other institutes, we invest in researching new technologies and implementing new eco-efficient processes, and in alternative methods to replace animal testing.

Social and Relationship Capital

We work to strengthen our beauty ecosystem through joint actions and relationships with trade associations, government and regulatory bodies, media outlets, surrounding communities, NGOs, suppliers, distributors, franchisees, resellers, clients and consumers.

Natural Capital

To carry out our activities, we use energy, fuels from renewable and non-renewable sources, water and raw materials of natural and synthetic origin.

Business model

PURPOSE:
Create opportunities for beauty to transform each person's life and thus transform the world around us



Activities

P&D:

Collaboration with universities, startups, research institutes, consultants, governmental bodies and suppliers.

Manufacturing:

Production through our own factories and third-party facilities in São José dos Pinhais (PR), Camaçari (BA), and Ribeirão Preto (SP).

Logistics and Retail:

Six distribution centers are responsible for delivering the Group's products. The logistics support our own stores, franchises, e-commerce, marketplace, direct sales and other non-owned channels.

Digital solutions:

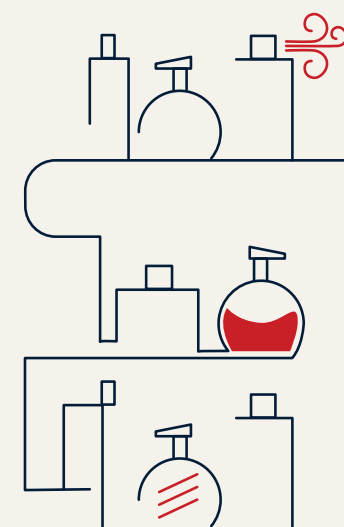
Our digital solutions for suppliers, resellers and retailers focus on two main pillars:

- 1) Financial solutions for payments, credit and digital banking aimed at enhancing profitability, sustainable growth and efficient management;
- 2) Solutions in innovation and technology for data & analytics to digitize operations, and for the storage and integration of data and systems.

Results

Wide portfolio of beauty and care products

- Established presence in the beauty products market since 1977.
- Service throughout Brazil and internationally through physical stores, direct sales with resellers, e-commerce, marketplaces and non-proprietary channels.
- Broad and diverse product portfolio.
- Development of new formulas with innovative and sustainable technologies and reduction of environmental impacts.



Click on the input icons to learn about the impact of each capital

The interactivity of the business model is supported on Google Chrome and Microsoft Edge browsers, or through Adobe Acrobat software.

impacts

By *the* numbers

100,000

points of sale
throughout Brazil

More than

33,000

people work in
our franchising
network

3,134

active
suppliers

More than

4,500

brick-and-mortar
stores

More than

18,000

direct employees

3 plants

and **8** distribution
centers

Present in more than

5,000

Brazilian municipalities
in the form of stores
and/or sales

Present in more
than

40

countries^[1]

More than

80

distributors



[1] Learn more at:
[From Brazil to the world](#)

Our brands

We draw on the strength of our brands:

Consumer brands

OBOTICÁRIO

EUDORA

Quem Disse,
Berenice?

vult 

O.U.i
ORIGINAL UNIQUE INDIVIDUEL

Dr. JONES 

TRUSS
PROFESSIONAL

beleza
NA WEB

tô.que.tô
COSMÉTICOS

AU.migos
pets

Licensed consumer brands


Bio-Oil®


NUXE
PARIS


Australian
Gold.

Nova
Linha de
cuidados 

Business brands

MOOZ

 GAVB

casa
magalhães

Institutional brands

Fundação
GrupoBoticário 

Instituto
GrupoBoticário 

Find out more in [Boticário Group](#)

Shared success

Discover Boticário Group's beauty ecosystem

1. Supply

- / More than **3,000** direct and indirect employees
- / Partner Assessment and Development Program (PADP) with ESG performance analysis
- / **98% of palm and 94% of wood purchased are certified**

2. Staff

- / **18,000+** direct employees
- / **46% of black employees in the overall workforce** and 26% in leadership positions
- / **60% of women in the overall workforce** and 56% in leadership positions

3. Research & Development

- / **96% vegan products in our portfolio and 23% inclusive products in our portfolio**
- / 100% of products developed feature at least one sustainability attribute

4. Manufacturing

- / More efficient processes, water reuse, use of renewable energy, and waste recycling
- / **97% recyclability of generated waste¹ and 100% renewable energy²**



5. Distribution

- / Eight distribution centers
- / **40 electric cars** avoiding the emission of 708 metric tons of CO₂



11. Boticário Group Foundation

- / **11,000 hectares of direct protection** through the Salto Morato and Serra do Tombador natural reserves
- / 178 species of fauna and flora discovered and scientific knowledge gained



9. Consumers

- / **2,000+** diverse people co-develop inclusive and diverse products
- / **4,500+** stores with collection points in **1,780 municipalities**



8. E-commerce and non-proprietary channels

- / **80+** distributors
- / Click & Collect: customer purchases online and chooses the nearest store to pick up the products



6. Company stores and franchises

- / **60+ sustainable stores in Brazil** are container-format and were constructed using approximately 1 ton of post-consumer plastic waste each
- / There is also a pilot project for renewable energy in 30 company stores



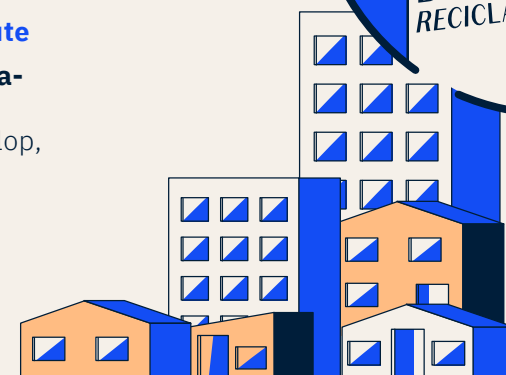
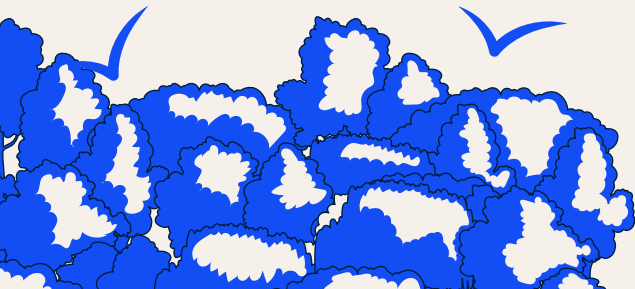
7. Direct Selling

- / Integration of brands in direct sales with a portfolio and pricing that cater to diverse consumers
- / In 2023 **the number of resellers grew by 22%** compared to the previous year



10. Communities and Boticário Group Institute

- / **Over 220,000 opportunities³** have been created through training and entrepreneurship programs such as Beauty Entrepreneurs, Develop, Beauty of Living and Educate



¹In all operational sites in Brazil, excluding the Truss plant
²Denotes Boticário Group's 4 largest sites
³Since 2020



Awards *and* recognition



Top 5% in S&P Global's Sustainability Yearbook

Boticário Group rose from sixth place in 2022 to **third place as the most sustainable beauty company in the world**, according to S&P Global's Corporate Sustainability Assessment (CSA) in the Personal Products category, with results announced on December 22, 2023. The company also made the **Top 5% of S&P Global's Sustainability Yearbook**. Every year CSA evaluates companies' sustainability practices and is the primary requirement for joining the Dow Jones Sustainability Index (DJSI).



Carbon Disclosure Project

Boticário Group responds to the CDP (Carbon Disclosure Project) climate change and water security survey. In 2023, it was rated **A- in climate change** and received recognition in the Leadership category — dedicated to companies that implement best practices. The Group improved on the previous year's B rating. In **water security**, the company was again **rated A-**, maintaining its position in the leadership category.



GHG Protocol pioneering

In 2023, the Group was recognized for its pioneering work, engagement, and transparency in disclosing its corporate greenhouse gas (GHG) emission inventories in Brazil through the GHG Protocol Program. The Group is **founding member of the Program**, and has compiled its inventory since 2008.



Best ESG

For the second consecutive year, Boticário Group has excelled in Exame” magazine's **Best in ESG ranking** in the Pharmaceutical and Beauty category.



Best Reports - Reporting Matters 2023

Boticário Group's 2022 ESG Report was among the **top ten reports in Brazil**, according to the first Brazilian edition of Reporting Matters, organized by the Brazilian Business Council for Sustainable Development (CEBDS) using the methodology created by the World Business Council for Sustainable Development (WBCSD). CEBDS assesses the sustainability reports of its members with the aim of enhancing the quality of reporting in Brazil.



Ecovadis Silver

For the second time in as many years, in 2023 Boticário Group was awarded the Silver rating by Ecovadis, a benchmark in the ESG assessment of companies and their value chains. Silver status means that the company is among the top 15% of companies assessed in its sector.



Gold in Eco-efficiency

In 2023, Boticário Group was given **gold status in the Eco-efficiency category at the POPAI Brasil Awards** for implementing sustainable furniture in the O Boticário store at the Shopping Boulevard mall in Curitiba. The furniture was entirely made from recyclable materials—metal and sustainable sheeting. This award recognizes the most original and effective projects in commercial architecture, visual merchandising, visual communication, displays, and materials at the point of sale. The goal is for all O Boticário stores to feature furniture made from this innovative raw material.



ESG Responsibility

The company **ranks in the Top 5** of the Corporate Reputation Business Monitor’s (Merco) ESG Responsibility ranking. Merco independently analyzed the performance in each letter of the term ESG (Environmental, Social and Governance).

Sustainability-linked bond

In 2023, Boticário Group issued sustainability-linked bonds (SLBs). R\$ 2 billion was raised under the issuance, which is conditional on two ESG targets. Target one is to ensure that by December 2026, 100% of the product portfolio for all the company’s own brands is of vegan origin, and target two is to use 80% of the recycled water generated at the São José dos Pinhais facility (PR) by 2029. These commitments align with Boticário Group’s ESG strategy.

This issuance made the Group the first in the world to include a vegan product and animal welfare goal in a debt security.

Furthermore, the company uses over 50 alternative methods to animal testing to assess the safety and efficacy of raw materials and finished products, with plans to increase this number further.

On the topic of water, the company recently completed the construction of a wastewater treatment plant next to its facility, capable of treating all the water currently being discharged.

In 2020, the Group carried out another issuance indexed to ESG metrics, a first of its kind in the Brazilian market. The goal is for 100% of the electricity consumed by the factories in São José dos Pinhais (PR) and Camaçari (BA), and the distribution centers in Registro (SP)

and São Gonçalo dos Campos (BA), to come from renewable sources by 2025, and to ensure that 100% of the waste generated in the production and logistics processes at these sites is sent for recycling or co-processing. Achievement of the targets is assessed on an annual basis. In 2023, the Group achieved 100% renewable energy usage and 97.27% recyclability of waste generated in production and logistics processes^[1].



Over **50** alternative methods to test products safely and sustainably

97.27% recyclability of waste generated in production and logistics processes ^[1]

96% vegan portfolio

100% energy from renewable sources ^[2]

[1] Considering Boticário Group’s 4 largest sites: São José dos Pinhais facility (PR), Camaçari facility (BA), Registro DC (SP) and São Gonçalo dos Campos CD (BA).

[2] As established in the SLB issuance, 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 Boticário Group after the SLB issuance date is not included in the calculation.

Associations & partnerships

GRI 2-28

Boticário Group engages with diverse associations representing its business segments and participates actively in discussion forums and the sector's development, including:

- Brazilian Advertisers Association (ABA)
- Brazilian Packaging Association (Abre)
- Brazilian Franchising Association (ABF)
- Brazilian Personal Hygiene, Fragrance and Cosmetics Industry Association (Abihpec)
- Brazilian Association for Research & Development at Innovative Companies (Anpei)
- Brazilian Business Council for Sustainable Development (CBDES)
- UN Women
- UN Global Compact
- Instituto Ethos - Principle of Valuing Diversity
- Institute for Retail Development (IDV).

See more
[The full list can be seen here](#)

Public-private committee

Since October 2021, Boticário Group has led the first public-private committee dedicated to addressing issues related to environmental, social, and governance policies. The initiative was carried out in partnership with the Paraná state government and aims to coordinate efforts to jointly tackle the socio-environmental challenges facing the state. Grupo Boticário strives to play a meaningful role in developing collaborative solutions between the public sector and private enterprise for the benefit of society.

The committee's agenda covers a range of topics, such as solid waste management, water management, energy efficiency, biodiversity preservation, easing greenhouse gas emissions, public management, fostering diversity and social inclusion, and training and integrating diverse individuals to boost employability. 17 companies from Paraná participate in the biannual meetings.



Materiality *Assessment*

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

Boticário Group targets the issues identified as most relevant to the business by the annual materiality definition process, which is independently assured.

In 2023, the Group conducted a double materiality assessment, analyzing both the socio-environmental impacts caused by the business, known as impact materiality, and the socio-environmental issues that affect the Group's activities, referred to as financial materiality. This involved analyzing internal documents (such as risk maps and the company's ESG strategy) and external documents (main standards and ratings), conducting individual interviews (with leadership and an external expert), online consultations, and working meetings that included the participation of internal experts to assess socio-environmental impacts.

Two types of online consultations were carried out: one to assess the relevance of topics for stakeholders and another to evaluate the probability of risk and

the magnitude of financial impact with the leadership (among officers and senior managers). The socio-environmental impact materiality considered probability and severity (intensity, extent, reversibility), and financial materiality considered probability and magnitude.

The entire process and the material topics were approved by the ESG Committee, which includes the participation of the CEO and members of the Group's Advisory Council. Stakeholders were prioritized by dependency, influence and relationship with the business.

Participation *stakeholders* (online consultation and secondary surveys)

1. Stakeholders

- Consumers
- Collaborators
- Resellers
- Franchisees
- Suppliers and contractors
- Innovation partners
- Institutes and NGOs
- Local communities and cooperatives
- Media and influencers

2. Assessing socio-environmental impact

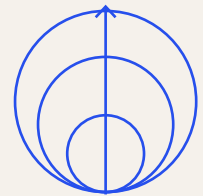
- Internal experts (Boticário Group staff) and external experts

3. Assessing financial impact

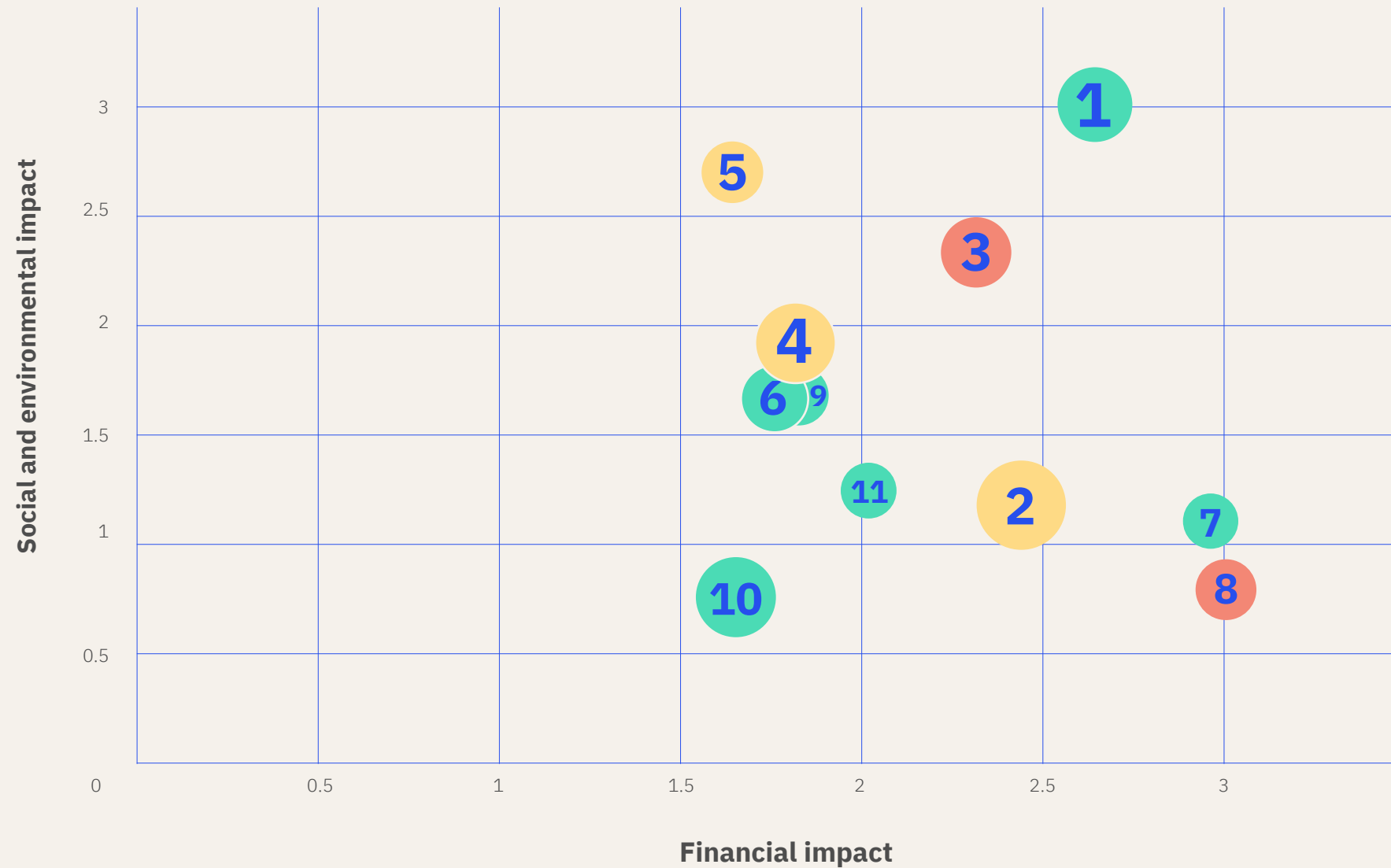
- Boticário Group Leaders

Materiality matrix

The matrix on the right presents the **11 material topics** identified by the double materiality analysis followed by the potential impacts of each topic.



Relevance to stakeholders (z axis)



Boticário Group's material topics in 2023

- 1 Circular economy and waste management
- 2 Health, safety and well-being
- 3 Managing a sustainable supply chain
- 4 Diversity and inclusion
- 5 Development of resellers and communities
- 6 Product quality, safety and transparency
- 7 Climate change
- 8 Data privacy and security
- 9 Biodiversity and ecosystems
- 10 Innovation and technology geared towards sustainability
- 11 Water and wastewater management

● Environmental ● Social ● Governance

Material topics and their impacts ^[1] GRI 3-2, 3-3

Topics	Potential and/or actual impacts of material topics	Commitments and policies	Initiatives and monitoring
<p>Climate change</p> <p>Management of climate change risks and actions, increasing energy efficiency and reducing greenhouse gas (GHG) emissions from the use of fossil fuels in operational, logistics and retail activities.</p>	<p>Social and environmental impacts Negative: fueling climate change due to GHG emissions in operations, transportation and retail. Positive: supporting projects that maintain protected areas (preventing deforestation), using renewable energy in proprietary operations, and driving decarbonization in our operations and the value chain.</p> <p>Financial impacts Changes in the regulatory landscape, alterations in rainfall patterns, global warming and biodiversity loss; water scarcity and conflicts over energy and water use, leading to increased costs due to taxation and revenue loss caused by limited market access, increased costs of acquiring carbon credits, and access to energy and/or water resources; damage to infrastructure and operational stoppages, fines and lawsuits, recovery of image and reputation, and revenue loss due to lower sales to groups concerned about the topic.</p>	<p>↗ Environmental Policy</p> <p>2030 Commitments Climate Change: help limit the rise in the planet's average temperature, in line with the Paris Agreement.</p> <p>Renewable energy target indexed to SLB (learn more)</p>	<p>Page 39 Disclosures: GRI 302-1 302-2 302-3 302-4 302-5 305-1 305-2 305-3 305-4 305-5</p>
<p>Circular economy and waste management</p> <p>Management and reduction of waste generation through ecodesign, reuse, upcycling, recycling, ensuring proper disposal, and promoting conscientious consumption and the waste to value chain.</p>	<p>Social and environmental impacts Negative: environmental contamination by waste; biodiversity loss due to contamination by packaging; low use of recycled raw materials; high levels of waste directed to landfills by the supply chain. Positive: encourages less waste, material and packaging reuse, and promotion of recycling, focusing on the recycling chain to increase income and improve working conditions for independent waste pickers and cooperatives.</p> <p>Financial impacts Risks of stricter regulations, association of the company with contamination incidents, biodiversity loss, increase in the number of human disease cases, scarcity of inputs that may lead to higher costs for waste disposal, purchase of recycling credits, acquisition of virgin raw materials, unnecessary consumption of raw materials, lawsuits and indemnities, recovery of degraded areas, and revenue loss due to lower sales to groups concerned about the topic.</p>	<p>↗ Environmental Policy</p> <p>2030 Commitments Waste: minimize the environmental impact caused by solid waste from our direct operations by reducing waste volume, recycling incentive programs and packaging circularity</p> <p>Waste reduction goal indexed to variable compensation</p> <p>Waste recyclability goal linked to the SLB (learn more)</p>	<p>Page 48 Disclosures: GRI 301-1 301-2 301-3 306-1 306-2 306-3 306-4 306-5 SASB: CG-HP-410a.1 CG-HP-410a.2</p>
<p>Water and wastewater management</p> <p>Water management, impact reduction and greater water efficiency related to water intake, reuse, consumption and the discharge of wastewater and pollutants in operations and product use. Actions to conserve water sources and rational use of water resources.</p>	<p>Social and environmental impacts Negative: inefficient use of water resources; contamination of water bodies; conflicts over water use. Positive: support for water source recovery projects.</p> <p>Financial impacts: risks of the Group being associated with contamination of water bodies, water scarcity and conflicts over water use, limited access to quality water, biodiversity loss, an increase in the number of human diseases, and environmental recovery of contaminated areas. All these effects can have financial impacts due to increased costs for water access and treatment, recovery of contaminated areas, compensations and lawsuits, mediation of conflicts and disputes over use, and operational shutdowns.</p>	<p>↗ Environmental Policy</p> <p>2030 Commitments Water: increase the business' water efficiency and positively impact strategic drainage basins for both us and society.</p> <p>Waste reuse goal indexed to SLB (learn more)</p>	<p>Page 57 Disclosures: GRI 303-1 303-2 303-3 303-4 303-5 SASB CG-HP-140a.1 CG-HP-140a.2</p>
<p>Biodiversity and ecosystems</p> <p>Protecting, preserving, restoring and rehabilitating biodiversity and ecosystems.</p>	<p>Social and environmental impacts Negative: use of inputs from deforestation; damage to biodiversity due to operational creep. Positive: support for the maintenance of preserved areas (via Boticário Group Foundation); support for the recovery of water source areas (eg. Viva Água Miringuava and Guanabara Bay).</p> <p>Financial impacts: risks of the Group being associated with cases of deforestation for obtaining inputs, limited access to quality natural resources (e.g., quality water), reduced access to and variety of natural inputs, stricter regulations and shared liability, restricted access to international markets, pandemics, and diseases. Such effects can engender financial impacts due to higher costs in accessing and reduced variety of inputs, obtaining natural resources (e.g., water treatment), operational shutdowns, fines and compensations, recovery of areas, operational stoppages halt due to input scarcity, and recovery of image and reputation.</p>	<p>↗ Environmental Policy</p> <p>2030 Commitments Biodiversity: enhance the conservation of biodiversity and respect for animals</p> <p>↗ Brazilian Business Commitment to Biodiversity</p> <p>Vegan products target indexed to SLB (learn more)</p>	<p>Page 61 Disclosures: GRI 304-2 304-3</p>

[1] The list of material topics in 2023 differs from the previous year's list by including the topics of "Innovation and Technology for Sustainability" and "Health, Well-being, and Safety," and by excluding the topic of Corporate Governance. All other material topics from the previous year are included in the 2023 topics. Certain names have been changed for better text alignment.

Topics	Potential and/or actual impacts of material topics	Commitments and policies	Initiatives and monitoring
<p>Diversity and inclusion</p> <p>Seeking diversity with inclusion in the workplace and the value chain, comprehensively and innovatively promoting products, communication and sound labor practices.</p>	<p>Social and environmental impacts Negative: racial inequity in participation (leadership and employees); occurrence of racism, sexism, ableism, LGBTphobia, ageism, and prejudice against other diverse groups. Positive: inclusion and promotion of diversity in the workplace; advocacy for affirmative purchasing of products and appropriate, unbiased representation in communication campaigns. Financial impacts: more restrictive regulations, association of the company with cases of discrimination, lower employee retention, lower well-being in the workplace, lower resilience and diversity in management. These issues can engender financial impacts due to higher costs on compensations and image recovery, recruitment and retention of employees, revenue loss due to lower business diversity and resilience, and lower sales to groups concerned about these topics or to diverse consumers.</p>	<p>Diversity & Inclusion Policy</p> <p>2030 Commitments Diversity and inclusion: Foster representativeness and inclusion of diverse individuals in the general workforce and leadership at Boticário Group, mirroring the Brazilian population</p> <p>Advance diversity and inclusion within our business ecosystem through our purchasing, marketing and communication practices with society</p> <p>Diversity targets indexed to variable compensation</p>	<p>Page 46 Disclosures GRI 202-1 401-3 405-1 405-2 406-1</p>
<p>Health, safety and well-being</p> <p>Fostering employee wellness and health by managing the workplace and suppliers so as to support the mental and physical health and integrity of our employees, contractors and their families.</p>	<p>Social and environmental impacts Negative: occurrence of accidents involving both in-house and outsourced staff, compromising the health and safety of employees;</p> <p>demotivation and degradation of physical and mental health due to occupational diseases. Financial impacts: higher leave rates due to occupational diseases and fatalities, higher turnover rates; lower well-being in the workplace; loss of talent; stricter regulations that could lead to higher costs on compensations, operational shutdowns, absenteeism, and the need for image recovery, recruitment and retention of employees.</p>	<p>Human & Organizational Development Policy</p> <p>Corporate Education Policy</p> <p>Labor Policy</p> <p>↻ Boticário Group Essence and Purpose</p>	<p>Page 91 Disclosures: GRI 403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-8 403-9 403-10</p>
<p>Development of resellers and communities</p> <p>Management of impact and easing of social and gender inequalities, strengthening relationships, and socioeconomic and professional development opportunities, with an emphasis on professional training and entrepreneurship for resellers and communities.</p>	<p>Social and environmental impacts Negative: lack of dialog and unresolved conflicts around operational areas; perpetuation of socioeconomic disparities. Positive: training of entrepreneurial workforce, digital inclusion; local socioeconomic development and empowerment of resellers. Financial impacts: risks of company being associated with a lack of social commitment, more lawsuits and complaints, limited availability of labor, unsafe environment around company operations. these issues can trigger financial impacts due to higher costs on compensations and management of lawsuits and complaints, investments in local security, recruitment and retention of labor, and revenue loss due to lower sales to groups concerned about the topic.</p>	<p>Donation Policy</p> <p>2030 Commitments Social Development: actively contribute to easing social inequality among the general population and positively impact the quality of life of business partners within the beauty ecosystem.</p> <p>↻ Code of Conduct</p>	<p>Page 57 Disclosures: GRI 203-1 413-1 413-2</p>
<p>Managing a sustainable supply chain</p> <p>Development of scale, control, and monitoring of the quality standards of suppliers, prioritizing ESG criteria, and the use of packaging and ingredients with low socio-environmental impact.</p>	<p>Social and environmental impacts Negative: occurrence of non-ESG compliant cases in the supply chain (e.g., causing deforestation, instances of racism, bribery); poor traceability of inputs. Positive: ESG analysis and development of the raw materials chain from suppliers; development of retail products and solutions using raw materials with lesser impact, working with compliant suppliers. Financial impacts: risks of stricter regulations and joint liability, restricted market access, association of the company with cases of socio-environmental irregularities, viralization of cases on social networks, input shortages, supply chain vulnerability. These can lead to financial impacts due to increased costs of accessing inputs, compensations and lawsuits for joint liability, image and reputation recovery, traceability, audits, development of new suppliers, operational shutdowns due to lack of inputs, and revenue loss due to lower sales to groups concerned about the topic.</p>	<p>Sourcing Policy</p> <p>Supplier Relationship Policy</p> <p>↻ Code of Conduct</p> <p>2030 Commitments Sustainable Procurements: to urge responsible sourcing within our supply chains as a way to combat illegal deforestation, biodiversity loss, and to ensure appropriate working conditions</p>	<p>Page 95 Disclosures GRI 308-1 308-2 407-1 408-1 409-1 414-1 414-2</p>

Topics	Potential and/or actual impacts of material topics	Commitments and policies	Initiatives and monitoring
<p>Data privacy and security</p> <p>Securely managing the collection, retention and use of sensitive and confidential personal data, and safeguarding cybersecurity and data privacy for internal and external information in compliance with the Brazilian General Data Protection Regulation (BR GDPR).</p>	<p>Social and environmental impacts Negative: exposure of non-critical personal data and sensitive personal data of consumers, resellers, employees and business partners. Positive: security of non-critical personal data and sensitive personal data of consumers, employees and resellers. Financial impacts: higher costs associated with updates, cybersecurity, protection of internal data and stakeholders, operational shutdowns, payments of recoveries, lawsuits and compensation, and restoring image and reputation in the event of data exposure for use by criminal organizations and/or leakage of sensitive information.</p>	<p>Data Privacy Policy</p> <p>Information Security Policy</p> <p>IT Service Continuity Policy</p> <p>Data Privacy Commitment</p>	<p>Page 104 Disclosures: GRI 418-1</p>
<p>Innovation and technology geared towards sustainability</p> <p>Sustainability-driven innovation that enables us to adapt to new developments, market trends, business models and the development of new products.</p>	<p>Social and environmental impacts Negative: minimal strengthening of the eco-innovation chain in the sector; poor control over governance processes and traceability (e.g., lower use of data and AI). Positive: development of retail products and solutions using more sustainable and inclusive raw materials and packaging. Financial impacts: risks of product and business model obsolescence, inefficiency in reducing socio-environmental impacts, and lower socio-economic development of the company and the value chain. These effects may drive up costs due to inefficient resource and operational use, and revenue loss due to reduced competitiveness of products and business models.</p>	<p>Research & Development Policy</p> <p>Environmental Policy</p>	<p>Page 65 Disclosures: SASB CG-HP-250a.4</p>
<p>Product quality, safety and transparency</p> <p>Ensure safety, transparent labeling information, and product quality for consumers, society, animals, and the environment.</p>	<p>Social and environmental impacts Negative: cases of diseases and damage to human health; poor traceability of packaging; positive impact - transparent relations with consumers and partners. Positive: Consumer awareness, reliability and strengthening of customer relations; reducing product impacts. Financial impacts: risks of stricter regulations, association of the company with greenwashing cases, increase in lawsuits and complaints, cases of human diseases and allergies, product recalls, viralization of cases on social media. These issues may drive up costs on litigation and compensation, traceability, quality control, recovery of image and reputation, and revenue loss due to lower sales to groups concerned about the topic.</p>	<p>Research & Development Policy</p> <p>Code of Conduct</p> <p>Transparent Beauty Portal</p>	<p>Page 69 Disclosures: GRI 416-1 416-2 417-1 417-2 417-3 SASB CG-HP-250a.1 CG-HP-250a.3</p>

Our **Commitments**

TOGETHER WE ARE BUILDING
#BeautyFor
theFuture

Commitments *for the* future

Three years ago we undertook ambitious commitments, because we understand our responsibility as an innovative ecosystem and our history of over 47 years. We believe that entrepreneurship is imperative for business continuity and sustainability, also contributing to the actions addressing global and regional challenges.

Our Commitments for the Future are aligned and follow the same time horizon as the 2030 Agenda for the Sustainable Development Goals (SDGs) of the United Nations (UN). Updates are scheduled to occur every three years, allowing the goals to keep up with business dynamism and remain conducive with our aspirations for the planet's future.

In 2023, we updated these commitments for the first time, analyzing external and internal situations to diagnose where we stand in relation to the global and regional challenges of the ESG agenda. As part of this process' evolution, which also considers issues such as transparency and engagement in the key stakeholders' agenda, we reorganized the topics covered by the 15 commitments previously in place to connect our long-term priorities more objectively with our short-term actions and initiatives. No important topic was left behind, and we were able to measure

progress in previous commitments and continue on this journey.

Eight commitments and 30 specific targets now govern the Group's ESG strategy. In the new model, all topics addressed in the Commitments for the Future have evolved from the maturation and creation of new governance and performance monitoring processes. Each business area is therefore able to plan and execute actions, with its contribution to achieving the commitments visible. The updated targets bring more pragmatism, transparency, and scientific grounding, highlighting our focus and historical consistency in the social, environmental and governance dimensions.

The result of this update, built through a joint effort between leadership and all business areas, will be presented in the following pages, along with the results for 2023.

Our 2030 Commitments are also available at: [#BeautyForTheFuture](#)

The updated targets bring more pragmatism, transparency, and scientific grounding, highlighting our focus and historical consistency in the social, environmental and governance dimensions.



Our Commitments

#ENVIRONMENTAL

Climate change



Help limit the rise in the planet's average temperature, in line with the Paris Agreement.



Specific targets


Scopes 1 and 2

42% reduction in greenhouse gas emissions, compared to 2022, through actions in direct operations and the use of renewable energy in factories, distribution centers and company retail outlets by 2030.


Scope 3

17% reduction in greenhouse gas emissions compared to 2022, through coordinated actions with our partners.

Results

-8%  **42%**
 % reduction in total GHG emissions for Scopes 1 and 2 compared to the 2022 baseline

Higher emissions primarily due to the expansion of the scope to include the operations of Truss and international stores.

-29%  **17%**
 % reduction in total GHG emissions for scope 3 compared to the 2022 baseline

Scope increase with the enhancement of the GHG inventory which, in 2023, began to include the Transport and Distribution (downstream) category and increased emissions in all other categories, most significantly in the Purchase of Goods and Services and Transport and Distribution (upstream), due to the growth of operations.

Commitment progress

The previous commitment did not set decarbonization targets for operations. To make it more scientific, the goal was accordingly restructured and evolved its strategy to commit to the Science Based Targets initiative, following an emissions reduction plan.

Waste



Minimize the environmental impact caused by solid waste from our direct operations by reducing waste volume, recycling incentive programs and packaging circularity.



Specific targets

Reducing waste intensity

15% decrease in the volume of waste generated per unit sold (sell-in) by 2030 compared to 2022.

Results



% decrease in the intensity of waste generated per unit sold (sell-in) compared to 2022.

The result was driven by the increased use of refills, especially in hair and body categories, by reducing the weight of catalogs, increasing digitization, and a program to provide one catalog only per active reseller.

Commitment progress

Recycling

Collection and recycling of at least 45% of the waste from packaging generated in the year by 2030.



% waste sent for recycling relative to the total waste generated by BG packaging

Through our own packaging collection programs such as the Factory Price Station project, participation in the sector agreement, and collection of waste generated by store demobilization, 34% of the waste generated from packaging was recycled.

Recycling of at least 95% of logistic and industrial waste by 2030.

Monitoring of this target's indicator starts in 2024, considering the evolution of the scope and reclassification of waste. The target counts all waste generated and recycled in our industrial operations and distribution centers.

Packaging circularity

Use of 30% recycled material in our packaging by 2030.



Total % of recycled material in packaging

Achieved results through efforts to incorporate post-consumer recycled content into the portfolio, by developing more sustainable packaging and partnering with suppliers.

90% of new products developed with reusable, recyclable or biodegradable packaging by 2030.

The target for new products developed with reusable, recyclable, or biodegradable packaging was set in 2023 and will begin to be measured in 2024. Boticário Group is advancing in creating metrics and establishing the baseline for product recyclability.

The updated commitment evolved from a single waste solution goal to specific targets spanning various fronts of action on the topic: reduction, recycling and circularity. This reorganization allows for better planning and monitoring of the initiatives needed to achieve the desired results.



Water
 Increase the business' water efficiency and positively impact strategic drainage basins for both us and society.



	Specific targets	Results	Commitment progress
Product: within rinse-off products	Make at least 90% of them biodegradable.	<div style="display: flex; align-items: center;"> <div style="width: 48%; background-color: #4CAF50; border-radius: 10px;"></div> 48% <div style="width: 42%; background-color: #e0e0e0; border-radius: 10px;"></div> 90% </div> <p>% of biodegradable rinse-off products in relation to the total active rinse-off products in our range</p> <p>The creation of new formula platforms for rinse-off products and the substitution of higher impact raw materials have driven the results.</p>	<p>Boticário Group's previous water commitments only entailed reducing the impact of rinse-off products and the use of recycled water generated. Given the topic's relevance to the business and society, the scope and level of ambition have been ramped up with specific targets for increasing biodegradability and reducing the water impact of rinse-off products, reducing water consumption in operations, and reducing water risk in sources.</p>
	100% with less water impact (vs. 2020) as measured by the I.A.R.A® methodology, in addition to the creation of technologies that allow consumers to reduce water use during rinsing.	<div style="display: flex; align-items: center;"> <div style="width: 74%; background-color: #4CAF50; border-radius: 10px;"></div> 74% <div style="width: 26%; background-color: #e0e0e0; border-radius: 10px;"></div> 100% </div> <p>% of rinse-off products with reduction of environmental impact on water in relation to the total active rinse-off products in our range</p> <p>An internal tool called Lyra was developed, which in 2023 allowed us to start gaging performance of this target, already present in Boticário Group's previous commitments. Results were achieved through initiatives aimed at replacing higher impact raw materials and also creating new formula platforms for shampoo, conditioner, hair masks and hair products at the R&D center.</p>	
Reduction of at least 25% of the volume (m³) of water consumed per ton of final product compared to 2022 (water intensity).	<div style="display: flex; align-items: center;"> <div style="width: 10%; background-color: #f44336; border-radius: 10px;"></div> -10% <div style="width: 80%; background-color: #e0e0e0; border-radius: 10px;"></div> 25% </div> <p>% reduction in water volume consumed per ton produced compared to the 2022 baseline</p> <p>Increase in relative water consumption due to changes in the operational work regime and higher production.</p>		
Efficiency Use of at least 90% of the recycled water generated in our manufacturing operations by 2030.	<div style="display: flex; align-items: center;"> <div style="width: 8%; background-color: #4CAF50; border-radius: 50%;"></div> 8% <div style="width: 82%; background-color: #e0e0e0; border-radius: 10px;"></div> 90% </div> <p>% utilization of recycled water generated in factories</p> <p>The Water Treatment Plant in our São José dos Pinhais factory underwent a period of adjustments to improve the quality of the treated water, thereby opening up more opportunities for future use. During this adjustment period, it was not possible to reuse the treated water or advance these results. The focus for 2024 is to increase the use of recycled water in operations.</p>		
Maintenance Fostering nature conservation initiatives that reduce water risk in six critical water sources for Brazil or where our operations are located, benefiting approximately 25 million people.	<p>The goal and indicator were defined in 2023, and Boticário Group is improving the management of water sources and the number of people benefited. The results will be presented from 2024 onwards.</p>		

Specific targets

Conservation

Support the conservation of biodiversity in 2 million hectares of protected terrestrial and marine areas by 2030.

Results

In 2023, Boticário Group Foundation **directly or indirectly conserved a total of 732,557 hectares**. Considering the first cycle of this commitment, from 2020 to 2023, **the goal was exceeded, achieving a total of 3.6 million hectares of nature conservation over four years**, through direct and indirect actions. With this result and the updating of our 2030 commitments, in 2024 the company is adopting a new focus on the hectares of Conservation Units that benefit from environmental offsetting funds and potentially others influenced by the actions of Boticário Group Foundation. The results will be reported from 2024 onwards.

Commitment progress

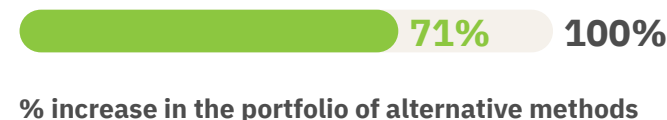
Ensure that 100% of our products are vegan by 2026.



Efforts to phase out non-vegan raw materials boosted the results achieved in 2023 and made this issue a new commitment for Boticário Group.

Animal Welfare

Increase by 40% the portfolio of alternative methods available for assessing the safety of raw materials and products.



Boticário Group has not conducted animal testing since 2000 and is cruelty-free certified. It has also pledged to expand its portfolio of alternative methods. In 2023, the baseline was calculated, resulting in 50 alternative methods becoming available. This represents 71% of the target, and we aim to have 70 alternative methods available by 2030, an increase of 40%.

Positive impact

Pursuing a net positive impact on biodiversity.

This goal reinforces the commitment to the Global Biodiversity Framework made by companies in their actions and responsibilities. In an effort to contribute positively, one of the initiatives is the LIFE certification, granted to businesses committed to biodiversity conservation. Only the factory in São José dos Pinhais (PR) currently holds the LIFE certification, and the company will make efforts to expand the certification to other sites.

The previous goal related to making investments in critical natural capital has evolved to enable monitoring of the actual impact generated on biodiversity. The Group thus maintains its commitment to biodiversity conservation in protected areas by adopting a more challenging new focus, and working with Conservation Units, whose conservation will be perennial. Furthermore, it now has animal welfare commitments, with a vegan product range and more alternative methods, generating a net positive impact on biodiversity.

Biodiversity



Enhance the conservation of biodiversity and respect for animals.



#SOCIAL

Diversity and inclusion



Foster representativeness and inclusion of diverse individuals in the general workforce and leadership at Boticário Group, mirroring the Brazilian population



Specific targets

General workforce

Increase the representativeness of diverse individuals in the general workforce.

Leadership

fairly representing diverse people in leadership positions.

Results

% of black employees in the overall workforce: 46%

% of female employees in the overall workforce: 60%

We are becoming more diverse, with the number of women and black people in Boticário Group's workforce rising in 2023. The internal representation results were boosted by programs and initiatives such as: the launch of affinity groups as a safe space where diverse and non-diverse people can discuss and be inspired within the group; and the development of empowerment and belonging initiatives for black people, like the Ébano Project that introduced large hairnets; in addition to providing affirmative action places for diverse individuals.

% black employees in leadership positions: 26%

% women in leadership positions: 56%

In 2023, Boticário Group stepped up its commitment to diversity, with a focus on increasing the representation of women and black people in leadership positions. To achieve these results, a set of strategic actions was implemented, including development training and mentorship, an anti-racist training journey with live sessions and training on the topic, and the setting of ambitious goals to boost diversity across all levels of the organization.

Commitment progress

Boticário Group commitment to fairly representing diverse people in the general workforce and in leadership positions is unwavering.

#SOCIAL

Diversity and inclusion



Advance diversity and inclusion within our business ecosystem through our purchasing, marketing and communication practices with society.



Specific targets

Communication

Accessible communication, representative of the Brazilian population and free from stereotypes, normalizing diversity.

Value chain

Encourage entrepreneurship among diverse individuals by including them in our value chain.

Products

Offer a new and existing product range that is inclusive and diverse, taking into account the needs of the Brazilian population.

Results

- Black: 47%**
- LGBTQIA+: 17%**
- Different body types: 26%**
- Generations: 9%**
- People with disabilities: 2.5%**

% of diverse people represented in communications of BG and the brands O Boticário, Eudora, QDB, Vult, BLZ, OUi and Dr. Jones

Considers the representation of diverse people in communications, an indicator that has been monitored since 2020. In 2023, Boticário Group achieved the respective representativity percentages for each group by choosing campaign castings that now include models with diverse profiles that represent the real Brazil. In 2024, diversity goals will be defined for each brand.

- % spending on suppliers owned by diverse individuals: 10%**
- % suppliers owned by diverse individuals: 15%**
- % achieving the maximum score on the diversity questionnaire: 72%**

The number of companies owned by diverse individuals in the supplier base in 2023 rose, boosted by the affirmative purchasing portal. Our partners' diversity performance also improved with the training offered on the topic and through monitoring and recognition of ESG performance carried out by the Partner Assessment and Development Program (PADP).



The results and advancements were driven by projects such as: Free Beauty Communities; Inclusive Beauty - inclusive range training; Beauty in Movement; and engagement events on the topics of diversity and inclusion for those developing new products.

Commitment progress

Boticário Group maintained its commitments to diversity and inclusion for the ecosystem, refining the scope of certain goals. In the supply chain, spending on suppliers owned by diverse individuals will also be monitored, and for products, all assets in the portfolio are considered (previously the scope was smaller, only embracing developed and new products).

[1] SKU: Stock Keeping Unit

#SOCIAL

Social development



Actively work to ease social inequality among the general population and positively impact the quality of life of business partners within the beauty ecosystem.



Specific targets

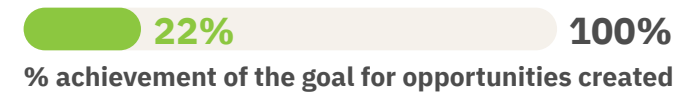
General public

By 2030, create a million opportunities to transform people's lives by fostering participation in social development programs focused on entrepreneurship and/or professional training.

Business partners

Aim to enhance the quality of life of business partners, so that their income grows as a result.

Results



The results were primarily driven by the Beauty Entrepreneurs program, which provides training for women working in the beauty sector. In 2023 alone, more than 150,000 opportunities were created. 22% of the goal represents 224,384 opportunities created.

The calculation was conducted as a pilot for the first time in 2023. As it is a new indicator, its impact on income will be monitored, and as maturity increases, the reported indicator will be quality of life.

Commitment progress

To improve our processes, increase transparency, and to enhance the visibility of our social work, it was also necessary to adjust the commitment and its measurement method. Until 2022, it was measured by the number of transformed realities, based on the income rise for people impacted by the Group's initiatives (multiplication of the beneficiary by a family coefficient). In 2023, we began measuring the number of opportunities created. The concept of opportunity is measured by the number of registrations in programs offered by Boticário Group Institute and the company's social practice. This change reflects a broader approach aimed at greater long-term impact because:

- i. Opportunity creation is directly related to the company's purpose.
- ii. Each individual can receive more than one opportunity, thereby becoming more qualified and prepared for the labor market or entrepreneurship.
- iii. The Group does not influence individual behavior; although it provides various opportunities, it is up to the beneficiary to take advantage of the offered opportunity.

Furthermore, we maintain our commitment to improving the quality of life and, consequently, increasing the income of our business partners.

Sustainable Procurement



To urge responsible sourcing within our supply chains as a way to combat illegal deforestation, biodiversity loss, and to ensure appropriate working conditions.



Specific targets

Raw materials sourcing

95% of raw materials should derive from renewable or sustainable sources by 2030.

Results



% raw materials from renewable sources relative to raw materials used

To be considered, raw materials must be 100% plant-based, biotechnological, or of plant+biotechnological origin. Efforts were directed towards prioritizing and developing products with these raw materials.

Commitment progress

The calculation method for the raw material origin goal was adjusted, with monitoring by tons purchased (previously the goal was by spend). This change will better quantify the efforts and results considering the weight and impact of the materials.

100% of palm purchased by 2030



% of palm purchased by 2030

Although we are measuring this commitment for the first time, acquisitions of certified palm rose in 2023, boosting the result.

With a focus on ensuring the sustainable origin of raw materials, progress was made in identifying those with higher risk, allowing better allocation of resources and efforts.

Responsible sourcing: guaranteed certification of high-risk raw materials

90% of wood and derivatives purchased by 2030



% of wood and derivatives purchased by 2030

The goal sets out to ensure that, every year, more than 90% of wood and derivatives have a responsible origin. In 2023, the result exceeded the commitment by reaching 94% due to the drive to acquire certified wood and derivatives. However, this challenge will not go away. The scope encompasses all makeup SKUs, cartridges, full service, and international.

This commitment has matured and now includes reviewing the performance of suppliers, on the belief that the responsibility to advance the ESG agenda is shared and should involve business partners.

100% of the sugarcane alcohol purchased by 2030.

The sustainable-origin certification process for sugarcane alcohol will begin in 2024.

Supplier screening: sustainability performance reviews of tier 1 suppliers responsible for at least 75% of the spend by 2030.



% tier 1 suppliers reviewed for their sustainability performance

The result shows the spend on tier 1 suppliers who are assessed recurrently (at least annually) in terms of sustainability performance. The result was achieved with the implementation of the Beauty Chain program, which allowed us to grow the number of suppliers reviewed for ESG, and their respective engagement.

#ENVIRONMENTAL

TOGETHER WE ARE BUILDING
**#BeautyFor
theFuture**



Climate *change*



Science-based targets

2023 was beset with extreme weather events not only in Brazil but also in various regions around the world. Catalyzed by El Niño, climate change heavily disrupted the daily lives of numerous communities, resulting in material losses, environmental damage, health problems and the death of people and animals.

The urgency of the issue has led governments, international bodies, scientific institutions, third-sector organizations and companies to come together to seek joint solutions. Boticário Group accordingly participates in discussions and is committed to analyzing and monitoring the risks that extreme weather events and a potential scarcity of resources can have on society, the environment and business.

#our commitment

Help limit the rise in the planet's average temperature, in line with the Paris Agreement.

Boticário Group's production chain has been constantly evaluated in terms of climate change and energy consumption. The impacts of products, both positive or negative, are monitored from manufacturing to their arrival at retail stores, including their use and disposal by the final consumer.

Our plan

In 2023, Boticário Group revisited its goals to align them more closely with the Paris Agreement, which proposes that the temperature increase should not exceed 1.5°C for Scopes 1 and 2 and should not exceed 2°C for Scope 3. For this, we officially committed Boticário Group to the SBTi (Science Based Targets initiative) – a collaborative action spearheaded by the CDP (Carbon Disclosure Project) to set climate goals based on scientific data. Boticário Group will submit its short-term goals for SBTi approval in 2024, and its net zero goal in 2025.

Boticário Group responds to the CDP regarding climate change and water security ([see more](#)). Moreover, it is preparing to respond to the CDP Forests in the coming years, which includes comprehensive surveys on how corporations worldwide care for forests.

Boticário Group believes it is important to join forces with other players around the climate transition and to build a broad adaptation plan that considers the country's needs. To advance down this road, the Group has bolstered relationships with suppliers and companies that are seeking decarbonization solutions focused on Brazilian challenges.

Decisions about climate change within Boticário Group are the responsibility of senior leadership and have been factored into business planning since 2023. In liaison with the Risk and Audit Committee, the ESG Committee monitors climate risks identified in both operations and the value chain.

In 2023, Boticário Group worked on the construction of a Climate Change Transition and Adaptation Plan following the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) – an initiative that standardizes the disclosure of company initiatives to mitigate climate change risks. The standard requires disclosure of information about governance; risk management; strategy; and metrics and targets ([see more in TCFD](#)).

Stakeholder engagement

Throughout 2023, more than Boticário Group 1,900 employees took online training about the importance of climate issues.

Strategic suppliers participate in Boticário Group's Partner Assessment and Development Program (PADP) ([learn more](#)), which gages the supply chain's ESG performance, with a specific focus on climate change and directives to compile their emissions inventory. In the PADP, for example, suppliers report their specific carbon footprint in relation to Boticário Group. Additionally, strategic suppliers have been invited since 2022 to participate in the CDP's Supply Chain Program, reporting environmental information on the topics of climate change, water security and forests. The program also includes a series of trainings on specific topics for suppliers.

As part of the stakeholder diagnosis, the company-owned stores and franchises participated in a survey so that the Group can understand its energy performance and thus offer the best solutions.

Emissions inventory

Boticário Group is committed to conducting thorough assessments of its carbon footprint to ensure a consistent decarbonization plan. In 2023, the calculations for greenhouse gas (GHG) emissions encompassing Scope 3 were expanded to include 11 categories—up from just four used until 2021 and ten in 2022. The refinement of the model and progress in this area was made possible through the use of technology and the engagement of various departments and leadership, in addition to consulting experts.

Of all the Group's emissions, approximately 98% are in scope 3, of which 57% are related to goods and services (purchase of raw materials, packaging and other items related to transactions).

The GHG emissions inventory follows the methodology of the Brazilian GHG Protocol Program and is published annually in the [Public Emissions Register](#), which improves transparency. Boticário Group is a founding member of the program created in 2008 and has calculated and disclosed its emissions, which are assured by an entity accredited for over 15 years. In 2023, the Group was recognized by the GHG Protocol Program for its pioneering efforts and engagement, actively helping instill a culture of preparing and publishing corporate GHG inventories in Brazil.

Emissions and the Group's climate strategy are reported to the CDP (Carbon Disclosure Project), a non-profit organization with global operations that brings together investors, institutions, corporations, and governments to encourage collaborative actions for sustainable development ([learn more](#)).

In 2019, Boticário Group set an internal price for carbon and, since then, this variable, which is not yet priced in Brazil, has been embedded in the Group's decision-making processes.

The group's climate performance assessment metrics take into account impacts and opportunities and are constantly reassessed. In 2022, the key risk indicator (KRI) for climate 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. The climate change risk is currently classified with significant exposure in the Group's strategic risk matrix (moderate impact and probable likelihood). In addition to the indicators, action plans to reduce risk appetite are monitored, and their outcomes are overseen by the Risk and Audit Committee.



In 2023, Boticário Group was recognized by the GHG Protocol Program for its pioneering efforts and engagement.

TCFD

Governance

Aware of the importance of embedding sustainability practices in its operations, Boticário Group has adopted a proactive approach aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to identify the climate-related risks facing its business and the strategies to manage them.

For decision-making on climate change issues, Boticário Group turns to its ESG Committee. Managing this topic is strategic for the Group and is overseen by senior governance. The ESG Committee is headed by an independent member and composed of the CEO, the chairman and vice-chairman of the Advisory Council, an external expert, and the key executives responsible for the ESG strategy. It sets out the guidelines and approves the Climate Strategy, which also monitors progress towards goals and, in conjunction with the Risk and Audit Committee, the climate risks identified in the Group's operations and value chain.

Boticário Group's approach to risk management seeks to foresee and mitigate potential adverse impacts through a rigorous process of risk identification, assessment and monitoring. Climate risk is considered strategic, actively

managed and reported to the Advisory Council by the Risk and Audit Committee. This process reflects the company's commitment to keeping risks within a predefined risk appetite, demonstrating a preventative stance towards potential crises or incidents.

The Risk and Audit Committee is involved in assessing climate-related risks and shall:

- Monitor the results of reported risk monitoring and assess and resolve processes or initiatives that expose Boticário Group to losses.
- Evaluate the effectiveness and adequacy of the risk management framework, making recommendations for enhancing policies, practices and procedures as necessary.

To assist in its functions, the Advisory Council is supported by committees specializing in specific topics ([see more](#)), including one dedicated to ESG, which demonstrates the factoring of financial and non-financial issues into decision-making.

Management and our executive board prepares the annual budget for climate change actions, which determine the strategy's focus for the financial year and the investment needed to deliver on our strategy, projects and initiatives. The ESG Committee and the Group's senior leadership evaluate and approve the budget. The ESG Committee

meets regularly, in both scheduled and extraordinary sessions, to discuss, evaluate and steer the Group's sustainability and climate change initiatives, ensuring alignment with its Commitments for the Future and adaptation to climate risks.

In addition to the governance and risk management framework, the Group emphasizes the importance of the climate strategy and the setting of specific goals for the topic. Aligned with the UN SDGs, the Commitments for the Future include ambitious goals aimed at addressing global challenges, including reducing greenhouse gas emissions and adopting more sustainable practices throughout the value chain. These initiatives are periodically reviewed to ensure their effectiveness and relevance in a constantly shifting business and environmental landscape.

For new investments and acquisitions, the Group undertakes a due diligence process that examines environmental, social and governance issues for risk and opportunity assessment. An example of this is the mapping of evaluated companies' GHG emissions. In the process of integrating and finalizing transactions, the new operations are incorporated and adapted to Boticário Group practices.



Strategy

Recognizing the importance of considering short-, medium- and long-term horizons, Boticário Group is committed to a series of actions to mitigate climate change risks and capitalize on related opportunities.

Short-, medium- and long-term horizons

The evaluated scenarios can project the increase in the global average temperature by the end of the century, in 2100. Boticário Group has now defined actions through to 2050 as its time horizon. The detailed analysis of these horizons allows the Group to foresee and mitigate significant financial risks arising from extreme climate events, such as water scarcity, new regulations, and the procurement of critical raw materials.

Short-term strategies (up to 10 years)

Boticário Group is already facing immediate challenges, such as floods, which affect product logistics and distribution. We keep an eye on the emergence of new regulations, such as carbon pricing, which can affect operations. The response to these challenges includes transitioning to a clean power system at factories and distribution centers, leveraging the economic benefits of renewable energy, which can be up to 30% cheaper. The Group has accordingly rolled out a decarbonization strategy, which harnesses renewable energy for factories and distribution centers, with the additional benefit of reducing operational costs. Pilot projects in Minas Gerais are adopting photovoltaic energy in our company store network. An even more ambitious initiative is being implemented to leverage the use of renewable energy in the franchise network.

Medium-term strategies (10 to 20 years)

For the medium term, the projected water scarcity and difficulties in obtaining critical raw materials means the Group's strategies aim to diversify its input sources and improve water use efficiency. These initiatives aim to ensure the sustainability and continuity of operations, mitigating future risks and aligning with the stakeholder and regulator expectations.

Long-term strategies (20 to 30 years)

The main risk factors are related to the expected increase in the severity and frequency of extreme climate events, with significant impacts on the loss of durable goods. The long-term strategy involves investments in innovation and the development of sustainable products, in addition to the adoption of operational practices that minimize environmental impact. The focus is on the development of sustainable products, from design to delivery to the consumer. This commitment is manifested through the adoption of natural or vegan ingredients and the environmental impact assessment of packaging. The Group also prioritizes traceability and eco-efficiency in the value chain, engaging suppliers in sustainable and innovative practices.

Risk and opportunity assessment

Boticário Group uses a risk matrix to assess the probability and financial impact of climate change on its operations, using scenarios like STEPS (SSP5-8.5, SSP3-7.0, SSP2-4.5, SSP1-2.6) and net zero (analogous to scenario SSP1-1.9) for risk assessment. This approach enables a critical analysis of greenhouse gas (GHG) emissions, identifying the main offenders and mitigation opportunities through market benchmarks, partnerships and specialized consulting.

Implemented initiatives

To counter the causes of climate change and move towards a low-carbon economy, it is necessary to invest in clean energy sources. In the São José dos Pinhais (PR) and Camaçari (BA) 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, 5% of the energy comes from solar panels.

In 2023, the Group launched a pilot project for distributed generation

(acquiring energy from renewable sources from small distributors) across all 30 company stores in Minas Gerais. The plan for 2024 is to expand this initiative to other franchisees.

To combat the risks associated with GHG emissions, Boticário Group has been implementing a series of strategic measures, including:

- **Renewable energy:** using free market energy, with wind source certificates for factories and distribution centers, and installing distributed generation projects with photovoltaic energy for company stores and franchises.
- **Risk and financial impact assessment:** analyses of physical and transition risks were based on emission scenarios set out in the fifth and sixth Assessment Reports of the Intergovernmental Panel on Climate Change (IPCC AR5 and AR6), along with the Shared Socio-economic Pathways (SSPs) and Representative Concentration Pathways (RCPs). Transition risk scenarios were determined based on TCFD guidelines, which recommend the use of at least two scenarios, including one below 2°C, specifically:

SSP1-1.9 and SSP2-4.5. According to the International Energy Agency (IEA), these scenarios are termed net zero (NZE) and Stated Policies Scenario (STEPS), respectively. The NZE Scenario (analogous to SSP1-1.9) is considered a low-emission scenario. It sets the goal of limiting the average global temperature increase by the end of the century, in 2100, outlining the efforts needed to transition to a low-carbon economy. It is based on principles such as adopting emissions reduction technologies based on cost and maturity, international cooperation and an orderly transition in the energy sector. In this scenario, net carbon emissions are expected to be neutralized by around 2050. The STEPS Scenario (analogous to SSP2-4.5) reflects current policy settings based on a sector-by-sector and country-by-country assessment of specific policies in force, and those announced by governments worldwide. This scenario projects warming of 2.7°C by the end of the century.



[1] As established in the SLB issuance, 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 Boticário Group after the SLB issuance date is not included in the calculation.

Physical risks were analyzed by the AdaptaBrasil tool, which is based on two greenhouse gas concentration scenarios: RCP4.5 (optimistic) and RCP8.5 (pessimistic). RCP4.5 is an intermediate emissions scenario where emissions slightly increase before starting to fall off around 2040. This scenario exceeds the goals set by the Paris Agreement and aligns with the emission profiles expected with the implementation of the Nationally Determined Contributions (NDCs) from 2015 to 2030, followed by a rapid reduction, resulting in a global decrease in emissions of 50% by 2080. RCP8.5 is the most unfavorable scenario of failing to curb high emissions. This scenario has a very high baseline of emissions, approximately 90% above the levels of baseline scenarios without policies available at the time.

- **Mitigation and adaptation:** focus both on mitigating environmental impacts, by reducing GHG emissions, and on adapting to climate changes, with increased efficiency in water use and reuse.
- **Sustainable product development:** launch of the Score ESG tool ([see more](#)) to evaluate the sustainability attributes of products according to internationally

recognized environmental and social criteria, aligned with the principles of the UN Global Compact. Among the issues analyzed are renewable materials and ingredients, water resources, waste solutions, climate change, responsible sourcing, and diversity and accessibility.

- **Electric vehicle fleet:** electric vehicle fleet used to distribute products to the retail network. In 2023, 40 electric cars were distributed across the states of São Paulo, Rio de Janeiro, Minas Gerais, Rio Grande do Sul, Paraná, and Amazonas, totaling 708 tons of CO₂ avoided.
- **Sustainability-linked bond issuance:** Boticário Group's first issuance of ESG performance-linked bonds, in line with the sustainability-linked bond (SLB), set a target of using 100% renewable energy at its four largest sites. The achievement of the goals for both issuances is assessed annually ([see more](#)).



Risk management

Boticário Group adopts a strategic and integrated approach to monitoring and mitigating climate-change risks in order to reduce its vulnerability to extreme weather events and future regulations.

This process encompasses the continuous monitoring of environmental regulations and the identification of potential regulatory impacts on operations, including the need to disclose audited greenhouse gas (GHG) inventories and the achievement of emission reduction targets.

Climate change presents two main categories of business risks: physical risks (acute or chronic) and transition risks (those that arise on the path to a low-carbon economy, which can be regulatory, legal, technological, market or reputational and require strategic action to control exposure).

An example of a material physical risk that has already occurred is water stress, a topic that has received even more attention from the Group since 2020/2021, when a prolonged drought blighted south Brazil, where the São José dos Pinhais factory is located in Paraná. Adaptation projects for water reuse and consumption optimization have been used to address the issue and include an action plan.



Climate risk management framework

Climate change risk is considered strategic by Boticário Group and is embedded in the Corporate Risk Management & Business Continuity system. This system reports twice yearly to the Risk and Audit Committee, which includes members of the Advisory Council, external experts, and company executives. Led by an independent member, the committee advises the Advisory Council and senior governance on strategic decisions concerning the Group's identified risks.

Continuous improvement

Continuously improving the mapping of climate risks at Boticário Group is a three-fold process:

- Stage 1 is **Understanding the Context**, which involves identifying key processes, relevant inputs and outputs, and establishing the project's scope and time line.
- Stage 2 is **Execution**, which focuses on identifying climate risks (both internal and external) through interviews with experienced employees, climate scenario assessments, analysis of risk impact and probability, and validation of internal controls.
- The final stage is **Finalization**, which includes defining responses to risks, action plans for mitigation, and continuous monitoring of risks and their solutions.

The process is adaptable to the specifics of the sector and the company, allowing for the review of control mechanisms as needed to seize opportunities emerging from new climate scenarios. This cycle is essential for addressing immediate and future risks, such as natural resource scarcity, challenges in accessing raw materials, and fiercer competition. Strategies to reduce water consumption, increase the use of reclaimed water, and ramp up the use of renewable energy are examples of mitigation actions adopted.

Integration and responsibilities

The integration of climate risks into the business model and value chain is led by the ESG Board, which collaborates with the ESG Committee and the Vice Presidency of Corporate Affairs. This collaboration ensures that discussions about climate change take place among senior leadership, influencing critical decisions and monitoring performance against the Commitments for the Future.

By adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), Boticário Group has committed to transparent and effective management of climate risks, which entails the monitoring of key risk indicators (KRIs) and the continuous reassessment of climate performance metrics. These practices not only mitigate risks but also identify emerging opportunities, aligning the Group's operations with a sustainable and climate-resilient future.

Climate change opportunities

Boticário Group follows a three-step approach to identify climate change opportunities, especially those geared towards reducing greenhouse gas emissions.

- Initially, through a **Diagnosis** with a critical analysis of direct and indirect emissions, identifying the main contributors.
- In an **Opportunity survey**, mitigation possibilities are subsequently explored through market benchmarks, partnerships, and consultations with experts.
- Lastly, in the **Pricing and technical analysis** phase, opportunities are modeled and aligned with the Group's strategy to determine the marginal cost of emissions reduction, allowing us to select the options with the best cost-benefit ratios and the creation of projects for different scenarios and time horizons.

Targets and metrics

In 2022, Boticário Group began crafting a low-carbon transition plan around a marginal abatement cost curve. This tool identifies and prioritizes low-carbon mitigation measures and technologies, thereby fostering business opportunities and cost reduction. Through a clear metric—the economic cost of reducing emissions—the plan facilitates the viewing and organization of mitigation measures, aligning with immediate science-based targets and the net-zero vision.

Emission metrics and calculation

Essential metrics include the sum of Scope 1 and Scope 2 emissions (market-based) from the baseline year (2022) compared to the current year, and the sum of Scope 3 emissions in the same periods, allowing us to calculate the percentage reduction secured.

A critical analysis of the scope 3 emissions inventory from 2022 found that the procurement of goods and services and transport and distribution were contributing heavily to emissions. The Group responded by modeling initiatives for less carbon-intensive and more efficient logistics, providing tools to and recognizing good practices of partner carriers, which includes GHG emissions reduction and adaptation to climate changes. This work was done through Boticário Group's Partner Assessment and Development Program (PADP). The following pages show our emissions metrics.

Indicators and internal carbon pricing

For assessing climate risks, the Group considers indicators such as avoided emissions, increased recycled content in packaging, waste recycling, water intensity and certification of raw materials.

To factor the emissions reduction costs into decisions, facilitating the comparison and prioritization of mitigation measures, an internal carbon price was adopted ranging from R\$ 30 to R\$ 50 per tCO₂e.

Commitments and future goals

Compiled annually in line with the GHG Protocol Brazil methodology, our emissions inventory is published in the Public Emissions Register, providing 15 years of historical data. In 2023, Boticário Group committed to the Science Based Targets initiative (SBTi), aiming to establish and validate science-based emissions reduction targets within two years. Short-term targets will be submitted for 2024, while long-term targets (net zero) are under development, expected to be submitted for review by SBTi by June 2025. Boticário Group's ESG strategy also includes a commitment to this topic to be achieved by 2030 ([see more](#)).

Comprehensive emissions information can be found [here](#).

Climate change mitigation

- **Short term:** using renewable energies and increasing PCR (post-consumer recycled) in packaging
- **Medium term :** phasing out the use of fossil fuels in our operations
- **Long term:** 100% renewable raw materials for producing formulations and packaging.

Climate change adaptation

- **Short term:** development of a response plan for 100% of identified physical risks; more efficient water use by factories and lower water consumption intensity per product
- **Medium term:** full implementation of initiatives that reduce water withdrawal from natural sources, such as increased use of reclaimed water and water efficiency projects in manufacturing operations
- **Long term:** multisector action to mitigate climate risks in strategic regions.



The water route
Viva Água Project

Greenhouse gas emissions (t CO₂ equivalent)^{[1] [2] [3]}

	2022	2023	Change (%) GRI 305-5
Direct (Scope 1) emissions GRI 305-1	4,028.10	4,001.86	- 0.65%
Stationary combustion	2,359.49	2,529.21	7.19%
Mobile combustion	1,129.64	1,194.44	5.74%
Fugitive emissions	538.97	278.21	- 48.38%
Indirect emissions from energy acquisition (Scope 2) GRI 305-2			
Electricity consumption (location-based approach)	2,008.71	3,031.65	50.93%
Electricity consumption (market-based approach)	486.80	898.25	84.52%
Other indirect (Scope 3) GHG emissions GRI 305-3	374,297.50	483,146.41	29.08%
Upstream			
Goods and services purchased	235,411.00	273,784.26	16.30%
Capital goods	9,891.20	18,889.70	90.97%
Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	13,521.00	12,552.23	- 7.16%
Upstream transportation and distribution	27,465.70	77,332.42	181.56%
Waste generated in operations	2,554.80	5,579.48	118.39%
Business travel	344.8	11,815.23	3,326.69%
Employee travel	7,024.60	2,923.79	- 58.38%
Subtotal	296,213.10	402,877.11	36.01%
Downstream			
Use of sold products	71,409.30	64,678.60	- 9.43%
End-of-life treatment of sold products	5,581.40	11,496.04	105.97%
Downstream transportation and distribution	N/A ^[4]	2,520.15	-
Franchises	1,093.60	1,574.55	43.98%
Subtotal	78,084.30	80,269.34	2.80%
Biogenic CO₂ emissions	3,977.50	10,344.43	160.07%
Scope 1	586.10	672.39	14.72%
Scope 2	0.00	0.00	-
Scope 3	3,391.40	9,672.04	185.19%

Greenhouse gas emissions intensity GRI 305-4

	2021		2022		2023	
	Result	Goal	Result	Target ^[5]	Result	Target ^[5]
GHG emissions intensity (GEE) ^[6]	7.80	-	6.80	7.60	6.09	5.80

Nitrogen oxides (NO_x), sulfur oxides (SO_x) and other significant air emissions (t) GRI 305-7

Categories	2022	2023
NO _x	0.35	1.83
SO _x	0.08	0.08
Particulate Matter (PM)	0.01	0.01

[1] We consider the sources of emission factors according to the GHG Protocol Brazil; Ecoinvent 3.8, DEFRA UK, USEPA, WIOD (Quantis) and IEA. The Global Warming Potential (GWP) is based on IPCC AR5.

[2] To consolidate information, we adopt the methodologies of the ISO 14064-1 Standard and the GHG Protocol Program. All calculations are performed using SINAI Technologies software, certified by TÜV Rheinland. We use the operational control approach for all Boticário Group companies, as indicated in our organizational boundary, covering the relevant emissions of the entire organization.

[3] The significant changes observed between 2022 and 2023 are due to the inclusion of new business units in 2023 within Boticário Group's organizational boundary, in addition to category 9 of indirect scope 3 emissions. The need for recalculation will be assessed to measure commitments and goals.

[4] Not assessed in 2022.

[5] Operating targets.

[6] Scope: stationary combustion of factories. The gases included in the calculation are: CO₂, CH₄, N₂O. Approach used: calculation based on published emission factors.





Reserva Natural Serra do Tombador (GO)

Boticário Group Foundation and Nature-based solutions

Boticário Group Foundation collaborated on the development of the Group's Climate Change Adaptation Plan and worked on climate change adaptation.

In 2023, the foundation implemented Nature-based Solutions (NbS), strengthening urban green areas and thereby increasing the resilience of Brazilian cities. Throughout 2023, the foundation lobbied to have NbS embedded in 33 municipal plans. Moreover, it jointly carried out the first Nature-based Solutions Accelerator in Cities, which consists of supporting projects related to the topic. If

implemented by the municipalities, the ten projects developed could potentially benefit over 3 million people, remove 184,000 metric tons of carbon dioxide equivalent from the atmosphere, and avoid estimated costs of more than R\$ 1.65 billion.

Also in 2023, during the United Nations Climate Change Conference (COP28) held in Dubai, the foundation launched the survey "Nature in cities: how Brazilians view Nature-based Solutions," in partnership with UNESCO (United Nations Educational, Scientific and Cultural Organization) in Brazil, Anamma (National Association of Municipalities and Environment), and the Urban Bioconnection Alliance. The survey found that 64% of Brazilians feel afraid when

heavy rainfall is forecast in their region, and three out of four Brazilians do not believe their cities are prepared for climate change. More than 95% believe that NbS can ameliorate the impacts of climate change, and 94% of respondents consider it important for a public office candidate to present NbS proposals.

Learn more about Boticário Group Foundation [here](#) and on the [website](#).



Reserva Natural Serra do Tombador (GO)



Waste

A journey across the supply chain

GRI 306-1, 306-2, CG-HP-410a.2

The circular economy is crucial for Boticário Group. Focusing on diminishing our environmental impact and fostering more responsible consumption practices, the Group concentrates its efforts on reducing the amount of waste generated per unit sold, promoting recycling, and the circularity of packaging.

Circular economy for packaging

Packaging accounts for 66% of the waste generated by Boticário Group's direct

operations. In response, the company strives to develop products conducive with the circular economy, using recyclable, reusable, biodegradable or recycled-content packaging. Additionally, to consume less raw materials, the company invests in ecodesign, deploying environmental management tools from the design to the use of the packaging, aiming to optimize transport and facilitate the disassembly of packaging, among other factors.

The packaging development process takes into account the volume; the use of alternative, single-material, and post-consumer recycled (PCR) materials; and products with refills. We also endeavor to design out unnecessary secondary packaging, such as valve clips, boxes, and plastic bags.

Continuous improvement indicators

To assess the sustainability and recyclability of developed products, the Group is implementing two new indicators in 2024: the Product Sustainability Index (PSI) and the Product Recyclability Index (PRI).

Moreover, the packaging development processes are planned to minimize environmental impact throughout their lifecycle. This includes conducting checklists in the early stages of development and evaluating ESG (Environmental, Social, and Governance) criteria via the internally developed ESG Score tool—designed to assist in project decision-making to ensure product attributes related to business strategy, the adoption of Integrated Product Management (IPM) requirements, and lifecycle analysis.

#our commitment

Minimize the environmental impact caused by solid waste from our direct operations by reducing waste volume, recycling incentive programs and packaging circularity.

Waste circularity

Procurements, Product Development (R&D) and Categories Marketing

/ We develop products with sustainability attributes and utilize the Score ESG tool to aid in decision-making, supported by a multidisciplinary team for negotiations on sustainable raw materials and packaging

/ Post-consumer recycled materials (PCR) are used in the packaging

/ O Boticário's Intense brand lipstick features mono-material packaging that is 100% reusable and easily enters the recycling chain.

/ Arbo refillable bottles by O Boticário reduce the use of materials by 89%, preserving the fragrance while offering convenience

Cooperatives and Recyclers

Materials are sent to **15 certified cooperatives** where waste is sorted and forwarded to recycling industries, enhancing the circularity of materials

Reverse logistics programs

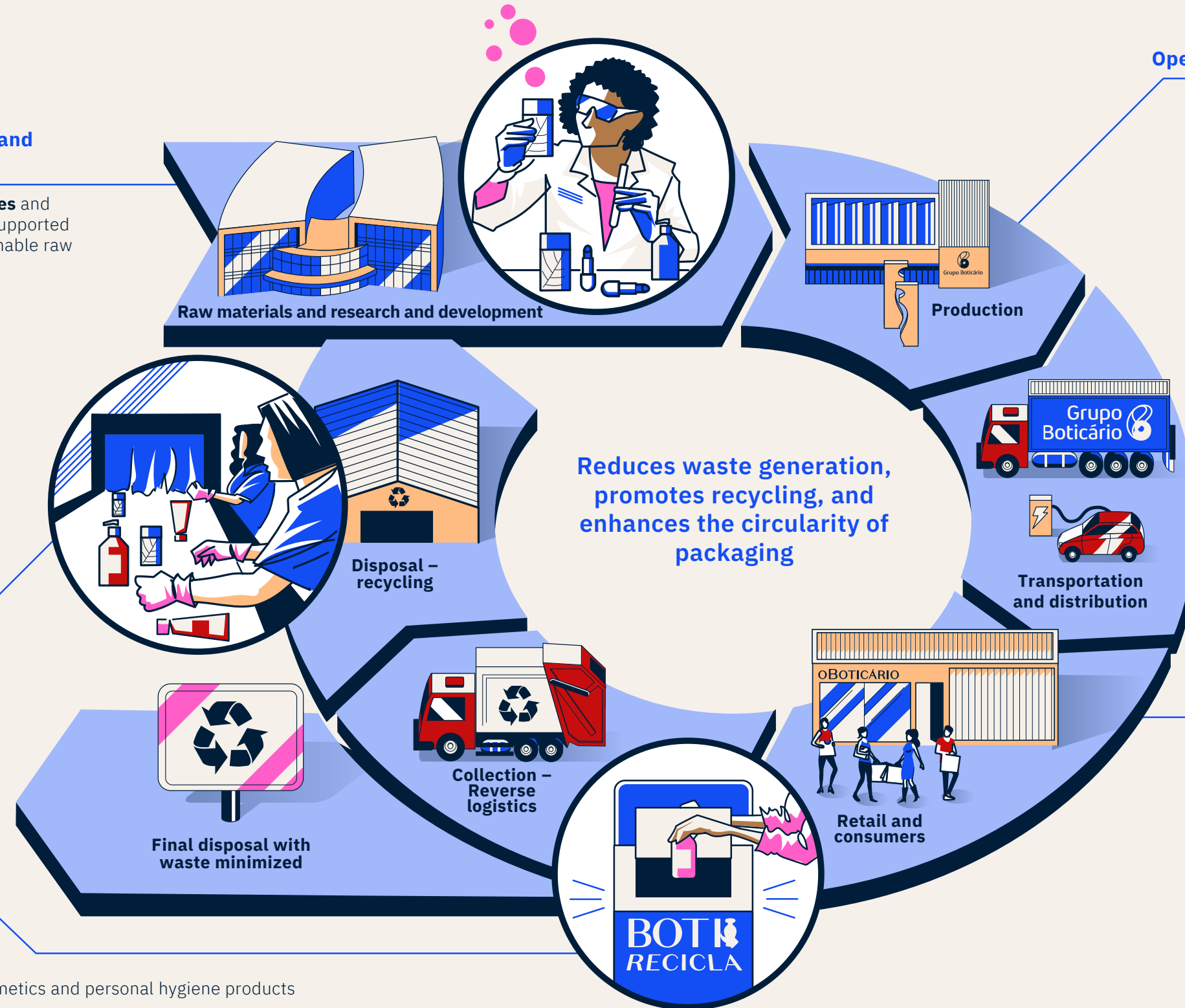
Company reverse logistics programs for collecting and recycling packaging

/ **4,500+ Boti Recicla collection points**

/ Acceptance of all market brands of perfumery, cosmetics and personal hygiene products

Factory Price Station

/ Partnerships with companies from various sectors to **develop the recycling chain in Brazil, aimed at collecting, allocating and adding value to post-consumer packaging** made of glass, plastic and paper



Operations – Factories and Distribution Centers

/ Our operations are ecoefficient. We work the 3Rs: reduce, reuse and recycle waste

/ **3,000+ tons of waste were prevented from being generated** in operations through projects focused on reusing plastic and cardboard boxes

/ **97% of waste materials generated in our operations were recycled¹**

Logistics

/ **Reusing product shipping boxes in other stages of the process**

/ Use of recycled material in the walls of the Cajamar (SP) distribution from our own reverse logistics program

Communication, marketing and brand experience

/ **60+ sustainable stores in Brazil** are container-format and **were constructed using recyclable plastic**

/ **60+ tons of plastic have been transformed into blocks used to create floors, walls and ceilings**

/ **70,000+ t of plastic not used²** through the use of paper bags

/ **12% reduction** compared to the previous year in the volume of paper waste has been achieved by **reducing and digitizing catalogs**

1. In all operational sites in Brazil, excluding the Truss plant
2. Since 2008



Of the products launched in 2023, 26.7% of the packaging volume consisted of post-consumer recycled content (PCR).

Mills

Boticário Group monitors the generation and disposal of waste in order to reduce it. In 2023, 97% of the waste generated in the factories and distribution centers was recycled.

Learn about some of these initiatives below:

- **Zero Landfilling Project:** prioritizes disposal technologies that avoid landfill use. For instance, the distribution center in Registro has been Zero Landfill since 2022, after introducing external composting of canteen waste and incineration of leftovers.
- **Go.Super:** uses World Class Manufacturing (WCM) concepts, focusing on reducing losses caused by waste generation and driving continuous improvement projects. An example is the "Unwrapping Cellophane" project created to reduce plastic cellophane waste, typically used to wrap perfumery items.
- **Single Box Project:** the packaging material supplier uses Boticário Group's standard shipping box. Instead of being disposed of as paper waste, this box that comes with the packaging material goes to the end of the line, where it is used for finished products for shipment. Upon arrival at the DCs, these boxes can either return to the factory or be reused in internal processes.

- **Reuse of boxes and lids between DCs and factories:** after internal screening, boxes and lids are reused to ship products to points of sale or returned to the factory for reuse. In 2023, 2,846 tons of waste were reused.

- **Paper shredders at DCs:** boxes and lids that cannot be reused are shredded and used to fill boxes to cushion products during shipment to the point of sale. This initiative helped reduce kraft paper purchases. In 2023, 297 tons of paper were shredded.

Waste from Boticário Group's internal operations is collected by contractors. This partnership ensures efficient waste management, from scheduling collections to arranging the necessary documentation for transport and proper disposal, ensuring that the entire process complies with contractual and legal obligations.

The collection and monitoring of waste-related data are organized through weighing, by material type. This data populates a spreadsheet, allowing for daily tracking of all disposals made, aiding continuous assessment and improvement.

Additional projects in partnership with suppliers prevented the disposal of 420 tons of paper, plastic, and wood waste, which were reused.

3,564 tons of waste were thus avoided in industrial and logistical processes in 2023.

The future of the circular economy and waste management

Boticário Group is actively improving and innovating its production processes to minimize waste generation across the entire supply chain. Established projects have been strategically leveraged, even urging consumers to adopt sustainable practices when purchasing, using and disposing of products.

The growth of operations—through new acquisitions, building new distribution centers and upscaling factories—has posed daunting challenges, further driving the search for efficiency. Advances have been made externally, especially in engaging consumers, reverse logistics and bolstering partnerships with recycling cooperatives. The Group has partnered in pilot projects to create more recycling centers, penetrating new segments and markets, upgrading ambitions for the development of the glass, paper and plastic supply chain, and bolstering circular economy strategies. Examples include the Factory Price Station ([see more](#)) and the Reverse Logistics Programs of Boticário Group ([see more](#)).

To raise awareness and engage employees around the circular economy, internal online training sessions were conducted and variable compensation goals were set for leadership.

Promoting sustainable retail

Blazing a trail and prioritizing environmentally sustainable choices, in 2008 Boticário Group began using paper bags instead of plastic bags. The primary advantage of paper over conventional plastic is its recyclability and the fact it takes less time to biodegrade. **Since then this has prevented 70,600 tons of plastic from being used.**

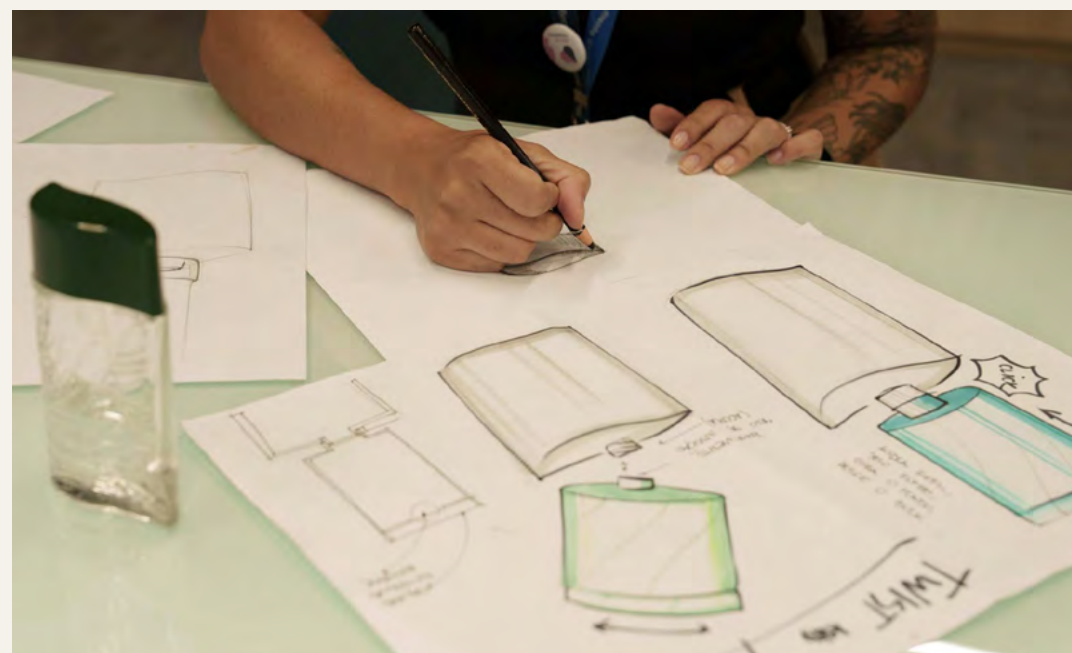
As part of its good retail practices, Boticário Group also calls for lighter catalogs and fewer issues per distributor, offering an opt-out from physical catalogs for digital means instead, thereby generating less waste. In 2023, the Group managed to reduce the volume of paper waste from catalogs by 12% compared to the previous year.

Always striving for more is part of our DNA

Constantly evolving and eager to transform the world through beauty, the Group launches products based on research and scientific methods.

An example was the redesign of the Arbo perfume packaging, a project developed throughout 2023 and launched in February 2024. Since then, the entire Arbo line features bottles that enable refilling, extending the packaging's lifespan and allowing for an **89% reduction in material usage** – compared to regular deodorant-cologne packaging. The refill is made from aluminum, a lightweight and easily recyclable material that preserves the fragrance and facilitates the refilling process, combining innovation, sustainability and practicality.

To accommodate the refill, a thread was added to remove the perfume valve. The refill packaging has a low environmental impact and high recycling potential. The cap was developed using second-generation certified polypropylene (PP), made from waste cooking oil and fat collected from food industries and restaurants.



Reverse logistics for post-consumer packaging

Boti Recicla was created in 2006 and is currently the **largest reverse logistics program in drop-off points for the cosmetics sector in Brazil**. The volume of packaging collected and directed to recycling cooperatives is increasing year on year. By the end of 2023, Boticário Group's reverse logistics programs boasted over 4,500 collection points, which accept packaging from any

cosmetic brand. This process benefits more than 500 recyclable material collectors across Brazil.

Advances in 2023 reverse logistics programs:

- Structuring and implementation of pilot projects to make the waste traceability process more effective
- Continuous communication with consumers
- Incentives for consumers to return packaging
- Strengthening retail relationships—greater engagement of franchisees through the Franchise Assessment Tool (IAF), with high response levels
- Enhanced communication and training with stakeholders involved in the program (sales force, resellers, internal employees)
- In addition to packaging, the Boti Recicla Program also directs visual merchandising material to our partner cooperatives.

In addition to Boti Recicla, the Group also runs the Recicla Quem disse Berenice?; Eudora Recicla and tô.que.tô Recicla programs.



Collection and management

All post-consumer packaging collected by the programs is removed from stores by partner transporters. These materials are subsequently donated to certified cooperatives, which handle the sorting and separation of the waste, directing it to recycling plants.

Improvement opportunities can be identified through the collection and monitoring of program indicators. In 2023, there was closer engagement with partner cooperatives through direct communication channels, increased agility in resolving operational issues, and support in seeking solutions within the recycling chain.

Sustainable furniture

Boticário Group has created a sustainable board for furnishing its stores, made from recycled plastic (part of it from Boti Recicla) and hard to recycle materials like fabric and Styrofoam.

This initiative reinforces the commitment to increasingly diminish the environmental impacts of the O Boticário's production chain. It was developed in partnership with Mão Colorida, a company specialized in the design and construction of points of sale.

In total, 18 O Boticário stores feature furnishings made from recyclable materials.

Sustainable stores

Since 2020, Boticário Group has been creating sustainable stores through reuse and recycling technologies, incorporating approximately one ton of post-consumer plastic waste from its own reverse logistics programs, such as Boti Recicla, into each store's structure. By the end of 2023, there were over 60 sustainable stores spread across Brazil. Over 60 metric tons of waste recycled.

Google and Boti Recicla

Boticário and Google have partnered to address the dearth of data regarding collection points. Under this partnership, addresses of sites where people can properly dispose of various types of solid waste are being included on Google Maps.

The goal is to register 10,000 collection points by 2025, including the 4,000 Boticário stores and their Boti Recicla bins. This initiative helps people find sites where they can dispose of recyclable materials.



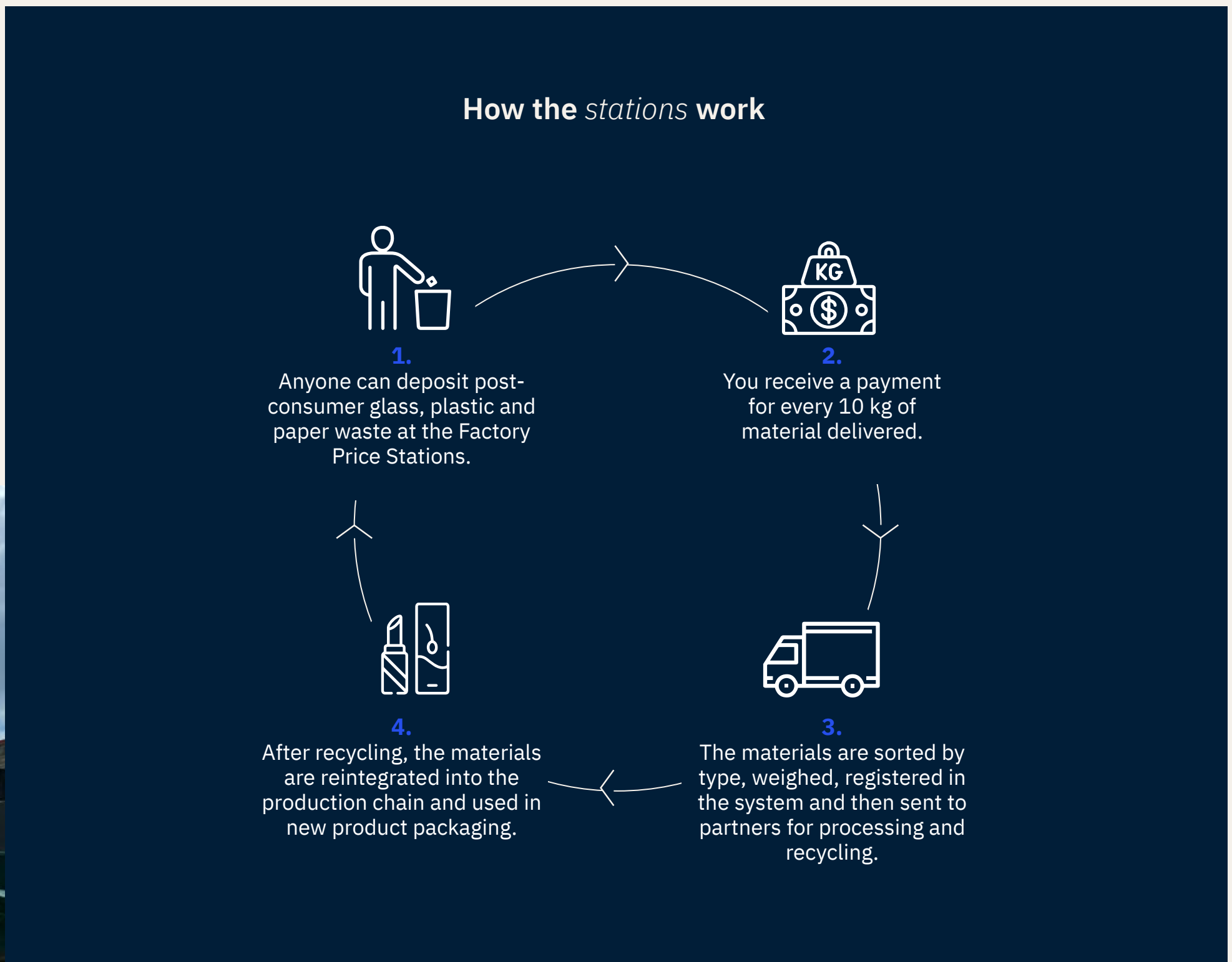
Over 60 sustainable stores made from recycled materials spread across Brazil.

Factory Price Station

In partnership with the startup Green Mining, Boticário Group inaugurated the first Factory Price Station in 2021. By 2023, three more stations had opened, located in the Pinheiros and Jabaquara neighborhoods in São Paulo (SP), and in Camaçari (BA). These stations operate as collection points for post-consumer recyclable materials, primarily glass, plastic and paper. The goal is to open more stations and increase the volume collected by partnering with other companies.

These stations are created to generate positive environmental and social impacts by collecting waste and increasing the income of recyclers, while serving as a lever to close the recycling chain, with post-consumer material being used in Boticário Group's packaging.

In 2023, the five stations dotted around Brazil received more than a thousand tons of recyclable materials, benefiting over 1,400 people, who earned up to six times more for their waste than they would have in the traditional recycling market.





Training

Emphasizing the importance of training and ensuring consistency among employees, in 2023 Boticário Group continued its internal circular economy training, bringing in guest speakers to discuss the topic. Two training sessions were conducted: one on waste reduction and one on recycling. Over 1,000 employees participated, with 94% enjoying the training.

The topic covers the Group's entire ecosystem, and in order to customize the training and ensure accessibility for all, actions were repeated in-person in the Operations teams with more than 11,000 employees involved, and in Retail, through online sessions, with a 71% participation rate.

Impact on variable compensation

In 2023, waste management and circular economy targets were indexed to the variable compensation of all company leaders, focusing on the three Rs: reuse, reduce, and recycle. This marks the third year that this topic has been included in the management tool, reinforcing its significance in the business strategy.

Waste management in metric tons (t)^{[1] [3] [4]} GRI 306-3 306-4 306-5

	2022	2023
Hazardous waste ^[2]		
Preparation for reuse	0.2	244.44
Recycling	568.3	342.32
Co-processing	714.6	238.43
Incineration (without energy recovery)	125.8	243.13
Total	1,408.9	1,068.33
Non-hazardous waste		
Preparation for reuse	126.8	3,338.06
Recycling	4377.8	5,334.58
Co-processing and/or composting	2,329.5	1,050.14
Incineration (without energy recovery)	8.9	20.605
Landfilling	193.4	311.75
Total	7,036.4	10,055.14
Waste prevented		
Total	8,445.30	11,123.47

[1] For the data on waste composition and waste management, measured in metric tons (t): data from the controls and monitoring of Class I and Class II waste for the years 2022 and 2023 were consolidated and sorted by disposal type.

[2] No hazardous waste was directed to disposal.

[3] All disposal is undertaken externally.

[4] Embraces all operations.

Waste management

	2022		2023	
	Actual	Target ^[1]	Actual	Target ^[1]
Recyclability (total generated/total recycled in factories and DCs)	97.7%	95%	97%	96%
Generation intensity at plants (total generated (t)/million units produced)	25.1	24.4	26.8	21.8

[1] Operating targets.



Water

Water efficiency and conservation

GRI 303-1, 303-2, CG-HP-140a.2

Water is a vital resource for life in all its forms and plays a significant role in various areas such as ecosystem maintenance, climate regulation, rain cycles, and agricultural production. It is also integral to the manufacturing processes of many products used today.

Effective water resource stewardship and environmental conservation are imperative for sustaining life on the planet and are essential for the continuity of business operations.

#our commitment

Increase the business' water efficiency and positively impact strategic drainage basins for both us and society.

As a way to ensure continuous improvement and urge suppliers to commit to the same goals, Boticário Group leverages the CDP (Carbon Disclosure Project). In 2023, the organization received an A- grade in Water Security from the CDP ([see more](#)).

This commitment was further reinforced by a study conducted by Boticário Group to identify the ecosystem services it depends on and impacts ([see more in the chapter Biodiversity](#)). The study identified water as the natural resource upon which the business is most dependent.

Water stewardship

Water drawn from local networks and wells is used in the production processes across various lines and for building maintenance, cleaning factory tanks and utensils, and routine employee activities. Water is treated and reused in certain company operations.

Specialized teams consider historical water consumption and compare it with projected production volumes. Responsible water stewardship begins at the product formulation stage, where factors such as the amount of water needed for rinsing, yield, ecotoxicity and biodegradability are

evaluated. This extends through to the reuse and operational eco-efficiency and water usage by consumers.

Additionally, proper wastewater treatment is essential for water security, helping preserve aquatic ecosystems and ensuring the availability of clean water for future generations.

Risks and strategies

CG-HP-140a.2

Water management risks derive from failures in equipment used to measure water intake, consumption and discharge. Such failures can compromise the reporting and analysis of data for monitoring purposes, thereby potentially affecting the defined strategies and initiatives. Similarly, there is a risk related to the availability of water resources from the network and wells, which can be primarily impacted by climate change.

Strategies to mitigate water management risks include the analysis, monitoring and discussion of opportunities to reduce consumption in manufacturing processes, leading to optimized standards.

Progress in water and wastewater

Various initiatives have been developed to increase water efficiency and care for drainage basins. A specialized team manages, operates and maintains 36 systems (water and wastewater treatment stations, steam, boilers and cooling towers) and 183 subsystems derived from them, which together ensure our business runs smoothly.

The factories have water reuse systems and the distribution centers harvest rainwater in order to clean floors, water gardens, feed cooling towers and flush toilets.

In 2023, the Group expanded its ETE (Wastewater Treatment Plant) in Camaçari (BA), installing three new equalization tanks to store effluents. The expansion aimed to ensure greater safety due to the factory’s expansion.

Water reuse

To improve the quality of reused water and use it more at the factory in São José dos Pinhais, the ETAR (Water Reuse Treatment Station) was expanded, which allowed us to improve water efficiency. Boticário Group currently uses reused water for flushing toilets, cleaning floors, sidewalks and facades, and watering gardens at all operational sites.

The reused water generated indicator was also indexed to the sustainability-linked bond (SLB) issued by Boticário Group in December 2023 ([see more](#)).

Another notable project is the Cumu (Central Única de Monitoramento de Utilidades), which in 2023 was enhanced with new sensors, making it possible to monitor most of the processes occurring at the stations in real time. For 2024, the Group is planning further investments and to expand new systems at the central.

Water

BG Indicators	2022 Result	Target ^[1] 2023	2023 Result	Target ^[1] 2024
Water intensity (m ³ /metric ton produced)	5.00	5.50	5.51	5.3
Reuse / total consumed	19%	15%	12%	15%

[1] Operating targets.



Boticário Group’s water treatment plant, São José dos Pinhais factory (PR)

Every drop matters

The Projeto Gota (Drop Project) was launched in 2023 with the goal of improving Boticário Group's water balance. Grounded in studies, assessments and stratification of water consumption by areas, the project categorizes water usage for human consumption, factories, products and processes.

A success story was the reduction of the water used to rinse a reactor at the São José dos Pinhais factory using the CIP (cleaning in place) process. Initiated in November 2023, the project resulted in a water saving of 258,240 liters. Each cleaning session saves approximately 1.5 m³, reducing the total time by 22 minutes. Projeto Gota is now being implemented in ten other reactors.

I.A.R.A® for environmental risk assessment

During the product development stage, Boticário Group assesses the aquatic environmental impact of raw materials and formulations using various tools.

Among the most important is the Environmental Risk Assessment Index (I.A.R.A®), a methodology developed internally to assess the ingredients used in rinse-off products such as shampoos and conditioners. This tool continues to evolve, and with the application of data sciences, the calculation of aquatic environmental impact and biodegradability of the Group’s formulations is now performed automatically.

Fundação  **GrupoBoticário**
Conservation and preservation

Boticário Group Foundation's attention and care for water are integral to its daily business operations and are crucial for the organization. The foundation actively conserves natural areas—such as the Reserva Natural Serra do Tombador (GO) and Reserva Natural Salto Morato (PR)—and has a say in the creation and/or implementation of Conservation Units. These efforts contribute to water security, as these areas enhance water infiltration into the soil and reduce sediment in rivers and lakes. In 2006, Boticário Group Foundation launched the Oásis initiative, a pioneering project created to conserve natural areas through Payment for Environmental Services (PSA). This project has expanded through partnerships and has preserved 846 springs and forests, covering an area equivalent to five thousand football fields. This conservation effort benefits over nine million people, both directly and indirectly.



48%
of biodegradable
rinse-off
products

74%
of rinse-off
products easing the
environmental impact
on water

Water withdrawal (ML)^{[1] [2]} GRI 303-3 CG-HP-140a.1

Water withdrawal, by source	2021	2022	2023
Water utility	104.3	109.3	107.858
Well	104.9	171.0	233.11
Rainwater or reuse water	55.9	65.9	43.38
Total water withdrawal	265.2	346.2	384.35

Water discharge (ML)^{[1] [2]} GRI 303-4 CG-HP-140a.1

Water discharge by recipient	2021	2022	2023
Water bodies	-	40.3	49.04
Sanitation utilities	-	77.2	101.49
Total water discharge	-	117.4	150.52

Water consumption (ML)^{[1] [2]} GRI 303-5 CG-HP-140a.1

Water consumption by recipient	2021	2022	2023
Recycled water	-	-	28.42
Other sources	-	-	0
Total water consumption	-	-	28.42

[1] All the volumes informed are for fresh water. No water is withdrawn in areas with severe water stress. Tool used: Aqueduct - Water Risk Atlas.

[2] The data was obtained using existing consumption meters in the factories and consumption readings at distribution centers (DCs), and then compiled into control spreadsheets.



Viva Água Movement

In alignment with Boticário Group's initiatives and acknowledging the dependency and impact of water on the business, in 2019, Boticário Group Foundation conceived the Viva Água movement. This initiative aims to improve water security and adaptation to climate change through nature conservation and impact entrepreneurship promotion. The movement connects individuals, public and private organizations, and funding to implement and strengthen solutions for water security, sustainable business practices, and quality of life.

Impact pillars

Viva Água's actions are based on four key pillars:



Water security



Nature conservation



Climate change adaptation



Sustainable entrepreneurship

Viva Água Miringuava

The Miringuava River drainage basin is one of the most strategic in greater Curitiba (PR). It supplies water to over 500,000 people, including industries like the Boticário Group factory in São José dos Pinhais, plus agricultural producers, thereby protecting the food security of 1.5 million people.

In 2023, the Viva Água movement reached a milestone of 50 hectares of restored forests and also fostered mechanisms to add value to the responsible tourism chain and strengthen local entrepreneurship. To promote sustainable agriculture, the movement created ways to market products through fairs and distribution points for grocery hampers, involving local rural growers.

Among the movement's goals through 2030 are the reduction of the average turbidity in the Miringuava Basin by 20%; and having three sustainable markets consolidated and expanded in the areas of sustainable production, responsible tourism and ecosystem services.

See more at [Movimento Viva Água Miringuava](#)



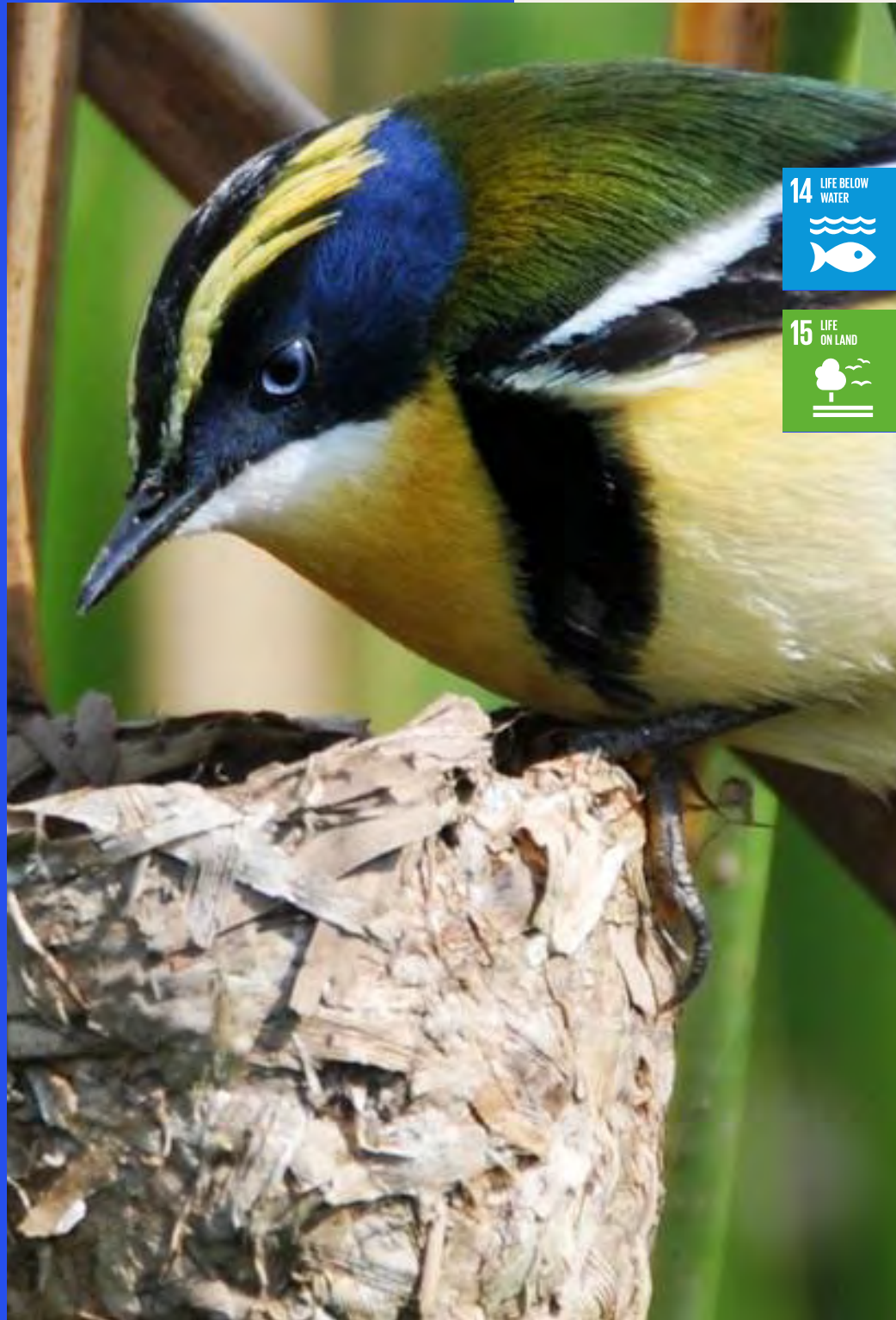
Rio Miringuava in São José dos Pinhais, a river which supplies water to one of Boticário Group's factories

Viva Água Guanabara Bay

Now in its third year, the Viva Água Guanabara Bay movement engages multiple sectors to strengthen water security and the ability to adapt to climate change for the entire Metropolitan Region of Rio de Janeiro.

Guanabara Bay, the heart of the Rio de Janeiro metropolitan area, holds untold environmental, cultural and economic value. This hydrographic basin spans 17 municipalities and includes 117 conservation units, encompassing 81 water supply sources.

See more at [Movimento Viva Água Guanabara Bay](#)



Biodiversity GRI 304-2



Inspired by nature

The various forms of life on Earth have evolved alongside ecosystems in ways that contribute to maintaining air, soil and water quality, regulating the climate, preserving hydrological cycles and controlling pests, among other benefits.

The topic of biodiversity is closely associated with climate change and has gained suitable attention in recent years. For the Boticário Group, economic activity must be underpinned by care for nature. It accordingly operates seamlessly in conservation, restoration and regeneration actions, also in partnership with Boticário Group Foundation ([see more](#)).

#our commitment

Enhance the conservation of biodiversity and respect for animals.

Biodiversity impacts



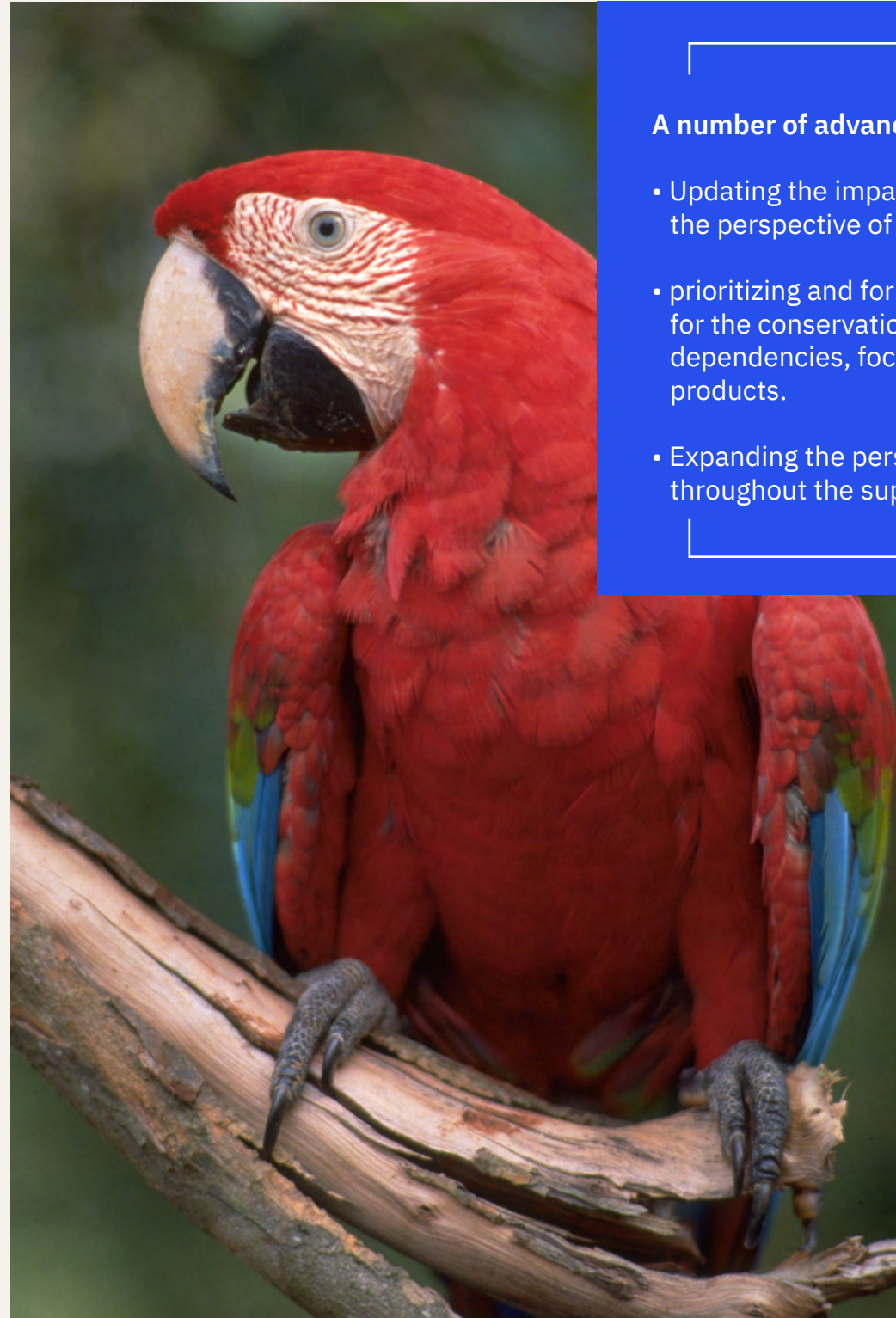
Boticário Group believes that the biodiversity loss Brazil has been experiencing demands increasing attention and action. Simply reducing negative impacts is no longer sufficient. It's necessary to innovate in regenerative economy initiatives, seeking raw materials without causing harm to biodiversity and considering the business's longevity.

With the support of external experts, Boticário Group has progressed in mapping its critical natural capital, prioritizing the natural resources on which the operation depends and/or impacts, further understanding the impacts of raw materials and vital ecosystem services for the development of its operational activities in manufacturing units.

With the assistance of the LIFE BSE Matrix of ecosystem service impacts and dependencies (linked to the LIFE Key Methodology) and the Natural Capital Protocol framework, opportunities for developing actions aimed at conserving the Group's Critical Natural Capital have been diagnosed, measuring impacts in the value chain and engaging suppliers in mitigating their impacts. The Group encourages its suppliers to adhere to international standards of sustainable and environmentally responsible production,

supporting those that minimize risks to biodiversity and deforestation in their operations.

The LIFE methodology allows data to be harvested from each operating site and gathers qualitative and quantitative information regarding land, water, energy, emissions and waste. Life Certification is a voluntary process that recognizes businesses committed to conserving biodiversity and maintaining ecosystem services. Through a proprietary methodology, an audit process is conducted, measuring impacts, dependencies, risks and opportunities in biodiversity. Our São José dos Pinhais (PR) factory is currently certified, and the intention is to expand this to other units.



A number of advances were made in 2023:

- Updating the impacts and dependencies, with a risk analysis from the perspective of biodiversity
- prioritizing and formulating 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.
- Expanding the perspective on traceability and sustainable sourcing throughout the supply chain.

Sharing benefits

Fulfilling its legal commitment to sharing the benefits of using Brazilian biodiversity in its products, Boticário Group sponsors nine projects (see below) covering most Brazilian biomes. In 2023, these initiatives were managed by the Projects Showcase (VBIO)¹ and focused on promoting biodiversity conservation and assisting in strengthening local communities and cooperatives.

¹ VBIO is a bioeconomy platform that helps organizations in raising and allocating funds for Brazilian biodiversity projects. See more at <https://www.vbio.eco/home-1>

Projects sponsored by Boticário Group

Name	Location	Description
Castanheiros do Unini	Barcelos (AM)	
Projeto Pique	Barcelos (AM)	
Sustainable Carnauba Program	Crateús (CE)	Reinforcing the production chain; economic development and fostering environmental conservation.
Irriga Açaí	Carutapera (MA)	
Buriti dos Sertões de Minas	Montes Claros (MG)	
Buritizando	São Desidério (GO)	Strengthening the productive chain through training and sustainable management aimed at economic development and environmental conservation.
GRAFMA	Ibirapitanga (BA)	
Recupera Pantanal	Barão de Melgaço (MT)	Distribution of native species seedlings aiming at water recharge and restoring territory lost during the 2020 wildfires.
Hypnea growers	Trairi (CE)	Training algae producers in macroalgae cultivation, providing a productive and safe ocean while generating livelihoods through a sustainable ocean economy.

Using raw materials rationally

Processes for sourcing raw materials are rigorous and follow international lists and sources for monitoring human toxicity, endangered species, and/or controversial raw materials, which are discontinued from production processes. Boticário Group has also replaced ingredients of fossil and mineral origin with renewable and/or lower impact alternatives.

Plastic microbeads are no longer used in exfoliating products; they have been replaced by natural ingredients such as hydrogenated castor oil beads, coconut shell or strawberry seeds. Silicones D4, D5, and D6 are no longer used in

rinse-off products, and the Group does not extract raw materials from threatened habitats without control or extraction authorization. Moreover, we do not introduce invasive species, pests, or pathogens, and there is no evidence of species loss due to our activities, either directly or indirectly.

Aquatic environment

In addition to maintaining rigorous controls over water quality and quantity, the product manufacturing process incorporates the I.A.R.A.[®] tool (Environmental Risk Assessment Index) to measure the impacts of cosmetics on aquatic environments.

The index assesses the potential for biodegradation (the ability of raw materials to biodegrade naturally), bioaccumulation (how much these substances accumulate in animal tissues), and aquatic toxicity (how toxic the substance can be to aquatic organisms) of raw materials and final products.

2023 marked the strengthening of the strategy focused on biodiversity and ecosystem protection. It was when the Group created the Water-Friendly Formula Label, indicating that a product has a minimal impact on aquatic ecosystems. To award this label, we use the I.A.R.A.[®] methodology. Products displaying the label have a smaller impact compared to other products in the same category within the Group.

To protect the aquatic environment, the Boti Sun body sunscreens range features the "reef-safe" label, which, through an innovative methodology, ensures that the products do not bleach or harm coral when people dive in the sea.

Vegan products

As part of its commitment to the protection, conservation, restoration and regeneration of biodiversity and ecosystems, Boticário Group aims to make its portfolio 100% vegan by 2026, a goal that is part of its Commitments for the Future. This objective was also linked to the issuance of a sustainability-linked bond (SLB) in 2023, making Boticário Group the first company in the world to issue a debt security associated with veganism ([see](#)

[more](#)). Furthermore, the company uses over 50 alternative methods to animal testing to assess the safety and efficacy of raw materials and finished products, with plans to increase this number further.



SBTN and impacts on biodiversity

The Science Based Targets Network (SBTN) is a group of organizations working to shape the impacts of the private sector and cities on nature using science-based targets.

Believing in its shared responsibility for the planet, the Group aligns with the findings of COP15 (Biodiversity Conference, held in 2022). Target 15 accordingly assigns to companies the responsibility to monitor, assess and disclose their risks, dependencies and impacts on biodiversity. Achieving the established targets demands collective responsibility and leadership from relevant players. Boticário Group is committed to fulfilling its part by formally joining the SBTN in the coming years.

Task force on climate-related financial disclosures

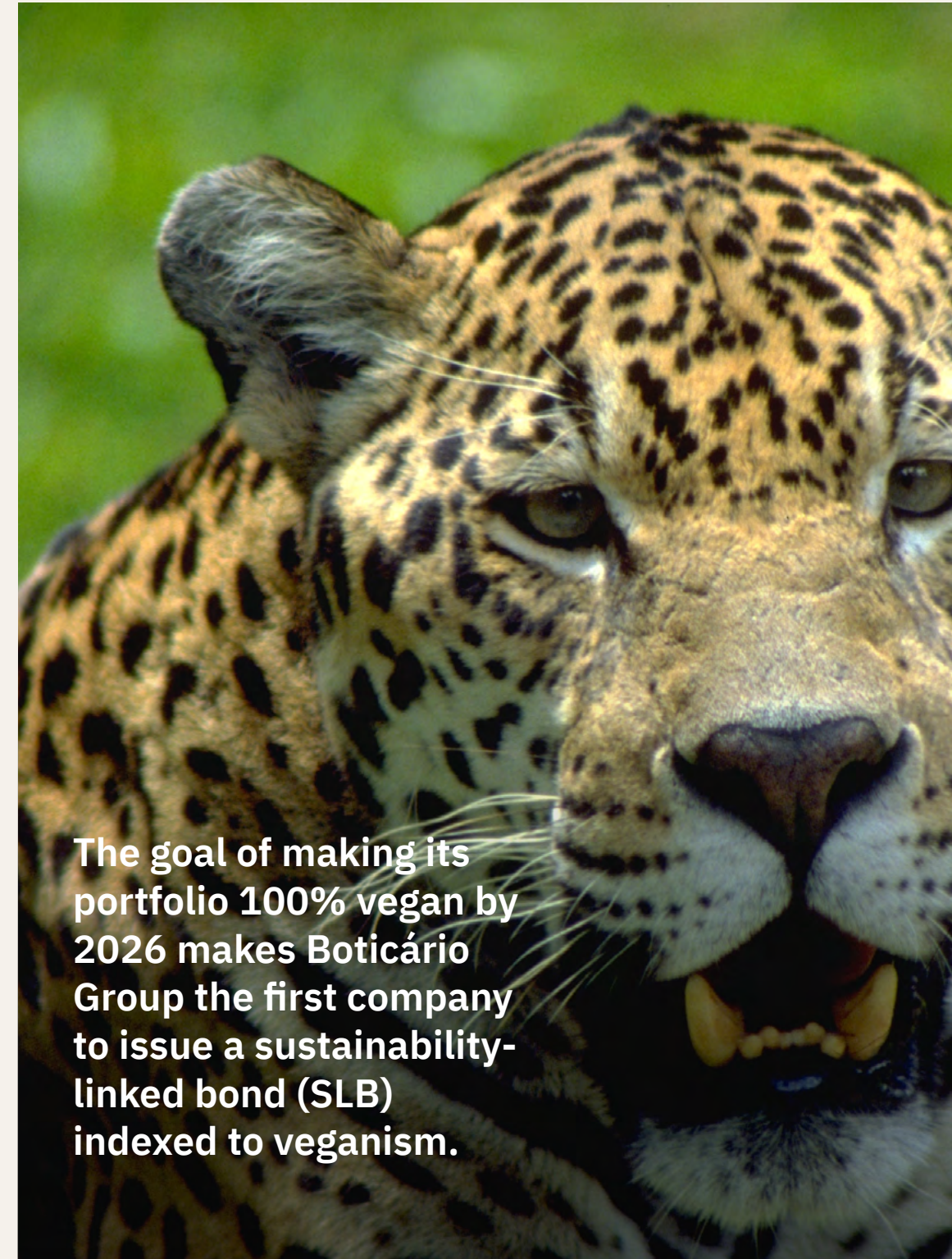


Boticário Group has mapped out the needs and business opportunities related to biodiversity and ecosystems and has adopted the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).

Created in 2021 with over 50 members from 25 countries, including financial institutions, corporations, and service providers, this movement offers recommendations for identifying and assessing impacts, dependencies, risks and opportunities related to nature.

Strategic partnerships

Since 2019, Boticário Group has been part of the Brazilian Business Council for Sustainable Development (CEBDS). In 2023, the Group ratified its acceptance of seven of the nine CEBDS goals focused on conservation strategies, support for studies and projects, impact and dependency measurement, publishing results, understanding the chain and local communities, and pursuing net biodiversity impact. Key advancements regarding the commitment are disclosed on the [CEBDS website](#).



The goal of making its portfolio 100% vegan by 2026 makes Boticário Group the first company to issue a sustainability-linked bond (SLB) indexed to veganism.

Boticário Group Foundation

GRI 304-3

Throughout its history, Boticário Group Foundation has invested over R\$ 80 million in approximately 1,600 projects dedicated to conservation across the entire country and in all biomes. The foundation was born with a purpose: to conserve:

- **Natural areas:** these are conserving an area equivalent to 70 Ibirapuera parks through two reserves, the Serra do Tombador Natural Reserve (Goiás) and the Salto Morato Natural Reserve (Paraná), located in the Cerrado and Atlantic Forest, respectively, the most threatened biomes in Brazil.
- **The species:** supporting projects that have led to the discovery of 178 new species.
- **The ocean:** promoting the creation of safe areas for marine life, equivalent to 121 times the size of São Paulo city.
- **Water:** water is an asset essential for all forms of life.
- **Biodiversity and ecosystems:** promoting the necessary balance for nature to continue providing the services on which we depend to keep everything moving.

See more in Boticário Group Foundation

[Click here to see Boticário Group Foundation's 2023 Annual Report.](#)



Salto Morato Nature Reserve

Biodiversity conservation

The operating areas occupy 732,000 hectares under conservation actions by the foundation, both directly and indirectly. Among these, approximately 85,000 hectares show direct results for the conservation of endangered species and the creation and/or implementation of Conservation Units. Other indicators of Boticário Group Foundation include:

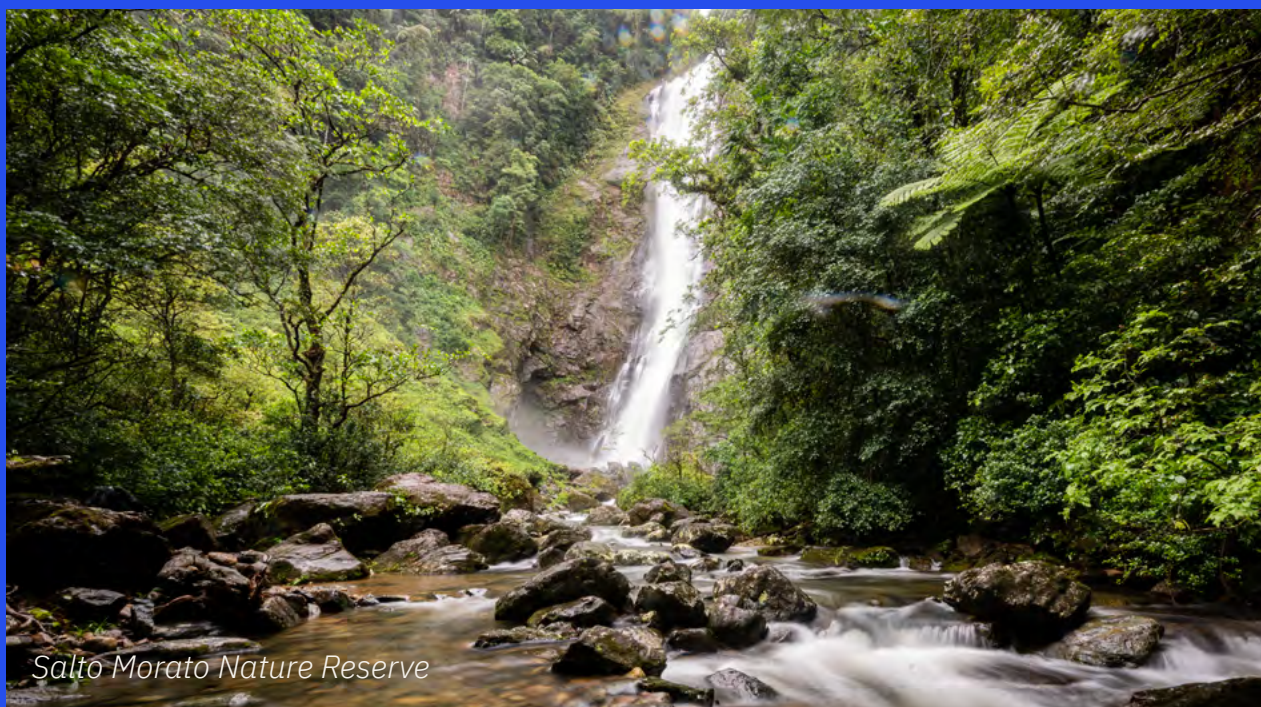
- 606 benefited conservation units (20% of the total in Brazil)
- 112 partner institutions involved in planning and executing actions in aid of Brazilian biodiversity
- 11,000 hectares under direct protection, through the Salto Morato Natural Reserve in Guaraqueçaba (PR) and the Serra do Tombador Natural Reserve in Cavalcante (GO).
- Boticário Group Foundation's actions complement and comprise those of the Group, further strengthening and enhancing the value created in the biodiversity agenda.

Our Reserves

Salto Morato Natural Reserve

The Salto Morato Natural Reserve comprises Boticário Group Foundation's protected areas strategy and is located in Guaraqueçaba (PR). Recognized by UNESCO as a Natural World Heritage Site, it lies within the Atlantic Forest Biosphere Reserve, the largest continuous remnant of the Atlantic Forest in Brazil, helping conserve this biome. Additionally, it is a leading destination for ecotourism and the promotion of scientific research.

Open to visitors, the Reserve boasts natural attractions such as the Salto trail, leading to the Salto Morato waterfall, approximately 100 meters high; the Figueira trail, named after a centuries-old fig tree that looms over the landscape at the end of the journey; the 500-meter Brincadeiras trail, with various attractions for children along the way; and the natural aquarium, formed by the clear waters of the Morato River, perfect for swimming with the fish on hot days. Moreover, it is an ideal environment for birdwatching and has visitor facilities such as an auditorium, visitor center, camping areas and accommodation for researchers.



Salto Morato Nature Reserve

Serra do Tombador Natural Reserve

Since 2007, the Serra do Tombador Natural Reserve in Goiás has been preserving the Cerrado, protecting 8,730 hectares of this biome, including endangered species and major water resources. The reserve tracks wildlife, prevents forest fires, runs environmental enforcement patrols, helping conserve ecosystems, ecological processes, historical, and archaeological heritage. It also serves as a cornerstone for integrated fire management, cultivating scientific knowledge and supporting conservation efforts in the region, collaborating with other protected areas, indigenous territories and quilombola communities.



Serra do Tombador Natural Reserve



Serra do Tombador Natural Reserve



Sustainability-driven innovation *and* technology

Boticário Group consistently invests in research and development, staying attuned to market trends and opportunities. To drive this effort onwards, it relies on the Future of Beauty program, where different areas work together to prospect and develop new technologies for formulas, processes and packaging.

The adopted approach follows the principle of open innovation, focused on innovation horizons called H2 (searching for new products or services in adjacent markets) and H3 (creating new businesses). Projects involve collaboration with various partners, both internal and external, such as universities, startups, research institutes, consultants, government agencies, and raw materials and packaging suppliers.

A multidisciplinary team, consisting of researchers, pharmacists, biologists, chemists, toxicologists and microbiologists, reviews 100% of the ingredients to ensure safe concentrations, using, for example, biotechnological processes to extract fewer resources from nature.

Regarding product development, the Group assesses the environmental impact of raw materials and formulations using tools such as the [Environmental Risk Assessment Index \(I.A.R.A®\)](#).

A transparent journey

Several initiatives have led to the development of more sustainable products and processes. To ease water impact, the Group has made changes to product formulations, especially rinse-off products such as shampoos, conditioners and soaps. In the brands' portfolios, vegan and certified-origin products are already a reality. Animal-derived components, such as beeswax, are being replaced, as are oil petroleum derivatives.

See more in [Product quality, safety and transparency](#)

I.A.R.A®
is the tool that
analyzes the
impacts of raw
materials and
formulations.

ESG in products

Product Sustainability, a part of the R&D division, was established in 2012 as part of the business sustainability strategy, aiming to build a future-oriented outlook driving positive impacts for the world.

With the launch of the Group's 2030 Commitments ([#BeautyForTheFuture](#)), the area needed restructuring to better integrate business ambitions with product development and expand its focus on diversity and inclusion topics.

In 2023, Boticário Group's Product Sustainability department expanded its scope to focus on a sustainable, diversified and inclusive innovation strategy, centered on data-driven management and governance. Three main pillars guide the Group's activities in this area – intelligence, governance and strategy – deploying tools such as Life Cycle Assessment (LCA) and the ESG Score to support decisions and drive the development of products aligned with the Group's ESG strategy.

Sustainable tool box

The ESG Score is a tool developed by Boticário Group that embeds ESG principles in product development, assisting decision-making processes.

Based on the environmental, social and economic pillars, the score encompasses seven indicators, broken down into 23 attributes such as circular economy, renewable materials, water resources and diversity. These indicators are quantified, and the final score reflects the product's weighted performance.

Launched in 2021, the tool has its own computerized system, was tested on perfumery products, and was expanded to other categories in 2023, such as facial products, haircare, personal care and children's products. By the end of 2023, 35% of new launch projects were included in the tool, helping set a baseline for categories that will inform decision-making in the future.

In 2023, Boticário Group mapped the base materials in packaging through a survey on suppliers. The GB.maps project has therefore evolved into a process, facilitating discussions related to recyclability rates. As the next step, the Group will pilot decoration items and accessories to expand the mapping of ecosystem products and endorse sustainability goals.

Research & Innovation Center

Established in 2022, the Research and Innovation Center comprises two main initiatives:

Quintana Herbal, this is a dedicated space for research and development, housing over 50 plant species sourced from global biodiversity or adapted to Brazilian soil. These plants are cultivated to serve as inspiration for the research of new ingredients.

Quintana Lab, this laboratory is equipped with state-of-the-art facilities supporting the research and development of new plant-based raw materials, which are proprietary and exclusive to all brands. With principles rooted in green chemistry, circular economy and minimal waste, the Group strives to take a leading role in utilizing global biodiversity adapted to Brazilian soil. This is achieved through the development and support of communities, collectives, and smallholders.



Launches

Smart lipstick

The Group has been investing in a smart lipstick research project for five years. In 2022, a prototype for the lipstick was created, combining inclusion and accessibility in a beauty product.

The smart lipstick is an electronic device that will allow the visually or physically impaired – for example, those suffering from Parkinson's disease – to use it by pressing a button, making it easy and error-free to apply. The pioneering technology harnesses artificial intelligence and was developed in collaboration with the (Recife Center for Advanced Studies and Systems) and the startup Neurobots. Still in the development phase, the smart lipstick stays within the boundaries of the mucosa, accurately distinguishing between lip and facial skin.

The prototype is being validated by diverse individuals through the Free Beauty community, and it is expected to hit the shelves off concept stores in Curitiba (PR) and São Paulo (SP) by 2024.

Mono-material lipstick

In 2023, the first mono-material lipstick packaging was launched, made only from polypropylene (PP) resin, a fully recyclable material. Developed with Silgan Dispensing, a consumer goods company for the beauty market, the lipstick is available in O Boticário's Intense range. This solution can eliminate over 4 tons of waste in a year, as post consumption the mono-material packaging can be recycled, fed back into the chain or used to create new products.

Make B. Glycolic TX Foundation

In 2023, Boticário Group applied for a patent for the Make B. Glycolic TX foundation, a new product from O Boticário. This is the world's first foundation to reduce sunspots with a formula containing glycolic acid while providing high-quality coverage for a more even and hydrated skin, without causing dryness. This achievement reinforces Boticário Group's commitment to excellence and shows its leadership in the cosmetics industry, offering consumers an effective and multifunctional option for skincare.

Bio-printing of 3D skin with follicles

The Group has invested in alternative methods to test products safely and sustainably. In December 2023, it reached a milestone by creating 3D skins with hair follicles, allowing for more in-depth experiments on how substances penetrate the skin. This technology promises significant contributions to regenerative medicine, such as burns treatment. In 2024, Boticário Group began the process of internalizing and adapting the protocol to produce this skin in-house after acquiring a bio-printer in 2023.

Arbo with sustainable cap

The new men's fragrance Arbo Puro features eco-friendly packaging and a formula with 92% natural ingredients, such as eco-alcohol. The sustainable cap is made from recycled cooking oil, and along with the refill option ([see more](#)) the product reflects the Group's commitment to easing environmental impacts. Certified by ISCC (International Sustainability Carbon Certification), the packaging significantly reduces CO₂ emissions. Post-consumer packaging can be recycled in the conventional polypropylene (PP) chain, thereby boosting the circular economy.

Arbo Puro features eco-friendly packaging, a cap made from recycled materials, and a formula with 92% natural ingredients.



Sustainability gains in 2023

Of the products developed in the year:

100% feature at least one sustainability attribute in their formulation or packaging

36.5% harness raw materials sourced from renewable and/or alternative sources

6.2% use sustainable processes.

Of active products in the portfolio:

96% are vegan products.^[1]

[1] Number of vegan products in our portfolio / total active products in our portfolio



Startups accelerated

Established in 2021, Boticário Group's Startup Acceleration Program is based on nurturing relationships, a core value of the Group. By accelerating beauty and retail startups, the program aims to spur these companies' development and assist them in exploring new business opportunities. Both the Group's structure and its know-how create value for all involved and while there is no commitment to invest in the companies, the initiative fosters partnerships.

In the 2023 edition, 214 startups applied and eight were selected to participate in the program, which is online, free, and equity-free. Among the participating startups, 50% were founded by women. Over the five months of acceleration, 95 mentorships, nine lectures, and four UX reviews were conducted, along with visits to factories and stores. The program involved 58 volunteer mentors, ranging from experts in various fields to Boticário Group vice presidents.

In edition three, over 23 connection opportunities between accelerated startups and the Boticário Group ecosystem were explored, and 100% of the companies went on to become our partners. Beauty product startups are connected to the [Beauty on the Web marketplace](#), while technology startups have become suppliers or strategic partners.

Innovation, biodiversity and science

Processing biodiversity inputs using scientific tools can drive high-added-value innovation capable of generating socioeconomic benefits for the entire chain in a sustainable manner.

A partnership between Boticário Group and Emerge Biodiversidade—a consultancy firm specializing in complex technologies—facilitates the integration between research centers and the market, driving innovation and encouraging responsible environmental exploration. This partnership yields socioeconomic development and wealth creation based on preservation, with investments in technologies committed to biodiversity conservation.

Partnership with Hospital Albert Einstein

In 2023, Boticário Group kicked off a project in collaboration with Hospital Israelita Albert Einstein to map and understand whether the use of hormonal contraceptives can impact a woman's sense of smell. This initiative is part of the Einstein Program for Biotechnology Innovation, launched in June 2022 to foster research in biotechnology and develop new products. It was carried out in partnership with Boticário Group's Olfactory Research Center (CPO), inaugurated in December 2021.



Product quality, *safety* and transparency

GRI 416-1, 416-2

The Product Safety, Alternative Methods, and Cosmetics Surveillance department comprises a team of over 30 professionals, including scientists, toxicologists and microbiologists. These experts conduct clinical, in vitro, and safety reports on finished products to ensure consumer safety and legal compliance in the countries where they are sold.

During the pre-clinical stage, the professionals utilize alternative models to animal testing, such as 3D skin models, which closely resemble human skin.

In 2023, a model of infant skin was launched for testing products aimed at newborn babies, allowing for more accurate clinical assessments. Looking

ahead, we expect to ramp up the development of new methods and models to ensure product safety and influence the market as a whole.

Since 2013, Boticário Group has had a Materials Use Policy to monitor controversial ingredients for safety, human toxicity, environmental impact and social impact. The Group has already facilitated the replacement of over 40 materials (such as parabens and triclosan preservatives), altering the formulation of over 2,000 products. In 2023, Boticário Group completed the removal of diethyl phthalate from all its products.

Our Cosmetics Surveillance department monitors and handles product complaints. By the end of 2022, the Group had

recorded 222 ppm (parts per million) of consumer complaints (for every 1 million items sold, there were 222 complaints). By the end of 2023, 186 ppm of consumer complaints had been recorded. The difference over the period was a continuous improvement of 36 ppm, or a 16% decrease in complaints, demonstrating our product development and performance is on the right track.

Over this period there were no incidents of non-compliance concerning the health and safety impacts of products and services. In 2023, as in the previous years, there were no cases of non-conformance that required a product recall. There were no recalls.

Safe products

CG-HP-250a.1, CG-HP-250a.3

The Group strives to be truthful and clear with consumers about the best practices adopted and product safety evaluation processes. Our [Transparent Beauty Portal](#) provides information about ingredients, formulations, research and innovation. There are over 900 entries in a glossary detailing the raw materials used by the Group's own labels. Beauty Influencers, active on social media, play a crucial role in equipping consumers with technically sound and scientifically backed data.

The Controversial and Regulatory Radar process, along with risk assessment, manages the use of materials, chemicals and hazardous substances for the environment and human health.

In 2023 no formulation produced by Boticário Group contained hazardous substances (in accordance with Annex XVII of REACH international regulations, aimed at guaranteeing human and environmental health in the use of chemical products).

Regarding products containing substances classified as of very high concern (SVHC) by REACH, and included on the European Chemicals Agency (ECHA) list, in 2020 Boticário Group removed silicones D5 and D6 from its rinse-off products.

Only some leave-on items still contain silicones, but the Group is working to ensure that no leave-on product contains Cyclopentasiloxane D5 and Cyclohexasiloxane D6 after 2024.

Transparent labeling

GRI 417-1, 417-2, 417-3

All Boticário Group's own labels products are tested for compliance with labeling procedures, providing information on ingredients, safe use and guidance for post-consumer disposal in Brazil.

They include cosmetics for hair, bath, makeup, perfumery, facial care, children, sun care, body care, and accessories, as well as two launches in 2023: pet products and dietary supplements.

In 2023, there were four cases of non-compliance related to product labeling and marketing communication. These led to us having to adjust the communications, although no fines were issued. There were no cases of non-compliance with voluntary codes or laws resulting in warnings.

Consumer satisfaction (O Boticário)

	2022	2023	
	Result	Goal	Result
Net Promoter Score (NPS)	87.1	85.6	86.7



#SOCIAL

TOGETHER WE ARE BUILDING
**#BeautyFor
theFuture**



Social Development

Development of resellers and communities

GRI 203-1, 413-1

Boticário Group believes it has a fundamental responsibility to drive progress and foster social change. It therefore encourages entrepreneurship as a tool for economic and social growth, invests in professional training within the beauty ecosystem, and fosters the inclusion of diverse individuals.

The Group's end-to-end involvement, from production to retail, coupled with its national and international presence, opens up significant opportunities to positively impact networks and drive development.

Recognizing that each human being has the potential to change the world around them and aiming to help ease social inequality through professional training and fostering entrepreneurship among young people and adults, every year Boticário Group creates thousands of opportunities through its social programs.

These actions are primarily delivered in communities surrounding its operations and include proprietary projects, volunteering, donating products to local institutions and sponsoring projects incentivized under Tax Incentive Laws. The Group also fosters the development of resellers operating in the direct sales channel, aiming to improve the quality of life for these business partners and the beauty ecosystem as a whole.

Resellers trending upwards

The Group sees direct sales as one of the main channels for marketing its products, offering a significant opportunity for entrepreneurship and female empowerment.

In 2023, the sales team grew by 22% compared to the previous year, with sales increasing by 12.5%.

Starting in 2023, direct selling for the brands O Boticário, Eudora, Quem disse Berenice?, and O.U.i was unified. This move allowed for streamlined and digitized processes, enabling sellers to offer a wider range of products and prices to reach a larger consumer base.

#our commitment

Actively work to ease social inequality among the general population and positively impact the quality of life of business partners within the beauty ecosystem.

Delving into the digital universe

The digitization of catalogs was intensified in 2023 to facilitate their use by sellers. The Group invested in training and created forums for sellers to share experiences.

To further support these professionals, the Group launched the Beauty Influencers Program, offering free training in communication and marketing on social media, thereby increasing sales. Sellers who become beauty influencers play a vital role as brand ambassadors. They receive training to provide reliable information and are always making note of consumer demands.

Reseller training

With a focus on developing and boosting reseller earnings, Universidade da Beleza Boticário (Boticário Beauty University) and Eudora University offer free courses, materials and videos on multiple subjects such as financial and business management, stocks, marketing and sales techniques.

The following outcomes were obtained in 2023:

- 700% increase in the quantity of training content offered to resellers in 2023, in various formats
- 384% increase in views across the Beauty Universities and Eudora platforms.

- Our guides impacted 355% more resellers throughout Brazil in 2023, expanding their knowledge about our portfolio and enabling even more sales;
- 50% increase in the base of resellers trained to operate on social networks through the Beauty Influencers program.

Social initiatives

GRI 203-1, 413-1

Boticário Group’s social works takes place through its own initiatives, incentivized projects, and partnerships with non-governmental organizations.

These social programs target socially vulnerable individuals – based on income and diversity criteria – primarily in the areas surrounding Boticário Group's operations, in regions where its brands are active, and nationwide actions in an online format.

We provide a hotline (0800-041-3011) to allow individuals from surrounding communities to get in touch with Boticário Group and report any incidents or grievances. After the initial contact, the case is internally evaluated for appropriate handling.

See below some of Boticário Group's programs:

Boticário Group Institute

GRI 203-1

Founded in 2004 with the aim of providing experiences that enchant, sensitize and broaden horizons, Boticário Group Institute (IGB) stokes entrepreneurship within the beauty ecosystem. The institute empowers individuals to discover their transformative potential, becoming agents of change in their communities and beyond.

Boticário Group Institute is in charge of training and business acceleration programs such as Beauty Entrepreneurs, Develop, and many other initiatives that foster entrepreneurship within the beauty ecosystem.





Beauty Entrepreneurs

The Beauty Entrepreneurs Program is a nationwide professional training program in the beauty industry aimed at empowering and generating income for socially vulnerable women.

In 2023, Boticário Group invested over R\$ 2.4 million in both in-person training – in Salvador (BA) and São José dos Pinhais (PR) – and online formats.

The online version of the Beauty Entrepreneurs Program provides professional training through videos on practices and content reinforcement challenges. In 2023, 132,785 people enrolled and 31,548 (24%) completed the program, where:

Brazil

127,894 enrolled and **30,217** completed the course (23.55%)

Portugal

4,891 enrolled and **1,331** completed the course (27.21%)

[1] 2021 to 2023.

The course offers technical and complementary pathways that participants can complete at any time in the Beauty Entrepreneurs platform. Topics covered include basic makeup, advanced makeup, hairstyling, nails (manicure and pedicure), nail extensions, sales, entrepreneurship and personal development.

More than 50% of Beauty Entrepreneurs participants are black, and approximately 57% of those who completed a course and responded to the satisfaction survey reported an increase in income, demonstrating the program's strength and impact.

The in-person format, in turn, focuses on entrepreneurship and makeup methodology, aiming to provide in-depth learning and preparation for the beauty market.

Beauty Entrepreneurs: more than 50% of participants are black, and approximately 57% of those who completed a course and responded to the satisfaction survey reported an increase in income.

Over 200,000 women have enrolled, and more than 43,000 have graduated since the program's inception^[1].

Professional training

In 2021, the Develop program was created with the aim of offering free training, currently through seven different pathways of professional development in technology, seeking to leverage the inclusion of diverse talents, both for the job market and for the Boticário Group team.

In 2023, R\$ 535,000 was invested in the program, which had over 27,000 people enrolled for the one thousand available places and had a 60% completion rate. Develop also fosters volunteering, with over a hundred Boticário Group employees mentoring students in portfolio and career development.

Another of the Group's professional training initiatives is the Beauty in Education program, created in 2022

Desenvolve: over 1,000 students graduated and over 300 people employed in the technology market since the program's inception^[1]

[1] 2021 to 2023.

and carried out in partnership with Senai (National Service for Industrial Learning), aimed at the business's industries and distribution centers. In 2023, 60 students participated in the program, receiving scholarships offered by the Group. Over two years of the initiative, 50 students were hired as employees by the Group.

Advocacy and engagement

To strengthen local relationships and advocacy, the Group carries out initiatives with communities and non-governmental organizations in priority territories. The company operates in more than nine Brazilian municipalities through projects incentivized by federal laws on culture, children and adolescents, the elderly, sports, and health, benefiting over six thousand people in 2023.

To direct products donated by Boticário Group to other partner social organizations, primarily in the vicinity of factories and distribution centers, the company created the Beauty of Giving program. In 2023, over 65,000 people benefited from the donation of 260,000 products from the brands.

Beauty of Living was also formed in 2023, which focuses on boosting self-esteem through makeup courses for patients and caregivers undergoing long-term hospital

treatment and healthcare professionals. In total, the project supported 1,614 individuals at the Erasto Gaertner and Pequeno Príncipe hospitals, both in Curitiba (PR), and at the Women's Cancer Support Center in Salvador (BA).

The volunteering program impacted 2,143 children from surrounding communities in the regions of Curitiba (PR), Registro, São Paulo, São José do Rio Preto (SP) and Camaçari (BA). The program's investment topped R\$ 620,000, involved 1,678 volunteers, and saw over 13,000 hours dedicated to volunteering.

More than 2,000 children from surrounding communities in the regions of Curitiba (PR), Registro, São Paulo, São José do Rio Preto (SP) and Camaçari (BA) were benefited by the volunteering program.



Corporate Volunteering

Tax-deductible project sponsorship

Throughout 2023, **Boticário Group sponsored seven projects, with over R\$ 2 million invested:**

- **Instituto Incanto** – conducted in Curitiba (PR) to transform the lives of socially vulnerable children and adolescents. Through the arts, culture, technology, sports, education and

vocational training, 192 children and adolescents were supported.

- **Criar jogos** – carried out in Camaçari (BA), the project serves as an entry point for young people into literacy and digital inclusion, easing them into the world of game development. The game development course operates through both distance and in-person learning, with laboratories that facilitate access to educational content in poorer regions. In total, 847 children and adolescents

were trained, and 374 were supported with various activities, such as swimming lessons.

- **Maquie&Crie** – carried out in the regions surrounding the Group's operations in São José dos Pinhais (PR), São Paulo and Registro (SP), Camaçari (BA), and Serra (ES), the project's initiatives provide vocational training and entrepreneurship on topics related to beauty and waste management, with diversity as a cross-cutting pillar. The activities include online and in-person training, workshops, and revitalization actions in schools or NGOs in the areas served. In total, 809 teenagers were trained and 655 were supported.

- **Rugby for all** – conducted in São Paulo, this promotes rugby practices through regular weekly classes in the after-school period – in 2023, the activities benefited 240 children and adolescents.

- **Beleza Escondida** – conducted in Curitiba (PR), this works to help women overcome violence through personal and professional development and insertion into the job market, focusing on entrepreneurship and the world of beauty. The Group contributed to the training of 61 women and supported another 84 with classes and activities.

- **Child and Adolescent Fund** – for assistance to regions surrounding the Group's operations in Registro (SP), Curitiba and São José dos Pinhais (PR), Camaçari and São Gonçalo dos Campos (BA). In total, 741 children and adolescents were sponsored.

- **Elderly Fund** – to support regions surrounding the Group's operations in Varginha (MG) and São José dos Pinhais (PR). In 2023, the fund assisted 2,349 elderly individuals.

The projects developed in 2023 embody Boticário Group's commitment to positive social impact. By encouraging and investing in these initiatives, ranging from digital inclusion to overcoming violence against women, the Group brings significant and lasting transformation to the lives of children, adolescents and elderly individuals in vulnerable situations.

These actions demonstrate social responsibility and reflect the fundamental belief that everyone deserves equal opportunities to thrive and fulfill their potential. Boticário Group is committed to continuing to spearhead efforts to create positive and inspiring social impact in our communities.



Beauty Entrepreneurs Project



Diversity and inclusion within the Group

Future vision: grow together

In recent years, Boticário Group has been creating strategies to broaden its diversity and inclusion agenda, linking it to the needs of employees, society and the entire ecosystem.

The Group directs efforts towards five priority groups: black people (dark skin and brown people), women, LGBTQIA+ community, individuals aged 45 and above, and people with disabilities (PwDs).

The work is carried out in a coordinated and systematic manner, with projects and actions spanning five pillars:

#our commitment

Foster representativeness and inclusion of diverse individuals in the general workforce and leadership at Boticário Group, mirroring the Brazilian population.

- **people** (focus on employees)
- **products** (inclusive and accessible portfolio of brands)
- **social impact** (impacts on the community)
- **value chain** (suppliers, franchisees, consumers and distribution companies)
- **communications** (representation and accessibility in brand campaigns).

Boticário Group has a broad view of diversity and believes that the beauty market should reflect the diversity of society as a whole. Its strategy is therefore aimed at the entire business, promoting mechanisms for inclusion in everything it develops as a product, purchases as inputs or services, or even in how it communicates with its consumers. The perspective of diverse individuals is intentionally present through programs at all these stages.

As a nationally recognized company in diversity, the Group takes a leading role and continuously seeks to invest in inclusion, support, retention and development strategies tailored to its diverse workforce.

Taking care of our people

To grow responsibly and inclusively, Boticário Group approaches human relations with commitment and dedication, forging connections and addressing quantitative challenges—bringing more people into the business—with a qualitative outlook—ensuring that these individuals can find psychological safety and positive experiences in the workplace where they can progress their careers and reach leadership positions if they so desire.

Inclusion actions aimed at employees involve mentoring for diverse talents, **five specific affinity groups, a comprehensive schedule of awareness events, and a diversity and inclusion training program with specific pathways for leaders.** Affirmative positions are also frequently opened,

which help attract new diverse talents and maintain and/or further good representation. In 2023, over 1,200 positions were opened for these priority audiences for Boticário Group.

In 2023, 13% of all the Group's positions were affirmative for one or more diversity groups.

Fluid and inclusive journey

The entire strategic concept and work in diversity and inclusion are supported by data, with indicators guiding decision-making. The Group conducts an annual diversity census on all employees to learn about various topics, such as perceptions of support for diversity and potential feelings of exclusion, among other opportunities for advancement from the employees' perspective.

The diversity and inclusion team, together with the departments, harnesses the information gathered to develop strategies and projects aimed at welcoming, raising awareness and developing leaders and employees.

In 2023, the Group updated its records to dive deep into the company's reality. The re-registration of self-declared data on race, disability, gender identity, and sexual orientation was answered by 84.3% of employees and was the largest re-registration action ever carried out by the Group. This initiative sought to understand how changes in Brazilian demographics were reflected in the employee base, as well as identifying any changes in employees' lives in terms of diversity traits.

This allows us to grow out our care strategy, to target specific services for

identified groups, to act on inclusion agendas, and to create even more representative, inclusive, accessible and respectful communication and workplaces.

To reduce biases in the team and thereby create more equitable environments, leaders and senior management attended the Inclusive Culture workshop. Participation reached 74.4% of leaders and 94.2% of senior management.

Boticário Group held virtual meetings, called "Straight Talk," which addressed anti-ableism – combating discrimination against people with disabilities – in discussions about equity, inclusion and respect. The live sessions featured digital influencers and engaged just over 3,600 people live.

13% of all the Group's positions were affirmative for one or more diversity groups.



Inclusion in practice

In 2023, 337 professionals with disabilities were hired, under an inclusive journey from the selection process onwards.

To serve the more than 60 employees with hearing impairments who communicate through Brazilian Sign Language (Libras), the Human Resources and Benefits department has had a Libras Customer Service Center since September 2023. Within the first 90 days, the service grew by 12%, and the Net Promoter Score (NPS) exceeds 90.

Furthermore, to enhance communication and connection among teams, in 2023, the Diversity team provided training for both leaders and non-leaders on deaf culture and communication in Libras. In all, 105 people took part.

Universal parental leave

GRI 401-3

Since 2021, the Group has been offering extended and mandatory parental leave of 120 days for men, regardless of sexual orientation and family make-up. This is an important step to improve gender equity in companies and encourage greater involvement of fathers in the first months of family transformation.

In 2023, 642 people took parental leave, with 40.7% taken by men from different hierarchical levels within the company ([see more](#)).

Policies and guidelines

The principles of inclusion, equity, accessibility and respect for diversity at Boticário Group are enshrined in its [Code of Conduct](#), [Human Rights Commitment Letter](#) and Diversity Policy.

Boticário Group fights discrimination with zero tolerance and explicitly proscribes harassment of any kind. To achieve this, it provides training for all employees on discrimination and harassment in the workplace. It also has an Inclusive Welcome Committee, which is multidisciplinary.

Learn more:
[Diversity](#)
[Conduct Portal](#)



Diversity at Boticário Group (%)^[1] GRI 405-1

	2022						2023					
	Black	Brown	White	Asian	Indigenous	Not declared	Black	Brown	White	Asian	Indigenous	Not declared
Board	0%	0%	100%	0%	0%	0%	0%	0%	100%	0%	0%	0%
CEO and Vice Presidents	0%	0%	100%	0%	0%	0%	0%	11%	89%	0%	0%	0%
Executive Board	0%	7%	88%	3%	0%	2%	0%	9%	85%	5%	0%	1%
Sr. management	2%	10%	81%	4%	0%	3%	2%	12%	80%	6%	0%	0%
Middle management	4%	12%	81%	3%	0%	0%	4%	13%	79%	4%	0%	0%
Supervisors	5%	40%	51%	2%	0%	2%	9%	40%	48%	3%	0%	0%
Coordinators	6%	22%	68%	3%	0%	1%	7%	22%	67%	4%	0%	0%
Administrative	12%	50%	35%	2%	0%	1%	14%	45%	37%	3%	1%	0%
Specialized Technical	9%	21%	66%	2%	0%	2%	10%	25%	62%	3%	0%	0%
Technical	12%	37%	47%	2%	0%	2%	12%	39%	47%	2%	0%	0%
Operational	16%	44%	35%	1%	0%	4%	15%	47%	35%	2%	0%	1%
Interns	28%	30%	39%	2%	0%	1%	15%	42%	41%	2%	0%	0%
Young Apprentice	14%	41%	44%	0%	1%	0%	14%	39%	45%	1%	0%	1%
Total	11%	34%	51%	2%	0%	2%	12%	34%	51%	3%	0%	0%

[1] Includes 100% of employees



Percentage of workers by category and age group ^[1] GRI 405-1

Employee category	2022			2023		
	Below 30	30 to 50	Over 50	Below 30	30 to 50	Over 50
Board	0%	56%	44%	0%	0%	100%
CEO and Vice Presidents	0%	56%	44%	0%	56%	44%
Executive Board	0%	96%	4%	0%	97%	3%
Sr. management	1%	94%	5%	2%	95%	3%
Middle management	4%	94%	2%	5%	93%	2%
Supervisors	7%	89%	4%	13%	84%	3%
Coordinators	6%	92%	2%	9%	89%	2%
Administrative	37%	60%	3%	41%	55%	4%
Specialized technical	29%	69%	2%	34%	65%	1%
Technical	22%	73%	5%	24%	72%	4%
Operational	33%	62%	5%	36%	59%	5%
Interns	96%	4%	0%	98%	2%	0%
Young Apprentice	100%	0%	0%	100%	0%	0%
Total	30%	67%	3%	34%	63%	3%

[1] Includes 100% of employees

Percentage of workers by category and gender ^[1] GRI 405-1

	2022		2023	
	Men	Women	Men	Women
Board	70%	30%	70%	30%
CEO and Vice Presidents	67%	33%	67%	33%
Executive Board	60%	40%	59%	41%
Sr. management	49%	51%	49%	51%
Middle management	50%	50%	48%	52%
Supervisors	28%	72%	30%	70%
Coordinators	52%	48%	45%	55%
Administrative	20%	80%	19%	81%
Specialized technical	45%	55%	45%	55%
Technical	65%	35%	64%	36%
Operational	56%	44%	52%	48%
Interns	34%	66%	29%	71%
Young Apprentice	42%	58%	34%	66%
Total	40%	60%	40%	60%

[1] Includes 100% of employees

Gender pay equity ^{[1][2]} GRI 405-2

Employee category ^[3]	2022	2023
Executive level	0.80	0.87
Managerial level	0.93	0.82
Non-managerial level	0.9	0.76

[1] Includes 100% of employees

[2] Changes in 2023 figures versus 2022 are due to the following factors:

- Change in the allocation of officers from "Managerial Level" in 2022 to "Executive Level" in 2023
- Use of weighted average for the compensation of the "Non-Managerial Level" group in 2023 instead of the mean average
- Higher volume of hiring of women in 2023, where the entry salary is not comparable due to length of service and time in position with other positions

The results presented in this report were prepared following the guidelines of the Global Reporting Initiative (GRI) and duly audited by a third party.

[3] The following distribution should be considered:

- Executive level: Vice-presidencies; Executive Board and Board of Directors
- Managerial level: Senior Management; Management; Supervision and Coordination
- Non-managerial level: Administrative; Specialized Technician; Technician; Operational; Interns and Young Apprentice



Diversity *and inclusion* in our ecosystem

Boticário Group's approach to diversity and inclusion is comprehensive and extends beyond its employees to encompass the entire business ecosystem. It permeates the entire company, including product design, communication and supply chain management. Boticário Group is committed to scaling up representation through dedicated inclusion strategies. This approach reflects the company's commitment to the beauty of growing together.

Entrepreneurship

We stoke entrepreneurship among diverse individuals, including their inclusion in the value chain, through relationship-building actions with suppliers, franchisees, resellers, and consumers.

For suppliers classified as strategic based on criteria such as relevance, commercial value, synergy with the Group's essences, service structure, and potential to add value to the business, the Group has implemented the Partner Assessment and Development Program (PADP), which includes diversity criteria in the ESG Questionnaire. Responses are measured to assess performance improvement in diversity among the groups participating in the program ([see more](#)).

To stimulate purchases and/or negotiations with companies owned by women, black individuals, LGBTQIA+ individuals and people with disabilities, the Group created the Affirmative Purchases Portal connected to the Responsible Sourcing Program, which encourages partnerships with

companies owned by diverse individuals. Learn more about Sustainable Supplier Chain Management [here](#).

For franchisees, considered business partners, the Group has the Future Acceleration Instrument (IAF). The tool includes diversity criteria, such as the percentage of the black population with updated registration, participation in diversity training, and involvement rate in potential discrimination crisis cases, a topic addressed in the Inclusive Support Committee.

The Group also has a comprehensive Diversity Training Program, with paths launched annually. In 2023 the anti-ableism pathway was mandatory for the sales force to improve knowledge on the subject and ensure inclusive service. Throughout 2023, 89% of the franchise network underwent training in the Anti-LGBTphobia, Anti-Racism and Anti-Ableism Paths.

#our commitment

Advancing diversity and inclusion within our business ecosystem through our purchasing, marketing and communication practices with society.

Diversity and Inclusion in our ecosystem

Our priority dimensions are: Racial equity, Gender equity, LGBTQIA+ Community, People with disabilities, and Generations (45+)

1 Diverse individual

Employee:

/ 46% of black employees in the overall workforce and 26% in leadership positions

/ 60% of women in the overall workforce and 56% in leadership positions

/ 5 affinity groups provide a support network for diverse individuals

/ Exclusive development initiatives with mentoring programs

Innovation:

/ 2,000+ diverse people co-develop inclusive and diverse products in the Free Beauty Community



2 Inclusive products

/ 23% inclusive products in our portfolio

/ **Brushes of Quem Disse Berenice?** Designed for the visually impaired, the brush features tactile points for sensory identification, colored bristles and a square base to help people hold it and to stop it overturning

/ O Boticário facial and body sunscreen has a 100% invisible finish, catering to all skin types and **co-created by diverse people**

Inclusive accessories:

/ **Pioneering project by Boticário** offers consumers an Adhesive Base and a Multi-Use Thickener that **facilitate the usability of products for people with disabilities or motor limitations in their upper limbs**

3 Social impact

/ 31,000+ socially vulnerable women have been trained through the **Beauty Entrepreneurs Program** in makeup, hairstyling and manicure, plus sales and personal development

/ Develop Program: **600+ talents completed the technology course**

/ Beauty in Movement project: manufacturing of **12,000 inclusive accessories**

/ **20% of the posts opened are for diverse individuals**



4 Inclusive value chain

/ **1,000+ companies owned by diverse individuals made available to Boticário Group buyers**

/ Suppliers and franchisees monitored for performance in diversity and inclusion

/ **89% of the franchise network's sales force trained** in anti-LGBTQ phobia, anti-racism and anti-ableism

Inclusive Welcome Committee:

/ Support for consumers and store consultants in potential situations that do not align with the Group's diversity values

5 Communication for all

/ **Accessible communication, representative of the Brazilian population and free from stereotypes, normalizing diversity**

/ The terms "normal," "perfect" and "whitening" will no longer appear on any packaging or brand communications starting December 2024

/ **Thematic years: 360-degree campaigns directed at stakeholders encourage respect, appreciation and normalization of diversity.**

In 2023, the focus was on anti-ableism, and in 2024, it will shift to age diversity





Products developed by the Free Beauty Community

Co-developing inclusive products and services

Boticário Group's diversity department conducted a market study with experts to identify diversity traits in products that are recognized by consumers. The Group currently considers five diversity attributes to assess and develop its products with the aim of expanding the inclusive portfolio: co-development with diverse individuals, accessibility, usability, promoting better understanding, and inclusive design.

With the goal of expanding the inclusive portfolio, the Group also provides diversity and inclusion training for the Marketing and R&D teams so they can enhance their respective knowledge on the subject and identify future opportunities in this regard.

To ensure a product portfolio that meets the needs of the Brazilian population, in addition to participating in efficacy

and efficiency tests – as required by the National Health Surveillance Agency (Anvisa) – diverse consumers are included from the onset, when we begin discussing the naming of new products.

The co-development of products with diverse individuals considers different skin tones, hair colors and textures, and other features when expanding Boticário Group's portfolio. Learn more: [Free Beauty Community](#).

Making more beauty is our aim

Throughout its communication, Boticário Group emphasizes the appreciation and naturalization of populational diversity, while questioning and redefining the

beauty standards and stereotypes that have been repeated for decades in advertising. To achieve this, marketing campaigns undergo technical validation by the diversity team or are co-developed with these professionals. An example of this is that Boticário Group's campaigns have a free age rating, spreading beauty around, even among children.

The communication teams are composed of more than 380 internal professionals and partners and receive training on stereotype-free communication. Boticário Group maintains a partnership with UN Women, which brought the Stereotype-free Alliance Movement to Brazil to promote gender equality in advertising.

More than **89%** of the franchise network underwent training in the Anti-LGBTphobia, Anti-Racism and Anti-Ableism Paths.

Impact on variable compensation

In 2023, diversity-related goals are embedded in the variable compensation of eligible managers and employees, and are linked to the percentage of diverse individuals in the overall workforce and in leadership positions. This topic's presence in the management tool reinforces its significance in the business strategy.

Free Beauty Community

Free Beauty is the first online community in Brazilian retail created to solely focus on co-developing beauty products with diverse individuals. Created in 2022 by Boticário Group, it co-develops consumer brand products involving representatives from diverse groups in various stages of the research, ideation, development and testing processes.

The participation of community members contributes to the launch of new products aligned with a broad portfolio, capable of meeting the consumers' different needs and personal traits.

By the end of 2023, the community had over 2,000 members, including people with disabilities, black people, LGBTQIA+ community members, individuals aged 45 and above, and women. During this period, 38 project applications were made across all own brands.

An example of a product whose creation involved the participation of the Free Beauty community is the accessible brushes made by the brand Quem Disse Berenice? Designed for the visually impaired, the brush features tactile points

for sensory identification, colored bristles for those with impaired vision, and a square base for help people grip it and to prevent it from overturning if dropped.

Actions like these, aligned with the Commitments for the Future, help nurture diversity and inclusion in the beauty market.

**See more in
Free Beauty Community**

Community with over 2,000 members: people with disabilities, black people, LGBTQIA+ community members, individuals aged 45 and above, and women.





Attracting, developing *and* retaining employees

Celebrating employee excellence

GRI 2-7, 2-8

Our teams keep growing – these dedicated individuals are indispensable to our business success. By the end of 2023, 17,953 permanent employees and 499 temporary staff were part of the Boticário Group team – an increase of 23.38% compared to 2022.

More than just statistics, these numbers depict the commitment and passion of each employee who contributes daily to the advancement and excellence of the company's operations. These are the professionals who should take most of the credit for the business' success, and it's thanks to their talent, dedication and teamwork that Boticário Group can achieve its goals and maintain its leading position in the market. Whether behind the scenes in production, in stores, in offices or in distribution centers, each employee plays a crucial role in our journey of growth and positively impacting society.

Boticário Group - Our team ^{[1] [2]} GRI 2-7, 2-8

Staff	Permanent		Temporary		Non-guaranteed hours		Full time		TOTAL	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
By gender										
Men	5,908	7,142	143	165	0	0	6,051	7,307	6,051	7,307
Women	8,672	10,811	232	334	0	0	8,904	11,145	8,904	11,145
By region										
Midwest	303	335	7	7	0	0	310	342	310	342
Northeast	3,249	3,648	112	128	0	0	3,361	3,776	3,361	3,776
North	333	333	4	9	0	0	337	342	337	342
Southeast	5,384	6,932	91	151	0	0	5,475	7,083	5,475	7,083
South	5,311	6,705	161	204	0	0	5,472	6,909	5,472	6,909
Total ^[3]	14,580	17,953	375	499	0	0	14,955	18,452	14,955	18,452

[1] The reported figures were obtained from the active employee database as of December 31, 2023, excluding members of the governance body.

[2] We have no part-time employees

[3] The total reported includes 415 non-employees - 106 interns and 309 apprentices - who are part of the Group's workforce. **GRI 2-8**

Employees by age group ^[1]		
	2022	2023
Below 30	5,259	6,365
30 to 50	9,240	11,472
Over 50	467	615
Total	14,966	18,452

[1] Includes 100% of employees

Workforce by category ^[1]		
	2022	2023
CEO and Vice Presidents	9	9
Executive Board	103	124
Sr. management	174	248
Middle management	533	638
Supervisors	604	465
Coordinators	139	528
Administrative	4,350	4,868
Specialized technical	5,472	7,280
Technical	595	696
Operational	2,683	3,181
Interns	106	106
Young Apprentice	187	309
Total	14,955	18,452

[1] Includes 100% of employees

**There were
7,099 new
hires in 2023.**

New hires ^[1]		2023
		% of job vacancies filled with internal staff
CEO and Vice Presidents		-
Executive Board		95.20%
Sr. management		84.10%
Middle management		72.60%
Supervisors		60.40%
Coordinators		64.20%
Administrative		36.50%
Specialized technical		47.50%
Technical		55.00%
Operational		39.90%
Interns		4.20%
Young Apprentice		8.30%
Total		44.11%

[1] In 2023, a total of 12,073 positions were offered, with 7,099 being new hires and 5,604 filled through internal recruitment.

A journey of continuous learning

GRI 404-2

To support employee development, Boticário Group invests in initiatives such as training tracks and academies, honing technical, managerial and leadership skills. In 2023, 13,013 employees were impacted¹ (with a 71.9% participation rate) for a total of 84,385 hours.

The average investment per employee in training and development is R\$ 700.00, including health and safety training.

GRI 403-5

¹ Employees who completed at least one course, consuming an average of 6.5 hours of training.

The Data Formation program was created to develop the data culture skills of operations vice presidency employees, offering 41 vacancies in 2023, along with mentoring.

Another initiative in 2023 was the Market in Focus Program (Leadership Academy), for Boticário Group leadership and addressing relevant topics in the corporate and business world, providing a forum for constructive discussions and debates.





In addition to these programs, the Group offers Educa.On, with educational pathways available in a virtual environment, plus learning academies that nurture core skills for various operational areas. The following table shows the learning academies that were worked on in 2023.

Also in 2023, the Group plotted a skills map, which was divided into functional and universal skills. Based on the Company's Strategic Planning, 40 interviews were conducted with market experts and the entire senior leadership, mapping around 300 core skills. A project was developed to make the Group's essences tangible, thus generating 11 universal skills. These are:

- Customer focus
- Entrepreneurship
- Self-development
- Adaptability
- Cross-functional influence
- People management and development
- Execution-centric
- Independence
- Problem solving
- Financial responsibility
- Business vision

Educa.GB ^[1] GRI 404-1

NEW ACADEMIES	2022				2023			
	Employees impacted		NPS	Contact time	Employees impacted		NPS	Contact time
	Total	% of target audience			Total	% of target audience		
Leadership Academy	794	62%	86	1,762	807	40.09%	90	3,011.0
Consumer Academy	454	65%	84	846	NA ^[2]	NA ^[2]	NA ^[2]	NA ^[2]
Logistics Academy	423	40%	99	946	350	81.40%	95	1,670.0
Data Academy	3,726	22%	87	10,007	5,881	32.51%	81	34,535.5
R&D Academy					186	55.86%	100	392.0
Supply Academy					260	77.15%	97	850.0
Data Formation					41	90.24%	91	690.0
Belts					58	96.67%	50	1,428.0
Connect					2,094	79.47%	85	33,974.7
TAD					1,686	67.33%	96	9,837.5
Total					11,363			86,388.7

[1] The Net Promoter Score (NPS) of Educa.GB was 62 on a scale from -100 to +100 in 2023.
 [2] NA = not offered

In addition to the succession mapping, the Group is building an Individual Career Plan, preparing professionals to take on the roles with which they identify most.

Career Management

Boticário Group's talent management process embraces the entire team and consists of performance reviews and regular feedback, allowing professionals to own their growth trajectory.

Reviews are annual for operational teams and semi-annual for administrative teams, following previously established criteria. Beginning with self-assessment by professionals, leaders of related areas concurrently gather in committees to discuss the team's next development steps. These committees also analyze the team's current preparedness to face future challenges and respond to business evolution.

Next, the direct manager conducts the assessment. The cycle closes with a feedback conversation between leadership and the employee, formalizing their position in the performance review. In addition to providing the employee with insights into their review and encouraging reflection, this conversation aims to guide them about career prospects and opportunities.

To build on the review process, all employees have access to the 360-degree assessment tool, allowing them to request feedback from their colleagues and managers. This process aims to drive engagement and continuous improvement throughout the team.

Benefits for responsible growth

The benefits package for employees includes:

- Medical and dental assistance plan for the employee and their dependents
- Subsidy for medication purchases
- Telemedicine and second medical opinion
- Private pension plan
- Life insurance
- Meal tickets
- Meal vouchers
- Pet care
- Gympass^[1] (access to gyms, studios and live classes)
- Legal and financial guidance
- Free courses on an online education platform
- Paid day-off on birthdays
- Discounts on products from the Group's brands
- Online ergonomics program
- Care for Absentees Program
- Technical and exclusive analysis for complex cases or rare diseases
- Free annual flu vaccination for employees and their dependents

As a way to support employees with children, the Group provides benefits such as daycare, allowance for hiring babysitters, allowance for education and nutrition expenses, and a room for breastfeeding mothers.

[1] In May 2024, Gympass was renamed Wellhub.



Regular performance reviews and feedback are part and parcel of Boticário Group's personnel management process.

Home office

Embedded in the company's routine since 2019, home office is a reality at Boticário Group for employees who do not require the company's physical structure or can fully perform their duties remotely. In addition to remote work, these employees benefit from flexible working hours, adjusting their schedules according to personal and professional needs. The practice continues to be a trend, even after the critical period of covid-19 pandemic.

Work model

% of workers	2022	2023
Hybrid	18%	19%
Remote	34%	35%
In person	48%	46%

Remuneration policies

GRI 2-19, 2-20, 202-1

The compensation and benefits policies aim to instill an attractive, competitive and equitable compensation structure across different functional levels. Remuneration consists of a fixed salary and a variable component, indexed to the achievement of strategic targets set by area of activity and the Group's overall targets. Some of these targets are directly related to our ESG commitments. For managers, in addition to specific financial and non-financial targets according to the area, **variable remuneration also depends on the achievement of ESG targets. This practice has been in place since 2021.**

In 2023, the topics of waste and circular economy and diversity and inclusion of

diverse individuals had goals indexed to variable compensation. By directing funds directly indexed to performance in these areas, the company encourages and values initiatives that promote more responsible practices and a truly inclusive organizational culture.

Furthermore, by including goals related to the percentage of diverse individuals in leadership positions and in the overall workforce, the Group ensures that the pursuit of equity and representation is a tangible and measurable priority on the path to progress and excellence.

For employee compensation, Boticário Group follows the minimum wage and the floor of union negotiations – by law, it is

not possible to pay less than the federal minimum wage. The states of SP, RJ, RS, SC, and PR have regional minimum wages, which must be considered for the benefit of employees. Also by law, the Group must observe the salary floors stipulated in each Collective Labor Agreement (CCT). Contractors (except employees) who perform activities for the Group are remunerated according to the minimum wage rules and agreements of local unions.

All employees are covered by collective bargaining agreements. GRI 2-30

Ratio of standard entry-level wage compared to local minimum wage ^[1] GRI 202-1

Employees	2022		2023	
	Men	Women	Men	Women
Entry-level wage paid by the organization	R\$ 1,212.00	R\$ 1,212.00	R\$ 1,320.00	R\$ 1,320.00
Minimum wage as established by legislation or the relevant union	R\$ 1,212.00	R\$ 1,212.00	R\$ 1,302.00	R\$ 1,302.00
Percent ratio	100%	100%	101%	101%

[1] Employees deployed in factories, DCs, corporate, logistics and commercial. We don't have information about the salaries of contractors, but upon hiring, we require that suppliers be up to date with their labor obligations.





Engaged team

To gauge team engagement, weekly surveys are conducted on all employees. The information is compiled in the TeamCulture communication tool and can be segmented by positions, gender, length of employment, and location, among other criteria. The results guide decision-making and enable managers to create action plans in collaboration with employees. See below the main results in 2023.

Employee engagement metrics ^[1]^[3]

	2023
	Engagement rate
By employee category	
Boticário Group	8.76
Board	8.9
CEO and Vice Presidents	8.9
Executive Board	8.9
Sr. management	8.9
Middle management	8.9
Supervisors	8.9
Coordinators	8.7
Administrative	8.7
Specialized technical	8.8
Technical	9.0
Operational	8.6
Interns	8.9

	2023
	Engagement rate
Young Apprentice	9.1
By gender ^[2]	
Male	8.9
Women	8.7
By age group	
Below 30	8.7
30 to 50	8.8
Over 50	9.0

[1] Engagement refers to the measure of how involved and committed employees are to the company they work for. This measure is calculated based on the average of the following pillars: Leadership; Team Spirit; Alignment; Well-being; Personal Growth; Happiness; Satisfaction; Recognition; Team Relationship and Feedback.

[2] Data regarding race (Brown; White; Asian; Indigenous) will be accounted for from 2024, with the inclusion of these new traits in the TeamCulture tool.

[3] Includes 100% of employees

Average hours of training – direct employees ^[1] GRI 404-1

	2022	2023
Employee category		
CEO and Vice Presidents	4.2	2.5
Executive Board	6.0	9.0
Sr. management	5.9	11.1
Middle management	7.5	13.8
Supervisors	6.1	10.8
Coordinators	6.6	11.1
Administrative	5.5	7.2
Specialized technical	6.3	12.2
Technical	13.0	14.2
Operational	9.6	8.9
Interns	8.7	10.5
Young Apprentice	4.1	7.3
Not declared	-	5.8

	2022	2023
Total	7.4	10.1
Gender		
Women	6.7	10.1
Men	8.4	11.0
Not declared	-	5.8
Total	7.4	10.1
Age group		
Under 30	6.9	9.7
30 to 50	7.7	10.9
Over 50	8.5	10.1
Not declared	-	5.8
Total	7.4	10.1
Race/color/ethnicity		
Asian	7.9	9.7
White	7.4	11.2
Indigenous	5.8	3.7
Black	7.9	10.0
Brown	7.4	9.6
Not declared	5.9	6.0
Total	7.4	10.1

[1] By category, the average training hours per employee is calculated as follows: number of hours of training offered / number of employees

Employees receiving regular performance reviews ^[1] GRI 404-3

Employee category ^[2]		Women	Men	Total
CEO and vice presidents ^[3]	Total	3	6	9
	No. reviewed	3	6	9
	(%)	100.0%	100.0%	100.0%
Executive Board	Total	39	63	102
	No. reviewed	39	63	102
	(%)	100.0%	100.0%	100.0%
Sr. management	Total	89	86	175
	No. reviewed	88	85	173
	(%)	98.9%	98.8%	98.9%
Middle management	Total	261	246	506
	No. reviewed	261	242	503
	(%)	100.0%	98.4%	99.4%
Supervisors	Total	269	104	373
	No. reviewed	261	104	365
	(%)	97.0%	100.0%	97.9%
Coordinators	Total	151	167	317
	No. reviewed	151	165	316
	(%)	100.0%	98.8%	99.7%
Administrative	Total	2,717	676	3,393
	No. reviewed	2,615	653	3,268
	(%)	96.2%	96.6%	96.3%

Employee category ^[2]		Women	Men	Total
Specialized technical	Total	2,630	2,180	4,810
	No. reviewed	2,623	2,171	4,794
	(%)	99.7%	99.6%	99.7%
Technical	Total	185	346	531
	No. reviewed	185	346	531
	(%)	100.0%	100.0%	100.0%
Operational	Total	958	1,255	2,210
	No. reviewed	958	1,210	2,168
	(%)	100.0%	96.4%	98.1%
Total ^{[4] [5]}	Total	7,302	5,129	12,426
	No. reviewed	7,184	5,045	12,229
	(%)	98.4%	98.4%	98.4%

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

[2] Interns and Apprentices are not required to undergo performance reviews.

[3] VPs and the CEP are reviewed differently, with 100% buy-in.

[4] During the review initiation period, the company had 15,452 active employees, of whom 12,621 were eligible for the Review Cycle for 2022/2.

[5] Assessments where individuals were not identified in the database were disregarded (291 cases).



Health, safety *and* well-being

For Boticário Group, taking care of its people is the cornerstone of its business longevity. To support employees in this endeavor, two main fronts are in place: occupational health, ensuring compliance with legal and regulatory requirements, and well-being, with lines of care focused on overall health, especially mental health.

Well-being and care GRI 403-6

Access to healthcare is provided for employees at Health Promotion Centers (CPS), located in various Group units, and the Health Center, Health Website, health campaigns and communication about periodic exams.

The company has a 24x7 Health Center with social workers and psychologists offering support, from health-related inquiries to psychiatric emergencies, along with information about the company's health services and products. In 2023, 4,132 consultations were conducted, compared to 3,500 in 2022, including monitoring of COVID-19 cases.

Specialized clinics provide care in factories and distribution centers during all work shifts. Factory clinics operate with a full team, including doctors, 24 hours a day.

Telemedicine services are provided for other units. In 2023, over ten thousand consultations (in-person and telemedicine) were conducted, including direct employees and contractors.

Structured health programs are offered to employees based on their needs. The "Family Grew" program assists employees and their families awaiting a new baby, providing medical and nursing care for pregnant women. In 2023, 642 people took parental leave, with 97% adherence from eligible employees.

The "Atypical Parents" program supports over 180 employees and their families whose children require special therapies, such as autism treatment. Therapies are fully subsidized by the company.

In 2023, over 14,000 flu vaccine doses were administered to employees and their families to prevent complications from this disease. In a groundbreaking campaign, over 3,700 people were vaccinated against HPV with the company covering the entire cost. This high-cost vaccine is used to prevent cervical cancer.

As a complement to medical care, the Group offers specialized second opinion services for employees to clarify doubts about medical treatments—usually related

to severe illnesses or invasive treatments—backed by renowned doctors both in Brazil and abroad. 95 people used the service in 2023.

Zero occupational illnesses

GRI 403-10

In 2023, no occupational diseases, fatalities or recordable cases of occupational diseases were identified among Boticário Group employees. Hazards related to work activities presenting a risk of occupational illness are identified and monitored in the Risk Management Program (PGR) and monitored by the Occupational Health Surveillance Program (PCMSO).

It's time to prioritize mental health

In recent years, special attention has been dedicated to mental health. Adherence to *Vittude*, a meeting place for psychologists and patients, increased from 9% in 2022 to 12% in 2023. There were 17,000 consultations in 2022 and over 53,000 in 2023, resulting from incentive campaigns conducted with employees.

Health was also the subject of over 12 conversation circles over the year, more than double the number held in 2022. To prevent more severe situations from arising, the Group relies on the *Sentinela* strategy, which is a predictive data tool for cases of mental health requiring psychological and medical support. All patients with psychological/psychiatric cases are also contacted by the health team for follow-up and possible referral.

To ensure a stress-free workplace, the Health Partners team (mental health specialists working directly in-house) teams with Business Partners to conduct recurrent analyses of weekly engagement survey data (*TeamCulture*) and to prioritize areas where stress scores fall short of the benchmark. After diagnosis, a customized activity plan is developed. In 2023, all areas that participated in prioritization improved stress indicators, with 64% achieving the expected goal of 6.8.

Improving safety

GRI 403-4

Boticário Group's genuine commitment to treat safety as a non-negotiable value was evident throughout 2023 when these procedures were expanded to all factories and distribution centers. The Group's purpose is grounded in risk management and mitigation, leveraging accident prevention.

The process for employees to participate in the development, implementation and evaluation of the Occupational Health and Safety Management System occurs through deviation reports, the leadership practice of *gemba* (a Japanese concept meaning being present in the workplace), Toolbox Safety Talks, meetings of the Internal Accident Prevention Committee (*Cipa*), High-Performance Team (*TAD*) meetings, and the presence of the Occupational Health and Safety and Environment (*STMA*) team in daily operational huddles (*RODs*).

Boticário Group holds monthly meetings with *Cipa* and *TADs*; quarterly meetings with all presidents and vice presidents of *Cipa*; annual meetings with the vice president of operations and of Quality, Excellence and Care (*QEC*) officers and with all presidents and vice presidents of *Cipa*.

As drivers of increased risk perception among employees and leadership commitment, over 24,000 deviations were reported and properly addressed, in addition to over a thousand corrective actions implemented. Leading by example, the management team conducted over 4,500 *gemba* practices in 2023.

To ensure training in occupational health and safety, employees are trained during onboarding, receive training in NRs (regulatory norms), work procedures and High-Performance Team (*TAD*) procedures.



In 2023, over ten thousand in-person and telemedicine consultations were conducted, including direct employees and contractors.

The Maturity Journey was created to profoundly shake up the safety culture among all employees. Using the Hearts and Minds methodology, culture diagnostics were conducted, and safety-related topics were structured. Based on this, an action plan was created:

1. Visible and perceived leadership through gemba execution: the gemba practice reinforces leadership's commitment to understanding and improving conditions and behaviors, with valuable conversations and active listening, contributing to an increasingly safe workplace.

2. Prevention and comprehensive care week: held in August, involving over 17,000 employees (both direct employees and contractors, focusing on a culture of comprehensive care, promoting awareness of safety

as a value, care for product quality, environmental conservation, facility and environment care, and employees' overall health.

3. Rules for life: clear and non-negotiable Occupational Safety rules for the safe management of critical activities, focusing on preventing fatalities, serious injuries and life-changing incidents. Centering the theme: "It's for me. It's for whom I love".



Certification and Management System
GRI 403-1, 403-7

The factories in São José dos Pinhais (PR) and Camaçari (BA) and the distribution centers in Registro (SP) and São Gonçalo dos Campos (BA) are certified to ISO 45001 (Occupational Health and Safety Management System) and ISO 14001 (Environmental Management).

At all Group units, the Integrated Management System (IMS) plays a vital role in identifying hazards, assessing workplace risks and defining plans and targets to mitigate or eliminate them. The IMS policy applies to all employees and contractors.

The organizational hazards and risks impacting the business are:

- Accidents with uncontrolled critical risk activities
- Non-compliance with legal requirements
- Failure to resolve identified serious and grave deviations

- Non-implementation of corrective actions defined from accident learnings
- Failure in accident investigations and identification of root causes
- Poor safety culture (classified as reactive/bureaucratic on the Hearts and Minds (H&M) Culture scale).

These hazards and risks are controlled through Integrated Management System (IMS) processes, risk management, Preliminary Risk Analysis (PRA) and Permit-to-work (RWP), Risk Management Program (RMP), Safety Procedures and ISO 45001 Certification.

#GOVERNANCE

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Sustainable *sourcing*

GRI 308-1, 414-1

Suppliers are fundamental partners for the Group's business, aiming to forge relationships steeped in respect, transparency and collaboration to leverage the businesses of both parties. In 2023, new partners were screened using social and environmental criteria.

This approach reflects the conviction that a sustainable and ethical supply chain is essential for long-term success. The Group believes in the joint construction and establishment of enduring partnerships that go beyond simple commercial transactions. By investing in solid and mutually beneficial relationships, the Boticário Group ecosystem is strengthened, and its impact on society is enhanced. The company recognizes the importance of these partners, who are essential in pursuing the proposed commitments for the ESG agenda.

#our commitment

To urge responsible sourcing within our supply chains as a way to combat illegal deforestation, biodiversity loss, and to ensure appropriate working conditions

Managing a sustainable supply chain

The commercial relationship with suppliers begins with approval. Companies undergo approval and follow-up audits related to health, safety, legal compliance (economic, labor, integrity, anti-corruption, and environmental aspects, operating licenses and operations), social and sustainable responsibility (ethics, non-violation of human rights, socio-environmental requirements, and eco-efficiency), diversity, equity and inclusion.

Part of the approval process is also compliance with documents such as the [Group's Code of Conduct](#) and the [Supplier Sustainability Management Guide](#), alongside guidelines and ethical conduct commitments that guide the Group towards Sustainable Supply Chain Management.

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

All materials are available on the [Supplier Portal](#).

Audits conducted in-person or remotely throughout the contract term assess the same factors scrutinized in the approval process. These analyses are based on Boticário Group's proprietary methodology, and the interval between them varies according to the risk matrix considering, among other criteria, business strategy, quality, logistics, sector of activity, items or services provided, and ESG concerns.

To analyze and classify suppliers as strategic or regular, the Group also considers the risk matrix and specific criteria such as traded value, capacity to add value to the business, structure to meet business demands, synergy with the Group's core values and innovative proposals on ESG topics. Every year strategic suppliers are evaluated on: eco-efficiency, climate change, biodiversity, traceability of raw materials, waste management, diversity and inclusion, ethical conduct, governance, integrity and risk management.

There is also another stage in supplier management, which is the criticality assessment conducted for partners providing products or services considered essential or strategic.

In 2023, the Group had 3,134 active suppliers. No negative environmental or



Supply chain

In 2023, Boticário Group remained in 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, water security and forest risks. Suppliers selected based on their performance and impact are invited by Boticário Group to respond to the annual CDP survey. The data received from this survey forms the basis of criticality studies and specific actions, directly contributing to the continuous development of the supply chain.

social impacts, be they real or potential, caused by these suppliers were identified - all of them were screened against socio-environmental criteria. **GRI 308-2, 414-2**

No suppliers or operations were identified either where workers' rights, including freedom of association, collective bargaining, child labor, hazardous work for young people, forced labor, or slavery-like practices, were violated or at significant risk of violation.

GRI 407-1, 408-1, 409-1

Of the total suppliers, 126 actively enhance diversity, and 19 are owned by diverse individuals. In the sustainability performance assessment conducted by the Boticário Group, 69 suppliers (55% of strategic ones) scored above 60%, and 126 direct suppliers (tier 1) had their sustainability performance reviewed.

Critical suppliers represent 66% of the spend. Also, in 2023, 48.30% of purchases were from sustainable suppliers (with a score of 60% or more in the sustainability assessment). Suppliers participating in the Eco-efficiency Partnership Program (65.4%) commit to improvements, and are assessed annually.

ESG performance among suppliers

The PADP (Partner Assessment and Development Program) is one of Boticário Group's flagship programs for recognizing performance and developing strategic suppliers, seeking to strengthen relationships.

As part of the PADP, once a year, the Group evaluates partners' overall performance in supplying products and services and in terms of ESG (environmental, social, and governance).

Awards are offered to partner companies based on quality, commercial, service, technical evaluation, and service criteria, with recognition levels including Diamond, Gold, Silver and Bronze. Special recognition is given to those showing the best results in ESG. The Group provides specialized support with an action plan to those with improvement opportunities.

In the evaluation process for the "ESG Highlight" award, the Group relies on specialized independent ESG audits, and in 2023, 100% of the supplier finalists in this category were assessed.

The Group did not record any contract breaches due to social, environmental or compliance issues in 2023.

In 2023, 100% of strategic suppliers were assessed. No contracts were terminated due to ESG matters.



PADP participants receive scores based on their overall performance in different topics. ESG criteria have a weight of 10% in the final score.

ESG Training

Throughout the year, eight forums were held for the supply chain, addressing topics such as climate change, water, emissions, waste, and social responsibility. These events promote the development of partners, featuring experts in the field and sharing content aligned with the ESG strategy.

The company organizes events in Bahia and Paraná, inviting suppliers from each state to participate and showcase their portfolios. These forums are organized as part of the Beauty Hub program, focusing on reinforcing the positive impact Boticário Group exerts across the beauty ecosystem. Through these actions, Boticário Group foment internal initiatives and initiatives from suppliers. Boticário Group also collaborates with integrating agencies that assist with lists of diverse suppliers' names, furthering their commitment to diversity and inclusion.

Beauty Chain

Launched in 2022 to optimize communications between Boticário Group and its suppliers, the digital platform Beauty Chain became streamlined and more widely known in 2023. Centralized management, agile processes, information traceability, and the generation of analytical reports are some of the improvements made to the platform. The Group invites all risk and strategic suppliers to respond to a digital assessment on ESG, provides feedback on

each supplier's performance, and offers support from specialists for specific cases.

Depending on the supplier's area of activity, companies are scored and ranked based on their performance in the assessment. In 2023, the platform had 342 registered companies, representing a 46% increase compared to 2022.

We are agile

GRI 2-23, 2-24

The Group evaluates the social, environmental and economic impacts of its entire supply chain and understands its responsibility as a catalyst for sustainability. To do so, it adopts best practices in corporate governance and relies on internally defined policies, corporate guidelines, and commitments validated by senior leadership, such as the [Human Rights and Diversity Commitment Charter](#), the Code of Conduct, Anti-Corruption, Labor, Compliance, Risk and Audit, Procurement, Organizational Human Development, and Education policies, as well as Commitments for the Future.

All these documents are disseminated to employees, contractors, suppliers, and business partners with the aim of strengthening ethics, responsibility, and respect for human rights in work dynamics and relationships. Whenever applicable, the Group's commitments and policies incorporate the principles of precaution and due diligence, as seen in the Code of Conduct and policies related to Diversity,

Anti-Corruption, Labor, Compliance, Risk and Audit, and Procurement.

Boticário Group is committed to ensuring that raw materials such as wood, palm oil, and sugarcane come from renewable sources or sustainable origins. Thus, by paying attention to responsible sourcing in its supply chains, the company aims to combat illegal deforestation, biodiversity loss, and promote adequate working conditions.

Beauty Chain Platform has

342 registered companies, an increase of

46% on 2022



Pandora Project: *transparent procurements*

In order to meet stakeholder needs, an internal project called Pandora has been developed to foster more transparent supply chains with mitigated risks, aiming for positive socio-environmental impact. With this project, the Group aims to engage with other links in the supply chain to ensure greater socio-environmental provenance.



Governance structure

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

Committed to the best practices and principles defined by the Brazilian Institute of Corporate Governance (IBGC), Boticário Group – a privately held company – has as its main governance body the Advisory Board. This Board is tasked with assessing and making recommendations on Group strategies and topics related to finance, reputation and ESG.

The Advisory Board has ten members with indefinite terms of office. In 2023, three members were women and a total of seven were independent. No board members exercise executive roles in the company. The council's presidency and vice-presidency are exercised by partners.

Between the end of 2023 and the beginning of 2024, Boticário Group's corporate governance structure underwent an external and independent evaluation that resulted in the restructuring of its entities. As from 2024, the body consists of eleven members with indefinite terms. Among the directors, there are four women (one more than in 2023), and in total, seven independent directors.

The members are nominated by the partners of Boticário Produtos de Beleza Ltda based on their expertise and knowledge in the financial/economic, social and environmental aspects of the business, mainly considering the Group's Strategic Plan for the next cycle. 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.

Committees assist the Advisory Council (see below). They are composed of members of the Board itself, external members and company executives. With periodic meetings, the Committees streamline the processes of analysis, discussions, and recommendations of the Advisory Board, always aligned with the Group's medium and long-term strategic directions.

Advisory Committees to the Board ^[1]

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

Channels and Retail: discusses and informs the strategy for engagement with sales channels and retail models in the beauty market.

Consumer Committee: discusses and informs the strategy for engagement with consumers, primarily through products, brands and communication, and the initiatives derived from these topics.

Technology and Digital: discusses and

informs the technology strategy, projects and initiatives that enable Boticário Group to build platforms that produce the best customer experience.

Operations: ensures responsiveness to demand, guarantees the resilience, optimization, innovation, and flexibility of the operations chain to support Boticário Group's strategic decisions.

People: discusses and defines the people management strategy and guidelines for compensation and incentives. It also establishes the skills and evaluates the performance of senior leadership, ensuring the organization's culture supports both present and future needs.

Risks and Audit: governance, compliance, risk management, internal controls, business continuity, audit (internal and external), fraud, and conduct. The Conduct Committee is part of the structure and focuses specifically on topics related to ethical conduct and non-compliance with the company's Code of Conduct.

ESG: discusses and recommends pathways for ESG topics, prioritizing initiatives and guiding potential critical decisions. It also monitors the performance of the 2030 Commitments and integrates the ESG topic into areas and relationships with the value chain.

[1] Adjustments were made to the governance structure in 2024, which will be reported in the next report.

The ESG Committee is chaired by an independent director and includes the Group CEO, the president and vice-president of the Advisory Board, and experts and two key executives – the vice-president of Corporate Affairs and the ESG officer – who are responsible for driving the ESG strategy and its deployment in the company.

With bimonthly meetings, and extraordinary meetings when necessary, the ESG Committee supports the Group in maintaining an integrated view of financial and non-financial matters

for decision-making and monitors the strategy for cross-cutting integration of environmental, social and governance aspects into the business model. It is also the responsibility of the ESG Committee to inform the Advisory Board about the management of impacts related to these matters.

The Committee plays a crucial role in driving action plans and improvements in ESG management, ensuring decisions are aligned with the Group's long-term vision and conducive with its business plan.

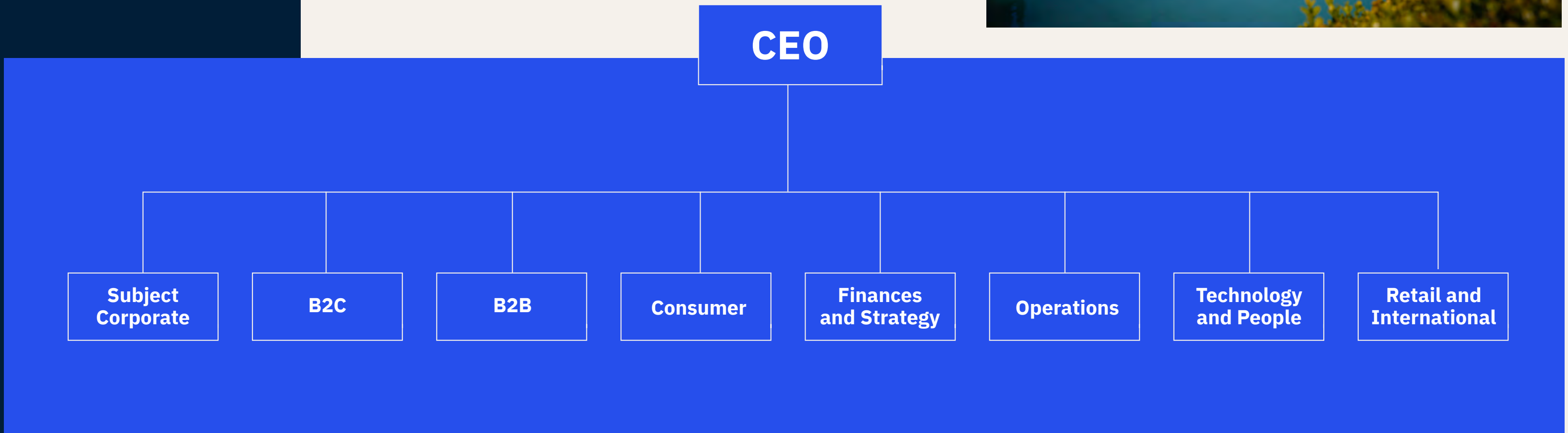
The Committee also bases its actions on information derived from the systematic monitoring of trends, best practices, risks and opportunities, ensuring an informed and strategic approach to fostering sustainability across all company operations.

See the Board members by accessing the area “Our leadership”



Business management

The executive responsible for governance is the Group's CEO, who works alongside vice-presidencies responsible for integrated business management, while maintaining the independence of the legal entities of the different brands.



Conflicts of interest

GRI 2-15

The Group has a Code of Conduct and the Rules of Procedure of the Advisory Board for managing conflicts of interest, setting clear rules to avoid such conflicts throughout the organization. Board members cannot negotiate or compete with the Group and its direct or indirect subsidiaries. They must declare any real or potential conflicts of interest in advance and abstain from participating in discussions or decisions related to such matters.

Orientations for employees include not participating in external activities that may compromise the businesses or that involve information restricted to the group.

Employees have access to the Ombudsman service to report misconduct or conflicts of interest. It's prohibited for employees to exploit their connection with the Boticário Group to gain undue advantages for themselves or improperly favor other businesses/people. Conflicts of interest may arise, for instance, when an employee negotiates with family members or close friends without considering the interests of Boticário Group. If an employee has relatives or friends working for suppliers or is involved in the selection process of potential suppliers and/or employees with whom they have a personal relationship, conflicts of interest may also arise.

The selection of these partners is stringent, with no favoritism involved, and is based on the best cost-benefit ratio for Boticário Group, its customers and consumers. Any negotiation for hiring a professional from companies with which Boticário Group has commercial relations should occur through dialog founded on trust and transparency.

Read more in:
Code of Conduct

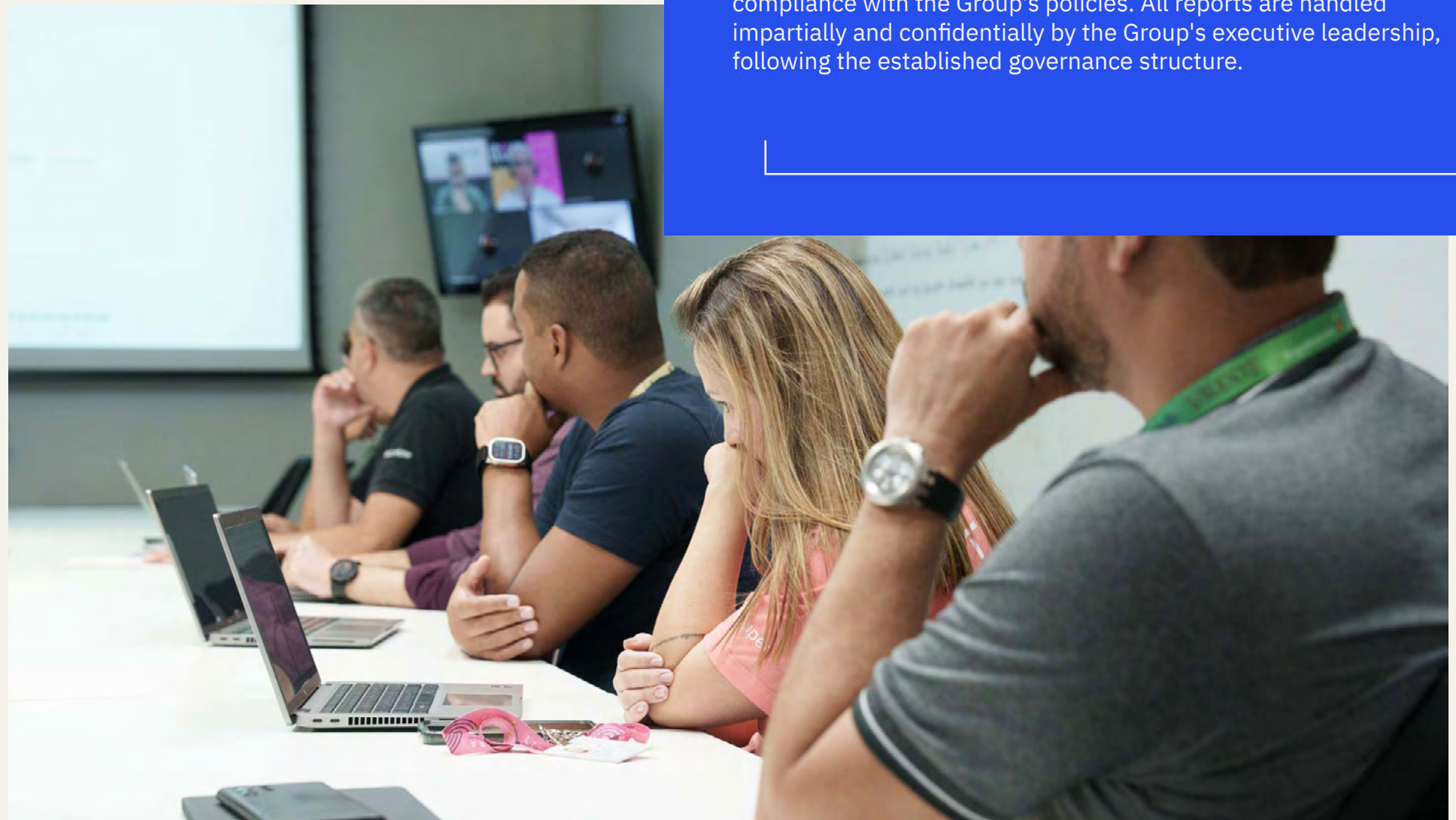
Ombudsman service

GRI 2-16, 2-24, 2-25, 2-26

The Ombudsman service receives internal and external reports of potential violations of our Code of Conduct. A group of employees representing all levels of the organization is consulted for the design, 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) and the chair of the Board.

Operating on a 24/7 basis, via internet or telephone, the Ombudsman service receives reports and complaints in both identified and anonymous forms. Managed by an external partner, the office receives reports of suspected violations of the Code of Conduct or behavior contrary to the company's ethical principles.

Boticário Group is committed to legal compliance in all environments and spheres. All submissions received are handled in confidence and with impartiality.



Ombudsman service

The Ombudsman service is available on a 24/7 basis by internet or telephone. It is managed by an external consultancy firm and receives reports related to possible violations of the Code of Conduct or unethical behavior. It also deals with cases of non-compliance with the Group's policies. All reports are handled impartially and confidentially by the Group's executive leadership, following the established governance structure.

Risk management

All areas are involved in risk management, which aims to identify, assess, control and mitigate the risks inherent in the organization's activities. Internal Audit, Risk Management and Internal Controls are responsible for validating action plans and controls for identified risks, as well as assessing the effectiveness of these mechanisms.

The procedure includes prioritizing the risks identified in accordance with the risk appetite and tolerance levels. The process involves prioritizing identified risks according to risk appetite and tolerance levels. These criteria are evaluated annually based on Key Risk Indicators (KRIs), used to monitor the Group's strategic risks, and/or if there are significant changes in processes.

The work is coordinated by the Corporate Risk Management & Business Continuity department, which reports to the Risk and Audit Committee, an advisory function from the Group's Advisory Board, chaired by an independent member.

Based on internal and external trends, the Group's risk matrix is reviewed at least once a year. Risks are classified into three groups:

- **Strategic risks:** internal or external events that threaten the Group's strategic planning, such as climate change, human capital and cybernetic attacks.
- **Operational risks:** related to group operations, due to mistakes, failures and deficient or inadequate processes.
- **Emerging risks:** caused by external factors, including new risks and risks that have been growing in importance in recent years.

Emerging Risks

RISK 1: Crisis in the offer of natural resources and sustainable supplies

Description	Impact	Mitigation
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. 2023 was marked by the continuation of the Ukraine War and the highest temperatures ever recorded in Brazil, due to the effects of El Niño. The risk of a crisis in natural resource supply and sustainable sourcing consequently becomes more significant and could be exacerbated by new pandemics, intensified climate change, biodiversity loss, geopolitical issues, and increased demand for traceable and sustainably sourced raw materials. The current situation has not yet normalized and the Group constantly seeks alternatives to fulfill its needs, ensure operational flexibility and help mitigate business impacts.	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-fulfillment of consumer demand, as well as possible increases in product and production costs.	We resort to multisourcing for critical inputs, meaning we distribute procurement among various partners rather than relying on a single supplier. This reduces the risk of supply chain failures, increases flexibility, and promotes healthy competition among suppliers, resulting in better delivery quality and negotiation conditions. The company uses its Supplier Assessment and Development program (PADP in the Portuguese acronym) to assess specific suppliers, with audits and action plans. 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. We continue to 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.

RISK 2: The rapid growth of Artificial Intelligence (AI) without adequate regulation

Description	Impact	Mitigation
2023 was marked by the development of AI solutions, which may pose a risk to information security and have great growth potential in the coming years. Lack of regulation exacerbates these risks. For Grupo Boticário, the main risks related to the malicious use of AI include: the increase in fraud and data theft through tools; the use of deep-fakes - the realistic alteration of videos, including in real time (in a video call, for example) - in cyber fraud against our employees and our information system, which could result in financial losses and loss of confidential data. Such losses, in turn, can lead to damage to the company's image and legal accountability, considering the data protection laws of the countries where we operate (e.g., Brazilian LGPD and EU GDPR). There is the risk of biases and potential copyright violations, leading to financial and reputational consequences.	Financial loss, loss of confidential data, loss of reputation and legal accountability.	Boticário Group has multidisciplinary committees to analyze initiatives and risks related to the use of AI within the ecosystem. Furthermore, we conduct supplier analysis to verify data security parameters and assess the algorithm's impact to measure the risks associated with the use of artificial intelligence.



Human *rights* GRI 2-23 and 2-24

Respect for human rights is a fundamental value for Boticário Group and the basis for relations with its entire chain. Boticário Group is a signatory of the Global Compact and has signed up to the UN Universal Declaration of Human Rights. The Group's positioning on this is made explicit in a Commitment Charter, approved jointly by its Advisory Board and the highest executive governance level and published in 2021.

Risks of human rights violations are assessed in both our own operations and in new acquisitions, among suppliers, employees, contractors and in neighboring communities. There are action plans in place for cases of violation.

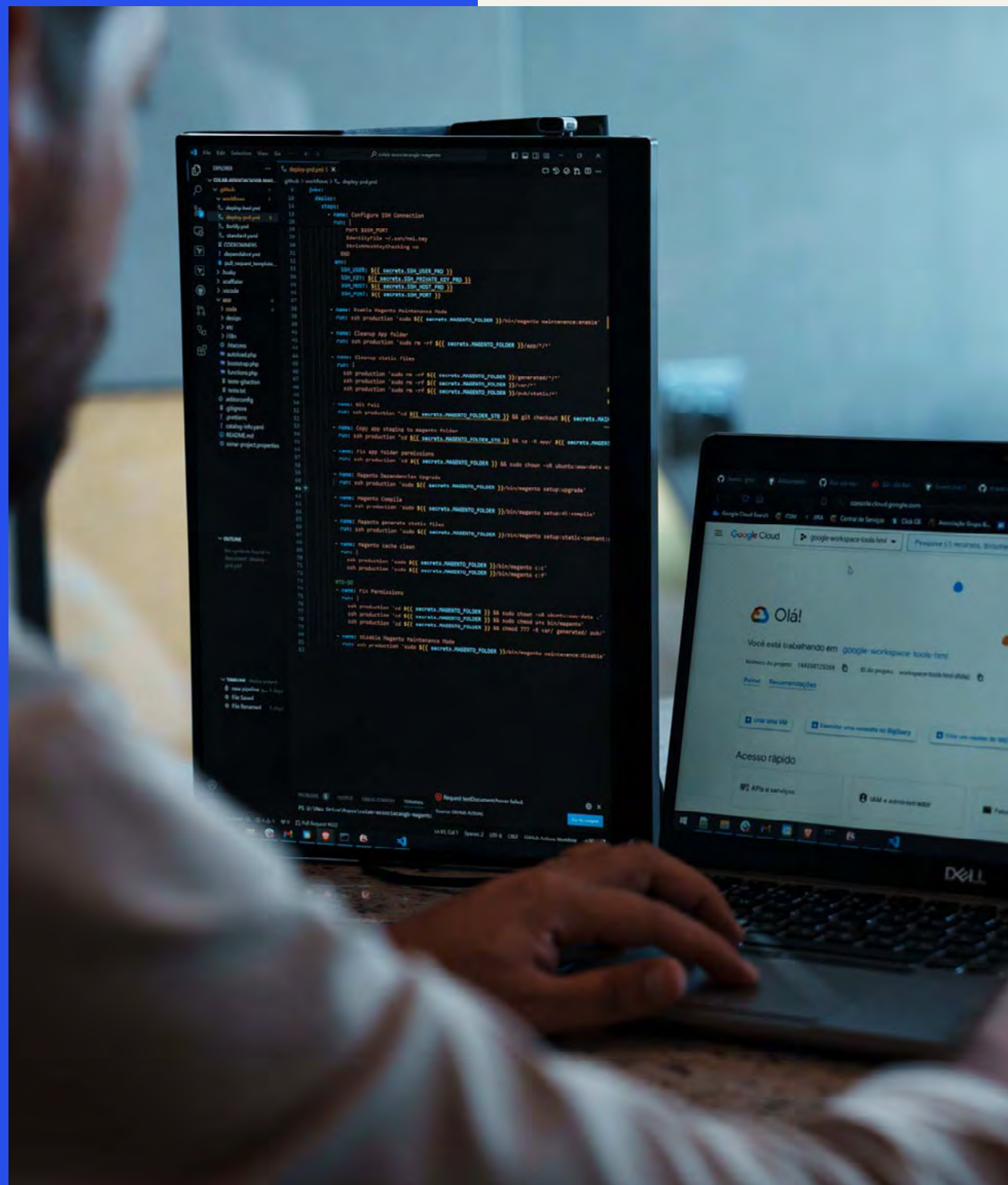
The Code of Conduct applies to all employees, contractors, suppliers and partners. The document covers various aspects such as forced, child, or slave labor; human trafficking; diversity; freedom of association; and the right to collective bargaining. All teams, both internal and external, undergo mandatory and periodic training.

Among the externally assumed commitments are:

- **Global Compact**, a UN initiative 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.
- **UN Women's Empowerment Principles (WEP)**
- **Business Pact for Integrity and against Corruption**
- **Stereotype-free Alliance**, of UN Women;

All suppliers must formally adhere to the Code of Conduct before commencing business with Boticário Group. In the document, they commit to respecting human rights in their own operations and in their supply chains. Child or forced labor is explicitly prohibited, as stated in the Supplier Relations Policy.

Mandatory training on human rights is provided to all employees and contractors.



Data privacy and security

To ensure privacy and data protection, the Group operates responsibly, using information ethically and securely. Among the guidelines followed in the business are: the [Privacy Policy](#), the [Cookies Policy](#), mechanisms for protection against fraud, and the commitment to personal data.

The group has technical tools to prevent frauds, cybernetic incidents, leaks and other unwarranted uses of personal data.

Periodic training on information security is offered to all employees and franchisees, who are required to maintain the confidentiality of the Group's information.

One of the pillars of the Group is monitoring and managing incidents related to data security. Incidents can be related to information security (any event that compromises the confidentiality, integrity, or availability of data) and privacy (any information security incident related to personal data). For this purpose, the company has an Incident Response Plan (IRP), aiming to serve as a guiding and unified structural basis for the treatment and management of responses to Information Security Incidents, with processes, actions, activities, and responsibilities of those involved.

Privacy culture

Boticário Group invests in raising awareness among its employees about the ethical use of data. Employee education on the topic is carried out through training sessions, both in-person and online workshops, dissemination of informative materials such as cards and infographics, gamification, educational tracks on the Educa.On platform, and specific actions on dates like International Privacy Day. The company also provides an internal data privacy channel, allowing employees to clear up any queries they may have.

Responding to complaints

GRI 418-1

In 2023, Boticário Group did not receive any complaints regarding customer privacy violations. This outcome reinforces the continuous pursuit of process improvement and data policy, ensuring a secure environment for employees, customers, partners and suppliers.

Compliance

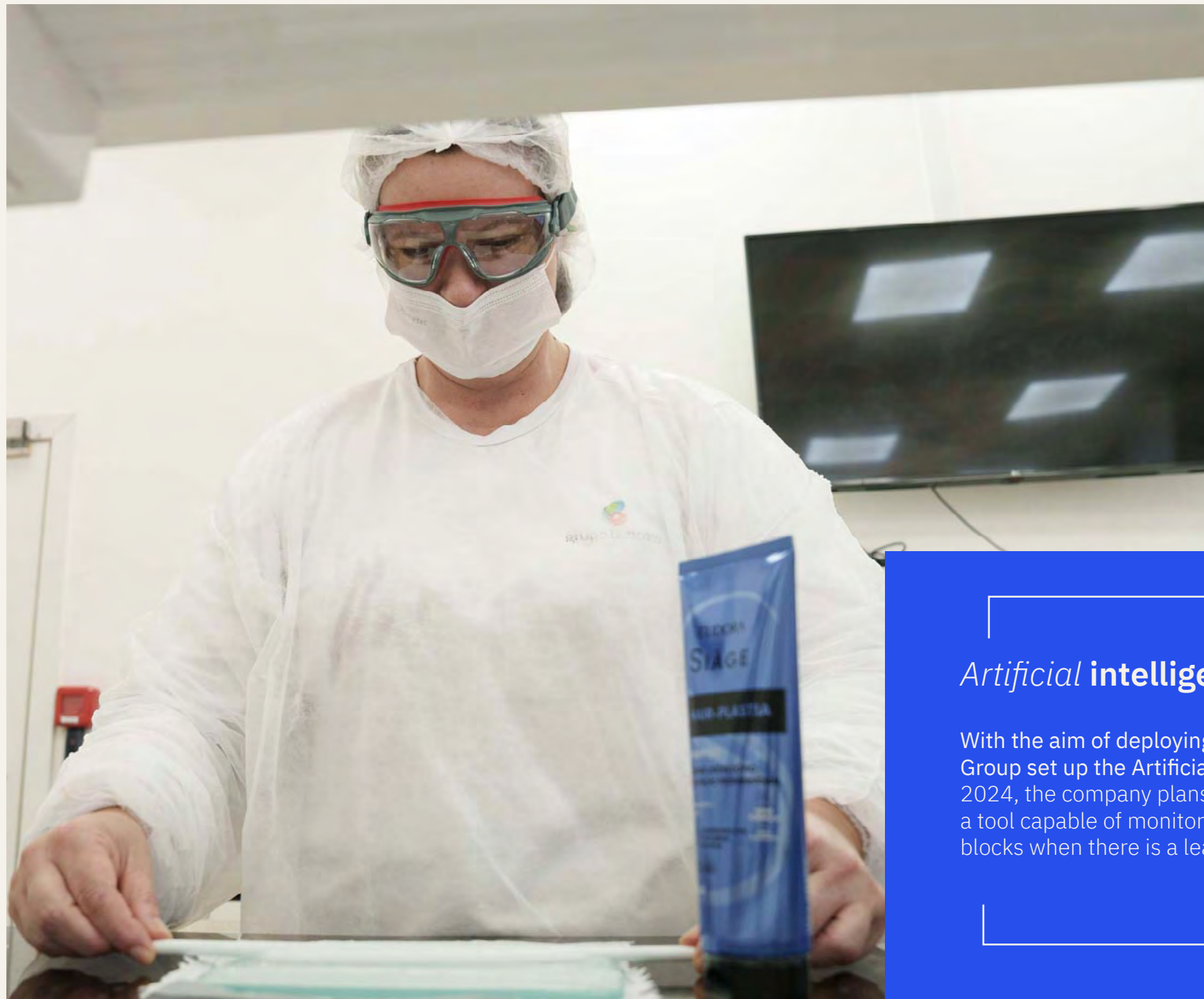
GRI 2-27

Boticário Group maintains its commitment to complying with laws in all areas of operation. With the support of internal and external experts, the company conducts regular reviews to ensure compliance with current regulations, considering technical aspects of interpretation and application of each one. Internal and external audits are conducted to test and strengthen control and compliance systems, which are analyzed by both the executive sphere and the Advisory Board.

In 2023 there were no significant instances of noncompliance with laws and regulations. The Group has not been subject to fines or sanctions related to environmental non-compliance issues in the last 4 years either.

Political contributions

The Code of Conduct prohibits financial contributions, donations, or support for politicians and political parties on the Group's behalf. In 2023, as in previous years, no contributions were made.



In 2023 there were no significant instances of noncompliance with laws and regulations.

Artificial intelligence

With the aim of deploying AI tools ethically and securely, the Group set up the Artificial Intelligence Committee in 2023. In 2024, the company plans to implement DLP (data loss prevention), a tool capable of monitoring data in transit by issuing alerts or blocks when there is a leakage of personal data.

Supplementary *information*



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Environmental

Climate change

Reductions in energy requirements of products and services ^{GRI 302-5}

The Group reduced energy consumption by 1,655,991 GJ (see the spreadsheet below). Considering the production of 60,400 tons of products in 2023, this resulted in a reduction of 27.41 GJ/ton produced.

To enable the reduction in electricity consumption, 300 conventional light fittings were replaced with LED lights in the cream production line at the Camaçari (BA) factory. The pilot project took place in 2023, and an expected reduction of 76.01 GJ/year is anticipated, considering just one production line for the time being. The expectation is that the same initiative will be replicated in the rest of the factory and at other Group's sites.

Another initiative related to non-renewable fuel sources resulted in a reduction of 40,358 m³ in natural gas consumption at the São José dos Pinhais (PR) factory compared to 2022, despite the increase in production. The savings were achieved through the replacement of certain items of equipment and machinery.

Reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives (GJ) ^[1] ^{GRI 302-4}

Types of energy sources that diminished	2023
Non-renewable fuels	1,655,915
Renewable fuels	0
Electricity	76.01
Heating	0
Refrigeration	0
Steam	0
Total	1,655,991

Fuel consumption (GJ) ^[1] ^{GRI 302-1}

	2022	2023
Nonrenewable sources	60,874.40	0
Diesel	1,566.70	1,809.06
Natural gas	40,493.80	40,620.54
LPG	771.9	2,513.61
Gasoline (pure)	18,042.00	22,637.44
Renewable sources	8,536.80	0
Anhydrous ethanol	3,745.00	0
Ethanol	4,629.40	6,837.66
Biodiesel (B100)	162.5	0
Electricity ^[2]	165,859.90	249,686.46 ^[3]

Energy intensity ^[4] ^{GRI 302-3}

	2022		2023	
	Result	Goal	Result	Target ^[5]
Energy intensity	87.3	95.8	80.55	87.3



[1] The energy used in Boticário Group's operations is measured using energy meters, which track consumption within the Orange platform - Energy Management System.

[2] International electricity consumption 5,629.75 GJ (for stores outside Brazil).

[3] 80% of the total is sourced from the free energy market and low-impact sources.

[4] This counts the electricity consumption in the factories. Taking into account the total energy consumption of the factories (electricity and steam), the indicator stands at 106.51 MWh/Million units produced.

[5] Operating targets.

Waste

Materials used and recycled for production and packaging of main products and services (t) ^[1] GRI 301-1 301-2 CG-HP-410a.1

	2022						2023					
	Non-renewable materials		Renewable materials		Recycled materials		Non-renewable materials		Renewable materials		Recycled materials	
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
Product formula ^[2]	17,212	70%	7,391	30%	-	-	48,144	62%	30,084	38%	-	-
Packaging	6,103	13%	42,598	87%	-	3%	49,674	84%	9,295	16%	6,430	11%

[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.

[2] Raw materials of recycled origin are not used in product formulation.

Percentage of packaging, by weight, that is recycled, reusable, and/or compostable (t) ^[3] GRI 301-1 301-2 CG-HP-410a.1

	2023			
	Primary packaging		Secondary packaging	
	Total	%	Total	%
Total weight of packaging purchased and/or produced	50,660	86%	8,308	14%
Reusable packaging	10,164.99	100%	-	0%
Recyclable packaging	23,237.2	72%	8,948.1	28%
Recycled packaging	6,389	99%	41	1%

[3] The Group does not work with biodegradable packaging due to traceability difficulties and contamination risks. Implementation is being addressed in the I.A.R.A® 2.0 project, which studies the biodegradability of materials.



Water GRI 303-1, 303-2

Water discharge

The internal procedure for monitoring wastewater at the São José dos Pinhais (PR) factory follows established standards for the quality of effluent discharge determined by the Sanepar Approval Standards for discharge into the sewage collection network and by the IAT (Water and Land Institute) for standards of the water body. At the Camaçari (BA) factory, control is carried out according to the requirements of the Operating License. Both factories comply with Conama Resolution 430 and their respective Effluent Discharge Permits. The wastewater generated in these operations is treated in their own Effluent Treatment Plants (ETPs), and discharged into water bodies.

Conama Resolution

The Group follows the requirements established in Conama Resolution 430 and the applicable state and municipal legislation, the terms of Environmental Licenses and current Wastewater Discharge Permits. Internal procedures describe parameters, acceptance criteria, quality standards for effluent discharge, measurement frequency, recording methods, and actions to be taken in case of deviations.

Social

Diversity and inclusion

Parental leave GRI 401-3

		2021	2022	2023
Employees entitled to parental leave (100% of BG employees)	Men	4,457	6,052	7,307
	Women	7,284	8,911	11,145
Employees who took parental leave	Men	168	277	333
	Women	468	444	425
Employees who returned to work after parental leave ended, during the reporting period	Men	166	277	333
	Women	458	444	424
Employees who remained at the company 12 months after returning to work	Men	134	233	308
	Women	269	328	340
Return to work rate ^[1]	Men	98.8%	100.0%	100.0%
	Women	97.9%	100.0%	99.8%
Retention rate ^[2]	Men	80.7%	84.1%	92.5%
	Women	58.7%	73.9%	80.2%

[1] Methodology for calculating the return-to-work rate: total number of employees who returned to work after the end of their leave / total number of employees who took leave.

[2] Methodology for calculating retention rate: total number of employees retained for 12 months after returning from leave / total number of employees who returned to work after the end of their leave in the previous year.

Health, safety and well-being

GRI 403-2, 403-3

Hazards, risk assessment and incident investigation

The processes used to identify hazards and assess risks in Boticário Group's activities are linked to Integrated Risk Management and the Hazards, Risks, Aspects and Impacts Form (PRAI), Legal Requirements and reports of Regulatory Standards (NRs), Legal Requirements Governance (VCL), Life Rules, processes of Preliminary Risk Analysis (APR) and Work Permits for Risky Work (PTR), safety procedures, work orders, Third-Party Management System (SG3), and General Health and Safety Guidance Procedure (POGs SS).

The Group also has ergonomics and health services, occupational hygiene, Risk Management Program (PGR), and Occupational Health Surveillance Program (PCMSO), Health Campaigns and the Internal Accident Prevention Committee (Cipa).

To ensure the quality of these processes, there are minimum competency criteria for the individuals performing them. For third-party staff, the Group relies on the SG3 system; for its own employees, roles and responsibilities are delegated based on a skills matrix and audit processes for internal and external certifications.

The Group also has a deviation and incident reporting program in which employees are encouraged to report unsafe conditions and risky behaviors, aiming to increase their participation in the journey towards health and safety maturity.

Another program is Life Rules, which guarantees workers the freedom to refuse to carry out tasks with potential accident risks. The Responsible Conduct Program grants the right and duty to say no to any activity that puts the employee's life and others' at risk.

Work-related injuries
GRI 403-9

According to the risk management identification recorded in the Hazards, Risks, Aspects and Impacts Form (AIPR), serious workplace accidents may be caused by working at heights; technical forum work; work in confined spaces; hot work; handling of loads; work in classified areas; work involving dangerous energy sources in all their forms; excavation and earth-moving work; work with hazardous chemicals; and work with pressure vessels and boilers.

In 2023, serious workplace accidents were related to non-compliance with operational procedures; unsafe conditions; human-machine interaction; pinch-point injuries; falls from heights/stairs or trips; and burns.

To eliminate and/or minimize the hazards, Boticário Group deploys Integrated Risk Management and AIPR, legal requirements and reports of Regulatory Standards (NRs), legal requirements governance (VCL), Life Rules, Preliminary Risk Analysis (APR) processes and Work Permits for Risky Jobs (PTR), safety procedures, work orders, Third-Party Management System (SG3), and General Health and Safety Guidance Procedure (POGs SS).

Work-related injuries ^[1] GRI 403-9

	2023	
	Employees	Contractors ^[2]
Number of hours worked	26,205,765	14,048,445
Number of fatalities as a result of work-related injuries	0	0
Work-related fatalities	0	0
Number of high-consequence work-related injuries	0	0
Severity rate ^[3]	5.65	2.42
Number of recorded work-related injuries (collection and logistics) ^[4]	17	8
Frequency rate (collection and logistics) ^[5]	3.27	1.52
Number of recorded work-related injuries (factories and supporting functions) ^[6]	15	16
Frequency rate (factories and supporting functions) ^[7]	0.71	1.82
Lost-time injury frequency rate	0.61	0.28

[1] Retail information was not counted, only that from Boticário Group's operations. The management of Truss, incorporated in 2023, was not included in the table; however, if included, the value would be 0.75 with four additional accidents.

[2] Workers who are not employees, but whose work and/or workplace is controlled by the organization. This category includes fixed-term and temporary contractors.

[3] (Days of Leave *1,000,000)/MHW (Boticário Group)

[4] Accidents involving Logistics considering Medical Treatment, Lost-time Injuries and Restricted Work

[5] (Logistics Accidents * 1,000,000)/MHW (Logistics)

[6] Accidents involving Factories and supporting functions considering Medical Treatment, Lost-time Injuries and Restricted Work

[7] (Accidents involving Factories and supporting functions * 1,000,000)/MHW (Factories and supporting functions)

Workers covered by an occupational health and safety management system GRI 403-8

		2021		2022		2023	
		Employees ^[9]	Contractors ^[8]	Employees ^[9]	Contractors ^[8]	Employees ^[9]	Contractors ^[8]
Total number of individuals	No.	7,071	3,700	8,102	3,813	12,002	4,539
Individuals covered by an occupational health and safety management system	No.	7,071	3,700	8,102	3,813	12,002	4,539
	%	100%	100%	100%	100%	100%	100%
Individuals covered by an internally audited health management and occupational safety system	No.	3,871	2,855	4,195	2,583	7,013	3,449
	%	54.7%	77.2%	51.8%	67.7%	58.4%	76.0%
Individuals covered by an independently audited occupational health and safety management system	No.	3,871	2,855	4,195	2,583	7,013	3,449
	%	54.7%	77.2%	51.8%	67.7%	58.4%	76.0%

[8] Contractors who are not employees, but whose work and/or workplace is controlled by the organization. This category includes fixed-term and temporary contractors. No workers were excluded from the calculation.

[9] Only employees allocated at our sites were considered. Employees from retail and others allocated in cities where we do not have physical buildings were not considered.

GRI Summary

Statement of use	Boticário Group has developed its report in accordance with the GRI Standards for the period from 01/01/2023 to 12/31/2023
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED:	REASON	EXPLANATION
general disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	3 , 9			
	2-2 Entities included in the organization’s sustainability reporting	3			
	2-3 Reporting period, frequency and contact point	3 ; Report published on May 16, 2024.			
	2-4 Restatements of information	Information provided in previous reports has not been restated or corrected.			
	2-5 External assurance	121 , 122			
	2-6 Activities, value chain and other business relationships	9 , 16			
	2-7 Employees	86			
	2-8 Workers who are not employees	86			
	2-9 Governance structure and composition	100 , 101 , 102			
	2-10 Nomination and selection of the highest governance body	100 , 101			
	2-11 Chair of the highest governance body	100 , 101			
	2-12 Role of the highest governance body in overseeing the management of impacts	100 , 101			
	2-13 Delegation of responsibility for managing impacts	100 , 101 , 104			
	2-14 Highest governance body’s role in sustainability reporting	22			
	2-15 Conflicts of interest	103	2-15-b-ii; 2-15-b-iii	Not applicable	Disclosure omitted as it does not apply to Boticário Group
	2-16 Communicating critical concerns	100 , 103	2-16-b	Confidentiality restrictions	Disclosure partially omitted because it is deemed critical/strategic.
	2-17 Collective knowledge of the highest governance body	100 , 101			
	2-18 Evaluation of the performance of the highest governance body			Not applicable	Disclosure omitted as it does not apply to Boticário Group
	2-19 Remuneration policies	90	2-19-a-ii; 2-19-a-iii; 2-19-a-iv; 2-19-a-v	Confidentiality restrictions	Disclosure partially omitted because it is deemed critical/strategic

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED:	REASON	EXPLANATION
GRI 2: General Disclosures 2021	2-20 Process for determining remuneration	90	2-20-a-ii; 2-20-a-iii; 2-20-b	Confidentiality restrictions	Disclosure partially omitted because it is deemed critical/strategic
	2-21 Annual total compensation ratio			Confidentiality restrictions	Disclosure omitted because it is deemed critical/strategic
	2-22 Statement on sustainable development strategy	5			
	2-23 Policy commitments	99 , 105			
	2-24 Embedding policy commitments	99 , 103 , 105			
	2-25 Processes to remediate negative impacts	103			
	2-26 Mechanisms for seeking advice and raising concerns	103			
	2-27 Compliance with laws and regulations	107			
	2-28 Membership of associations	20			
	2-29 Approach to stakeholder engagement	22 , 101			
2-30 Collective bargaining agreements	90				
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	22 , 23			
	3-2 List of material topics	23			
	3-3 Management of material topics	24 , 25 , 26			
Development of resellers and communities					
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	72 , 73 , 74 , 75 , 76			
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	72 , 73	ii	Not applicable	Social programs such as Beauty Entrepreneurs and Develop.
	413-2 Operations with significant actual or potential negative impacts on local communities			Not applicable	There are no actual or potential impacts on local communities.

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED:	REASON	EXPLANATION
Circular economy and Waste Management					
GRI 301: Materials 2016	301-1 Materials used by weight or volume	110			
	301-2 Recycled input materials used	110			
	301-3 Reclaimed products and their packaging materials			Confidentiality restriction	Disclosure omitted due to its strategic and confidential content for Boticário Group
GRI 306: Effluents and Waste 2020	306-1 Waste generation and significant waste-related impacts	48			
	306-2 Management of significant waste-related impacts	48			
	306-3 Waste generated	55			
	306-4 Waste diverted from disposal	55			
	306-5 Waste directed to disposal	55			
Climate Change					
GRI 302: Energy 2016	302-1 Energy consumption within the organization	109			
	302-2 Energy consumption outside of the organization			Not applicable	There is no energy consumption outside of the organization.
	302-3 Energy intensity	109			
	302-4 Reduction of energy consumption	109			
	302-5 Reductions in energy requirements of products and services	109			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	46			
	305-2 Energy indirect (Scope 2) GHG emissions	46			
	305-3 Other indirect (Scope 3) GHG emissions	46			
	305-4 GHG emissions intensity	46			
	305-5 Reduction of GHG emissions	46			
	305-6 Emissions of ozone-depleting substances (ODS)			Not applicable	Boticário Group's operations do not emit ozone-depleting substances (ODS).
	305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	46			

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED:	REASON	EXPLANATION
Water and wastewater management					
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	56, 57, 110			
	303-2 Management of water discharge related impacts	56, 57, 110			
	303-3 Water withdrawal	58			
	303-4 Water discharge	58			
	303-5 Water consumption	58			
Biodiversity & Ecosystems					
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased or managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas			Not applicable	Boticário Group does not have operational units in areas covered by this disclosure.
	304-2 Significant impacts of activities, products, and services on biodiversity	60, 61, 62			
	304-3 Habitats protected or restored	63, 64			
Managing a Sustainable Supply Chain					
GRI 204: Procurement practices 2016	204-1 Proportion of spending on locally-based suppliers			Confidentiality Restrictions	Disclosure omitted because it is deemed critical/strategic
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	97 ; 100% of new suppliers were screened using environmental criteria.			
	308-2 Negative environmental impacts in the supply chain and actions taken	98			
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	98			
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	98			
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	98			
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	97 ; 100% of new suppliers were screened using social criteria.			
	414-2 Negative social impacts in the supply chain and actions taken	98			

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED:	REASON	EXPLANATION
Health, Safety and Well-Being					
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	95			
	403-2 Hazard identification, risk assessment, and incident investigation	111			
	403-3 Occupational health services	111			
	403-4 Worker participation, consultation, and communication on occupational health and safety	94			
	403-5 Worker training on occupational health and safety	87			
	403-6 Promotion of worker health	93			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	95			
	403-8 Workers covered by an occupational health and safety management system	112			
	403-9 Work-related injuries	112			
	403-10 Work-related ill health	93			
Diversity, inclusion and equity					
GRI 202: Market presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	90			
GRI 401: Employment 2016	401-3 Parental leave	79, 111			
GRI 405: Diversity and equal opportunities 2016	405-1 Diversity of governance bodies and employees	80, 81			
	405-2 Ratio of basic salary and remuneration of women to men	81			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken			Information unavailable	Data being compiled
Product quality, safety and transparency					
GRI 416: Consumer health and safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	69			
	416-2 Incidents of noncompliance concerning the health and safety impacts of products and services	69			
GRI 417: Marketing and labeling 2016	417-1 Requirements for product and service information and labeling	70			
	417-2 Incidents of non-compliance concerning product and service information and labeling	70			
	417-3 Incidents of non-compliance concerning marketing communications	70			

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED:	REASON	EXPLANATION
Data privacy and security					
GRI 3: Material Topics 2021	3-3 Management of material topics	106 , 107			
GRI 418: Customer privacy 2016	418-1 Substantiated complaints regarding breaches of customer privacy and losses of customer data	106			
Innovation and Technology for sustainability					
GRI 3: Material Topics 2021	3-3 Management of material topics	65 , 66 , 68			
Other material disclosures					
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	88 , 91			
	404-2 Programs for upgrading employee skills and transition assistance programs	87			
	404-3 Percentage of employees receiving regular performance and career development reviews	92			

TCFD Content Index

Recommendation	Recommended disclosures	Page
Governance	a. Describe the Board’s oversight of climate-related risks and opportunities	40
	b. Describe management’s role in assessing and managing climate-related risks and opportunities	40
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	41, 42, 43
	b. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning	41, 42, 43
	c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	41, 42, 43
Risk management	a. Describe the organization’s processes for identifying and assessing climate-related risks	43, 44
	b. Describe the organization’s processes for managing climate-related risks	43, 44
	c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management	43, 44
Metrics and Targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	45
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	46
	c. Describe the goals used by the organization to manage climate-related risks and opportunities and performance against goals	45

SASB Content Index

Sustainable Industry Classification System (SICS): CG-HP

Sector: Consumer Goods

Category: Household and personal products

SASB DISCLOSURES

LOCATION

OMISSION AND JUSTIFICATIONS

Packaging Lifecycle Management

Material topic: Circular economy and Waste Management

CG-HP-410a.1 (1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, and (3) percentage that is recyclable, reusable, and/or compostable.

110

CG-HP-410a.2 Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle.

48

Water stewardship

Material topic: Water and wastewater management

CG-HP-140a.1 (1) Total water withdrawal, (2) total water consumed and percentage of every (withdrawal and consumption) from high or extremely high water stress regions.

58

CG-HP-140a.2 Description of water management risks and discussion of strategies and practices to mitigate those risks.

56

Product Environmental, Health and Safety Performance

Material topic: Product quality, safety and transparency

CG-HP-250a.1 Revenue from products that contain REACH substances of very high concern.

70

Disclosure partially omitted due to its strategic and confidential content for Boticário Group

CG-HP-250a.2 Revenue from products that contain substances on the California DTSC Candidate Chemicals List

Disclosure omitted due to its strategic and confidential content for Boticário Group

CG-HP-250a.3 Discussion of process to identify and manage emerging materials and chemicals of concern

70

Material topic: Innovation and technology geared towards sustainability

CG-HP-250a.4 Revenue from products designed with green chemistry principles.

-

Not applicable. Boticário Group does not have materials classified under the principles of green chemistry.



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Independent auditors' limited assurance report on the non-financial information included in the 2023 ESG Report

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

To the Management of
Boticário Produtos de Beleza Ltda.
 Curitiba - PR

Introduction

We have been hired by Boticário Produtos de Beleza Ltda. (the “Company”) to submit our limited assurance report on the non-financial information included in the “2023 ESG Report” of Boticário Produtos de Beleza Ltda. and its subsidiaries (“Boticário Group”) for the year ended December 31, 2023.

Our limited assurance does not extend to prior period information or any other information disclosed together with the 2023 ESG Report, including any images, audio files or embedded videos.

Responsibilities of the Management of the Boticário Group

The Management of the Boticário Group is responsible for:

- Selecting and establishing proper criteria for preparing the information included in the 2023 ESG Report;
- prepare information in accordance with the criteria and guidelines of the

Global Reporting Initiative (GRI – Standards) and with the Sustainability Accounting Standard – Household & Personal Products and the Sustainability Accounting Standards Board (SASB); and

- design, implement and maintain internal control over the information that is relevant to the preparation of the information included in the 2023 ESG Report that is free from material misstatement, whether due to fraud or error.

Responsibility of independent auditors

Our responsibility is to express a conclusion on the non-financial information included in the 2023 ESG Report, based on the limited assurance engagements conducted in accordance with NBC TO 3000 (reviewed) – Assurance Engagements Other than Audits and Reviews issued by the CFC – Federal Association of Accountants, which is equivalent to ISAE 3000 (revised) international standard – *Assurance engagements other than audits or reviews of historical financial information*, issued by the *International Auditing and Assurance Standards Board (IAASB)*. These standards require work planning and procedures to obtain limited assurance about whether the non-financial information included in the 2023 ESG Report as a whole is free from material misstatement.

KPMG Assurance Services Ltda. (“KPMG”) applies the Brazilian Standard on Quality Management (NBC PA 01), which requires the firm to plan, implement and operate a quality management system, including policies or procedures related to compliance with ethical requirements, professional standards and applicable statutory and regulatory requirements. We have met the independence and other ethical requirements of the Accountant’s Professional Code of Ethics and Professional Standards (including

Independence Standards) based on key integrity, objectivity, professional competence and due zeal, confidentiality and professional behavior.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) basically consists of inquiring the management of Boticário Produtos de Beleza Ltda. and other professionals of Boticário Produtos de Beleza Ltda. who are involved in the preparation of the information and by applying analytical procedures to obtain evidence that enable us to conclude, as limited assurance about the information taken as a whole. A limited assurance engagement also requires additional procedures to be applied when the independent auditor gets to know about issues that lead him to believe that the information disclosed on the 2023 ESG Report as a whole may have material misstatements.

The selected procedures are based on our understanding of the issues related to the compilation, materiality and presentation of the information included in the 2023 ESG Report, of other circumstances of the engagement and of our consideration about the areas and processes associated with the material information disclosed on the 2023 ESG Report, in which material misstatements could exist. The procedures consisted of, among others:

- planning the engagement, considering the relevance, the amount of quantitative and qualitative information, as well as the operating and internal control systems that supported the preparation of the information included in the ESG Report for 2023;
- understanding the calculation method and procedures followed for compiling indicators by making inquiries and holding interviews with the managers in charge of gathering information;

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KPMG Assurance Services Ltda., a Brazilian limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



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- c. applying analytical procedures to quantitative information and inquiring about qualitative information and its correlation with the indicators disclosed in the information included in the 2023 ESG Report;
- d. analyzing the procedures followed to prepare the 2023 ESG Report by Boticário Produtos de Beleza Ltda., and its structure and content in compliance with the Standards' Content and Quality Principles for the Global Reporting Initiative –GRI's ESG Report and the Sustainability Accounting Standard – Household & Personal Products of the Sustainability Accounting Standards Board (SASB);
- e. assessment of sampled non-financial indicators; And
- f. analyzing the reasonableness of the justifications given for omissions from performance indicators associated with issues and topics pointed out as material when analyzing the materiality threshold of the Boticário Group.

Scope and limitations

The procedures applied in a limited assurance engagement vary in terms of nature and timing and are smaller to the extent than in a reasonable assurance engagement. Therefore, the security level obtained from a limited assurance engagement is substantially lower than that obtained if a reasonable assurance engagement had been carried out. If we had carried out a reasonable assurance engagement, we could have identified other issues and possible misstatements of the information included in the Report. Accordingly, we do not express an opinion on that information.

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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 this data. Qualitative interpretations of materiality, relevance and accuracy of data are subject to individual assumptions and judgments. Moreover, we did not carry out any work on data informed for prior periods, or about future projections and goals.

The preparation and presentation of sustainability indicators followed the criteria set by GRI – Standards and Sustainability Accounting Standard – Household & Personal Products of the Sustainability Accounting Standards Board (SASB), and therefore do not have the purpose of ensuring compliance with social, economic, environmental or engineering laws and regulations. However, those standards provide for the presentation and disclosure of possible violations to these regulations when significant sanctions or fines are imposed. Our assurance report should be read and understood accordingly, inherent to the selected criteria (GRI – Standards and SASB).

Conclusion

Our conclusion was based on and is subject to the matters described in this report.

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

According to the procedures applied by our team and described on this report and the evidence we obtained, nothing came to our attention that causes us to believe that the non-financial information included in the ESG

Report 2023 for the year ended December 31, 2023 of Boticário Produtos de Beleza Ltda. has not been prepared, in all material respects, in accordance with the criteria and guidelines of the Global Reporting Initiative – GRI and the Sustainability Accounting Standard – Household & Personal Products of the Sustainability Accounting Standards Board (SASB).

São Paulo, May 06, 2024

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

Original report in portuguese signed by

Anderson Linhares de Oliveira
 Accountant CRC MG-086685/O-8

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Why truly thank all those employees who contributed to this report.

Grupo Report

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