



2022
Annual Report

AVON   Aēsop.

natura & co

2022
Annual Report

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Our
Group



→ Message from the Board

Luiz Seabra,
Guilherme Leal
and **Pedro Passos,**
on behalf of the
Board of Directors

Upon entering 2022, we shared our dream of an end to the devastation caused by the pandemic. In February, that dream became a nightmare, when we began to contemplate the horrors of war and felt its systemic effects. We were perplexed by an evil that we thought had been eradicated in our civilization. Strangely, we also began to witness more deeply the sad spectacle of polarization in several countries: another form of war. An ideological war, that divides and cultivates grudges. That moves our humanity away from a vision that promotes the union of diversity around the common good of human society, respect and preservation of life. For our part, while regretting the divisions and extremist sectarianism, we hold strong to the hope that the union of voices, hearts and minds, the harmony of a great world choir,

little by little will advance. We cultivate the conviction that we can help build a fairer society, or, as we summarized at our headquarters, "here, we dream of a better world".

The harsh reality that the pandemic and the war imposed on us had a strong impact on our business. The great potential of global markets at the time we formed Natura &Co Group was suddenly altered by unpredictability. Our initial priority was to take care of our employees, support impacted communities and guide our companies amid the uncertainties.

With the unfolding of the war, and with the increasing complexity of managing companies, it seemed imperative to decentralize our business model, allowing each company to develop its strategy and to ulti-

Man did not weave the web of life; he is merely a strand in it. Whatever he does to the web, he does to himself." – Chief Si'ahl (Seattle), 1855

mately be responsible for achieving its goals. For this transition, we invited Fábio Barbosa to be the CEO of our Group. He brought us a wealth of knowledge and experience in finance and administration. In addition to a solid background, Fábio is perfectly aligned with our values and ideals, such as sustainability and ethical behavior, both in his heart and in his practices.

Living in dark times, it is important to remember what illuminates us, and what light inspires us. At the beginning of this message, we mentioned that our lifelong beliefs, disseminated 30 years ago, are synthesized by the dream of a better world:

"Life is a chain of relationships. Nothing in the universe exists by itself, everything is interdependent.

We believe that the perception of the importance of relationships is the foundation of the great human revolution in valuing peace, solidarity and life in all its manifestations.

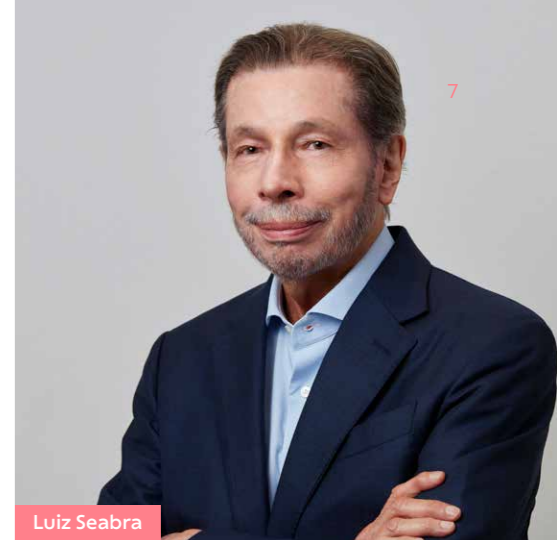
The permanent search for improvement is what promotes the development of individuals, organizations and society. Commitment to the truth is the path to fostering good relationships. The greater the diversity of the parts, the greater the richness and vitality of the whole. The pursuit of beauty, a legitimate desire of every human being, must be free from prejudice and manipulation. The company, a living organism, is a dynamic set of relationships. Its value and longevity are linked to its ability to contribute to the evolution of society and its sustainable development".

We are confident that, despite the complexities and nature of these times, our beliefs and our entrepreneurial vocation guide us towards finding a brighter future. They guide us towards what our units need: greater possibilities for growth for Aesop and Natura &Co Latin

America, and special attention to reassessing the circumstances and possibilities of The Body Shop and Avon International. Through our transformation, creating a much lighter structure, establishing new priorities and resource allocation, promoting the evolution of the traditional direct sales model, and using the best that innovation and technology can offer, we will now be able to expand our integration in Latin America. Our multichannel model, with proximity and strong relationships with our customers, offers incomparable strengths to leverage the foundations on which this Group is built.

Having come through the changes imposed by these times of great volatility in the world market, we believe we have prepared our companies to obtain better results in their businesses while maintaining our commitments to combat climate change and reduce social inequalities.

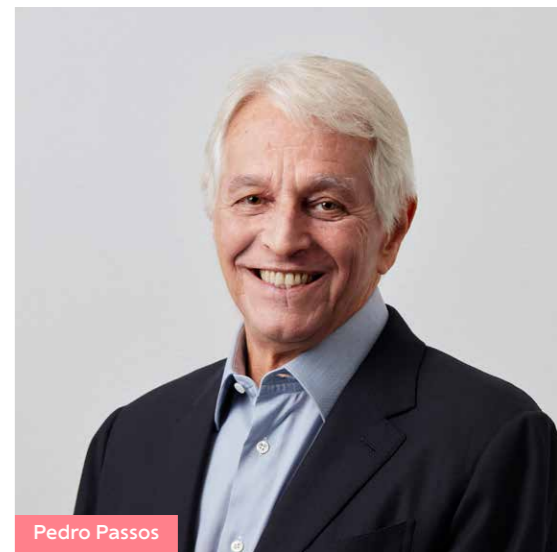
More than ever, we repeat, it is important to remember what illuminates us, and what light inspires us.



Luiz Seabra



Guilherme Leal



Pedro Passos

→ Message from the Group CEO

Fábio Barbosa

Let me begin by stating that it is my pleasure to take on the role of leading Natura &Co into a new phase that will strengthen the company's future prospects. I have been a supporter of the company for over 25 years, even before I joined the Board of Directors in 2015.

I am continually impressed by the leadership's unwavering commitment to upholding ethical standards and values, and I knew there was no better company to join if I wanted to make a meaningful impact. Natura &Co is already a reference for many and continues to aspire to be the best beauty company FOR the world.

The world is constantly changing and presenting new challenges. Our unique approach to relationships helped us to successfully navigate the pandemic and unprecedented macroeconomic volatility of 2020 and 2021. However, as technology

and trends evolve, it is important for our company to reach and relate to our stakeholders, ensuring that we maintain thoughtful and meaningful connections.

Over the past few years, we have made the ambitious decision to expand our primarily Brazilian business into a major player in the global beauty industry. This transition involved a complex integration and yielded significant benefits through increased collaboration and the sharing of best practices. Nevertheless, by 2022, with all of our brands sharing the standards and principles that bind us together, we



Natura &Co is a unique company whose people believe that success will only be achieved if we are true to our values and do the right things in the right way.

decided that it was appropriate to grant each brand more autonomy. With this increased independence, our brands have greater latitude to resonate with their customers in the geographies in which they operate, and allocate capital and resources more effectively in order to thrive.

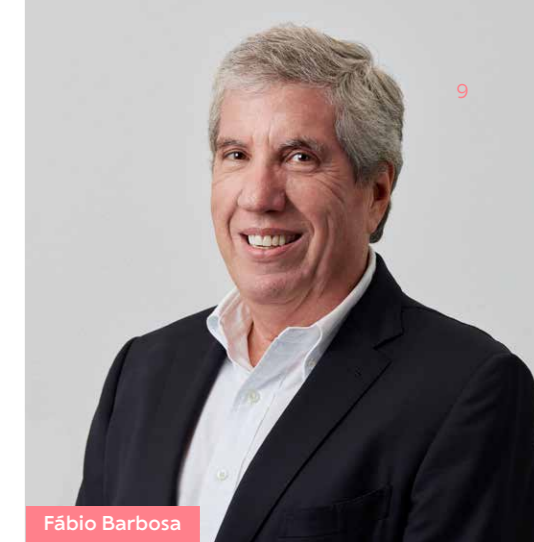
To ensure a smooth process, we established a Transition Committee to guide us on our journey. Along with continuing to prioritize margin improvement and cash flow generation in a difficult external environment, we assessed the strategic priorities of each Business Unit based on their specific markets and areas of expertise. Central to moving forward, a new organizational design was deemed necessary, which would entail the Holding providing support for our Business Units. This change was implemented in 2022 and will continue to evolve in 2023. It is important to note that all of our Business Units remain committed to our shared passion for products,

as well as adopting a digital-first approach to enhance our relationships with our clients, consultants, and representatives, and to achieving our Commitment to Life objectives.

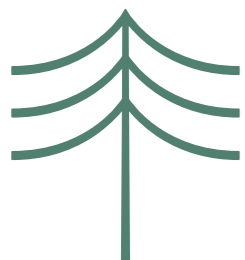
From the perspective of the Holding, we will continue to foster synergies and collaborations where they add value, but with a leaner structure that will empower and reignite our business. In 2022, Natura &Co Holding implemented a streamlined approach to provide the legal, financial, sustainability and HR support for the brands to excel, as well as a governance structure and compliance program to ensure greater accountability. This model is crucial because, despite operating in different geographies and business environments, all the brands share a common goal: to work closely with society and make a positive impact on People and the Planet. That is why our Commitment to Life sustainability vision

remains as important as ever. It serves as the binding element that connects us all, providing a wealth of inspiration for designing new products, experiences, processes, and methodologies across all of our businesses.

Natura &Co is a unique company whose people believe that success will only be achieved if we are true to our values and do the right things in the right way. I express my sincere gratitude to them for their unwavering dedication, as well as to all our stakeholders for sharing these principles with us. We are undertaking various initiatives to ensure the company stays on track because there is no contradiction between dreaming what we dream and delivering positive results for everyone. I am confident that we have great assets and an incredible team with an enormous potential to position ourselves at the forefront of current and future challenges.



Fábio Barbosa



Natura &Co *in numbers*

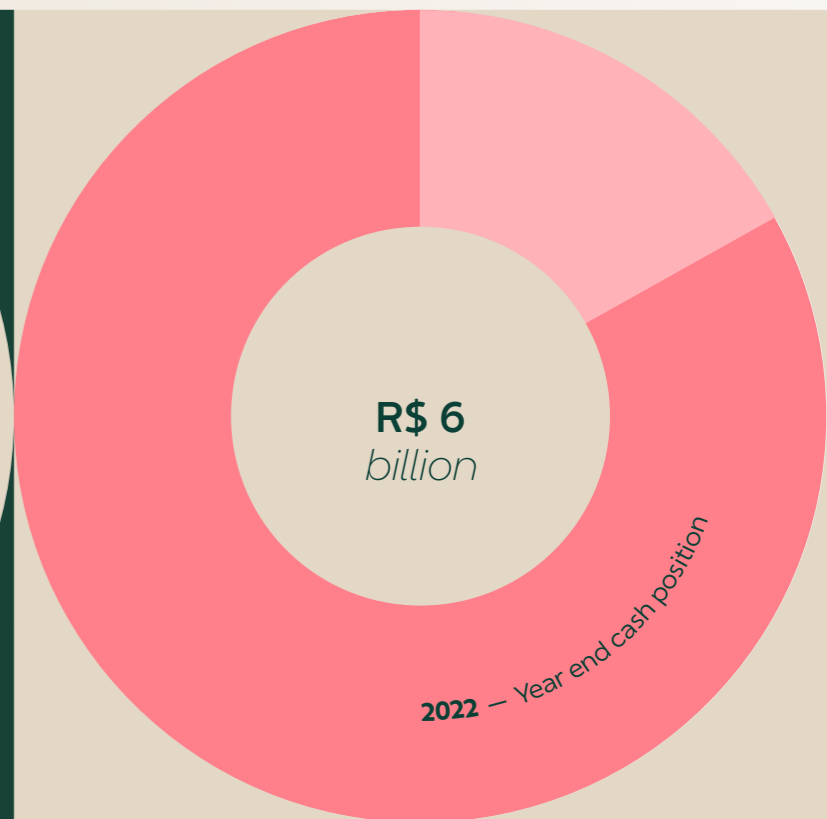
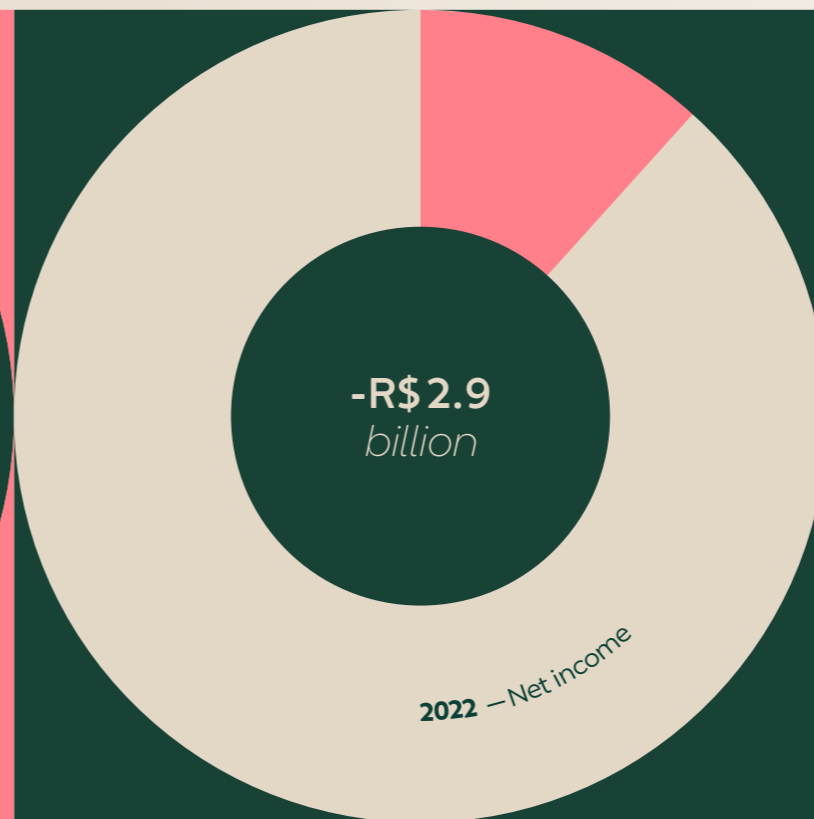
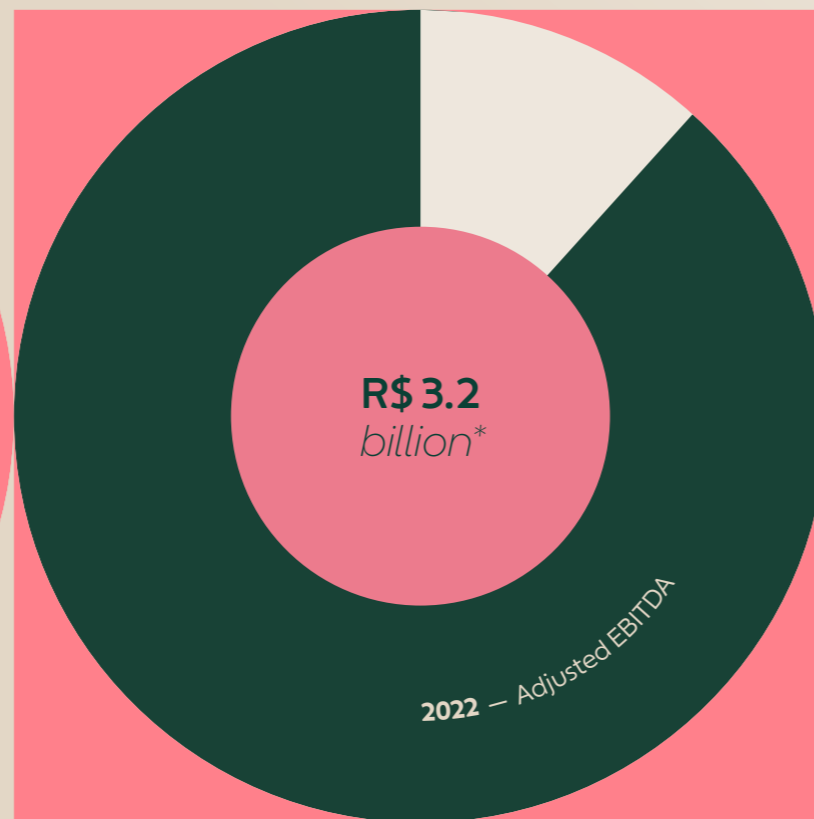
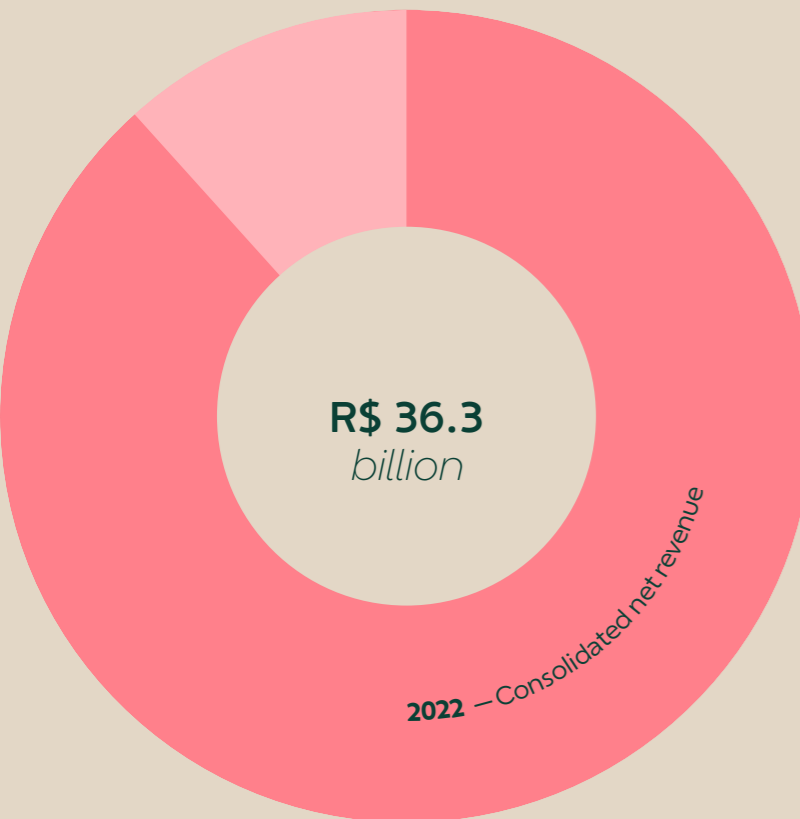
Triple-bottom line **results**

53%
Women
in leadership positions
at Natura &Co

99%
Of our associates
receiving at least
a living wage

32,000+
Employees

2 million
Hectares
of conserved forest in
the Amazon region

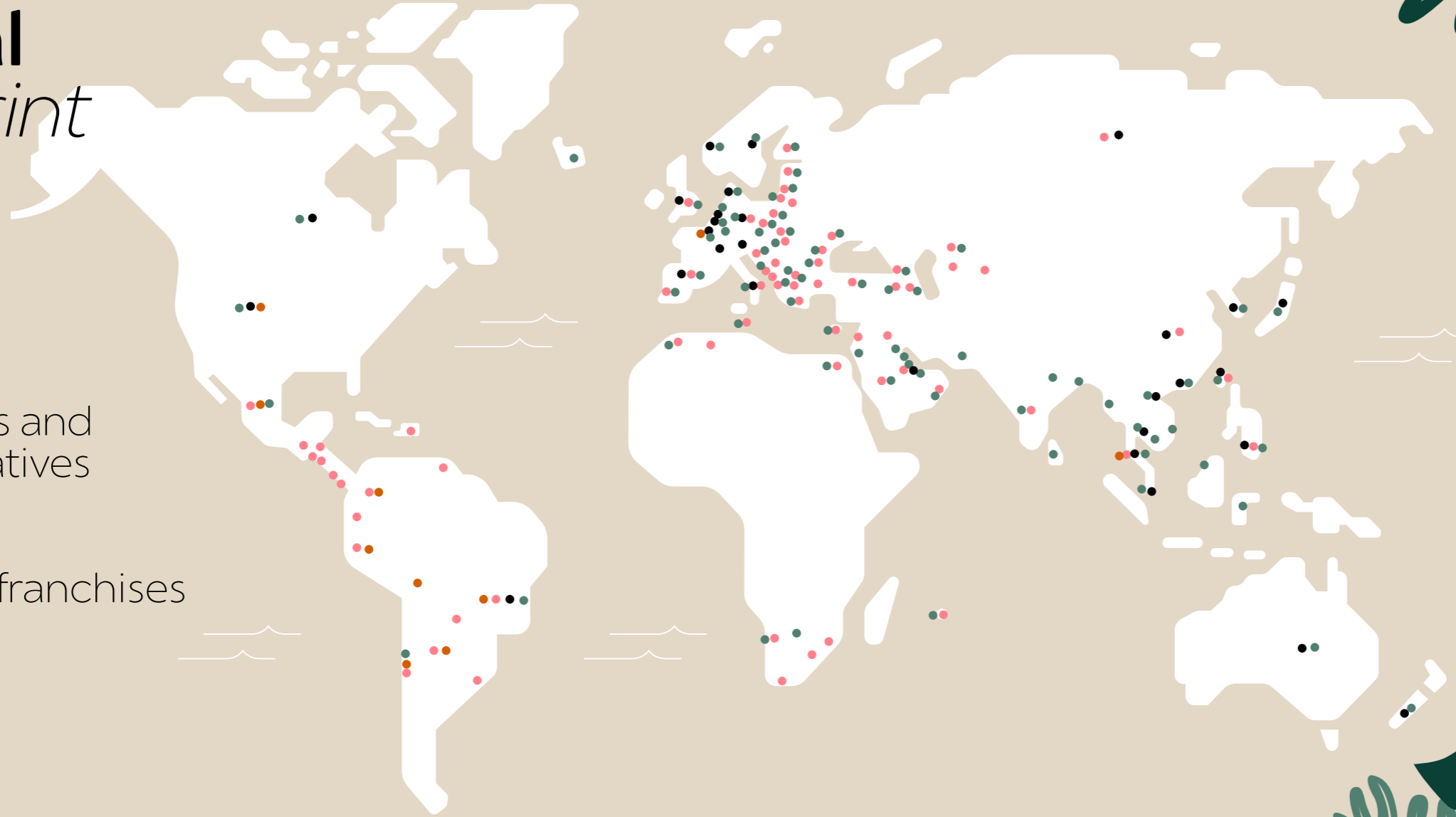


Global footprint

100+
countries

7.7* million
Consultants and
Representatives

2,300+
stores and franchises



* As of December 31, 2022

2022 Performance

We started 2022 navigating a challenging macro environment, which was worsened by the war in Ukraine, and uncertainty surrounding the performance of some of our Business Units following a post-pandemic change in consumer behavior.

Given the environment, in mid-2022, we decided to reassess the Group's growth model and enter a new stabilization cycle. To keep the business on track, important changes we implemented included a stronger focus on profitability and cash conversion (with incentives adjusted accordingly), a revision of the cost structure and the role of the Holding company, as well as necessary revisions in our global footprint.

In 2022, Natura &Co delivered broadly stable YoY net revenues in constant currency, up 0.4%, despite the challenging environment. In BRL, net revenue of BRL 36.3 billion was down 9.5% YoY due to the depreciation of some of our operating currencies (GBP, AUD and ARS in particular) against the BRL.

Focusing on profitability, all Business Units managed to pass on inflation to prices and made progress on category mix and cost control, but global inflation, FX headwinds and tough macro conditions impacted gross margin, which decreased by 110bps compared to FY21. These factors resulted in adjusted EBITDA of BRL 3.2 billion, down 23.7% YoY, with margin of 8.7% (compared to 10.3% FY2021).

The company posted a net loss of BRL 2.9 billion, compared to a net profit of BRL 1.0 in 2021, due to several factors, including lower adjusted EBITDA, higher transformations costs (aiming to accelerate changes within the Business Units to ensure sustainable growth), higher other operating expenses (particularly im-

acted by an impairment of BRL 383 million), higher net financial expenses amid rising global interest rates and higher income tax and social contributions (FY21 had benefited from relevant tax credits).

Each Business Unit showed different dynamics from a top-line and profitability perspective.

Natura &Co Latin America showed particular resilience and revenues were up 6.3% in constant currency (CC) in FY22 (and down 1.7% in BRL due to FX impacts). The full-year performance was driven by the Natura brand, while the year also saw improving performance by Avon in the CFT category, which combined were more than enough to offset the impacts of the planned fashion

& home portfolio optimization strategy. Adjusted EBITDA margin was 10.0%, down 120 bps despite price increases and strict cost control as a result of the challenging environment.

Avon International's revenue was down 9.9% in CC (-22.9% in BRL). The Business Unit is the most impacted by the Russia-Ukraine war, and also faced a challenging global macro environment (particularly in Western Europe) as well as the planned decrease in the number of representatives as the new commercial model is implemented. The new commercial model roll-out brings a number of benefits, such as improved rep productivity, greater digitalization, and more impactful product launches, which supported

profitability and contributed to partially offsetting inflation, FX headwinds, and sales deleverage. Adjusted EBITDA stood at 4.3%, down 170 bps YoY.

The Body Shop, which is especially exposed to Western Europe, where core distribution channels faced headwinds, posted a 13.5% revenue YoY decrease in CC and -24.3% in BRL. The Body Shop at Home channel, which had benefitted during Covid, returned to more normalized pre-pandemic levels as the economy reopened. Sales deleverage led to a YoY decrease in adjusted EBITDA margin of 670 bps to 10.9%.

Aesop has another stellar year, posting 21.0% YoY net revenue growth in CC (and 4.6% growth in BRL). The



We expect a continuous improvement in revenues, as well as better adjusted profitability and cash generation while continuing to invest.





We are a global purpose driven group made up of four iconic beauty companies. Natura &Co operates in more than **100 countries, with over 2,300 stores, 32,000 employees and 7.7* million Representatives and Consultants.** We believe in challenging the status quo in order to promote **real positive economic, social, and environmental impact.** We believe in the power of cooperation, co-creation, and collaboration.

* As of December 31, 2022



We are proud to be the world's largest B Corp™.

We are *Avon, Natura, The Body Shop, and Aesop.*

We are *Natura &Co.*



Our purpose

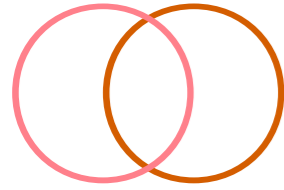
To nurture beauty and relationships for a better way of living and doing business.



Our aspiration

We will dare to innovate to promote positive economic, social, and environmental impact – and become the best beauty company FOR the world.





Strategy

Different paths *to a common purpose*

Our Holding strategy is to have a portfolio of purpose-driven brands that are autonomous and supported by an operating model that ensures their accountability in terms of triple bottom line results.

Although we anticipated difficulties in 2022, the year turned out to be even more challenging than we had envisioned. The first quarter was marked by the ongoing effects of the COVID-19 pandemic, supply chain disruption, rising inflation, lower discretionary spending, and currency fluctuations. However, the war in Ukraine and political unrest in Latin America added a geopolitical uncertainty that made navigating the year even more challenging for Natura &Co.

Our footprint as a consolidated company was overexposed to this multilayered crisis, particularly in the UK – the home base for Avon International and The Body Shop, in Argentina, and in Russia, where the developments in the war directly impacted our activities. This disproportionate pressure on our portfolio

was also observed from the perspective of the Cosmetics, Fragrances, and Toiletries (CFT) market, albeit with different outcomes across categories and across each of our brands.

By mid-2022, to navigate the challenging environment, we shifted our strategy to prioritize margin and cash flow preservation by reducing working capital and reviewing investments. We granted greater autonomy to the Business Units to allocate resources according to their priorities, with full P&L accountability, making them more agile in responding to market demands. This resulted in our teams in each Unit becoming more focused and driven towards specific goals, working diligently to secure the businesses across geographies. Despite the challenges, we attained results

near the initial year-end expectations, and we are very proud of our accomplishments.

Moreover, we focused on improving the fundamentals of our underperforming business, which we regard as our main challenge and principal upside driver, and on putting strategic steps in motion to boost our performance. We are accelerating the integration of the Avon and Natura businesses in Latin America, starting in 2023 with Peru and Colombia, followed closely by Brazil. Avon International is reorganizing its geographic presence with significant changes in investment in priority markets. The Body Shop has taken steps to right-size its organization, while Aesop is evaluating strategic alternatives.

| A portfolio of autonomous brands | | | |
|---|---|---|--|
| Natura &Co Latin America | Avon International | The Body Shop | Aesop |
| Integration | Simplification | Transformation | Investment |
| Avon turnaround, integration and optimization of the brands, delivering synergies and operational leverage. | Gross margin expansion, operating model simplification, digitalization, and commercial model stabilization. | Channel mix recovery, top-line stabilization, and cost discipline to drive profitability. | Investing for the future to support rapid growth plans with a margin expansion in the long-term. |

Business unit autonomy with accountability ...

- + Focus on sustainable growth as part of our commitment to deliver cash generation
- + Simplification of our operating model to further increase the accountability of each Business Unit with clear milestones and deliverables

... supported by key shared enablers

- + Innovation at heart
- + Digital first
- + Commitment to Life
- + Operating model

- + Strict financial discipline with better capital allocation and cash conversion processes
- + Investment opportunities driven by better return on the capital allocation process to accelerate value creation



**2022 Board
of Directors**
(from left to right)

- Georgia Garinois Melenikiotou
- W. Don Cornwell
- Andrew McMaster Jr.
- Ian Bickley
- Jessica Herrin
- Pedro Passos
- Luiz Seabra
- Guilherme Leal
- Carla Schmitzberger
- Nancy Killefer
- Fábio Barbosa
- Gilberto Mifano

Not in attendance:
Roberto Marques



Committed
to the highest
standards

Corporate Governance

Amidst a major reorganization process, we worked diligently to further refine our policies and take steps towards greater transparency in accordance with international best practices.

In addition, we observe the recommendations of the Brazilian Code of Corporate Governance published by the Brazilian Institute of Corporate Governance (IBGC), which were incorporated into the rules of Brazil's CVM Securities and Exchange Commission in 2017. Since then, our commitment to high standards of corporate governance continues to be reflected in the consistent progression of our adherence to the code. Having achieved a 43% compliance rate to the code in 2018, the first year in which the report became mandatory, we are proud to report that our compliance rate increased to 92% in 2022, a significant improvement from the previ-

ous year's rate of 86%. This progress highlights our commitment to maintaining robust standards of transparency, equity, accountability, and corporate responsibility. The following improvements in 2022 contributed to our achievement:

- 1 The Chief Executive Officer (CEO) no longer accumulates the position of Executive Chairman of the Board of Directors;
- 2 The Board of Directors discussed and approved a succession plan for the CEO observing the best practices recommended by the Brazilian Code of Corporate Governance. The process is detailed

in the 2022 Report on the Brazilian Code of Corporate Governance item 2.5.1.

- 3 There were exclusive meetings for external members of the Board of Directors in 2022 which were not attended by members of executive management and other guests;
- 2 While Natura &Co has not made any political contributions, moving forward, disbursements related to political activities can only be made under exceptional circumstances. These must be approved by the Board of Directors, as opposed to the previous rule of sole assessment by the Ethics & Compliance department.

Our Corporate Governance Office continually reviews the best practices (local and global) in conjunction with our current bylaws, codes, policies, and internal rules, while also confirming to the guidelines established by the Board of Directors, which, in 2022, comprised 13 members elected and dismissed by the General Shareholders' Meeting after serving a unified two-year term. Reelection is permitted. Furthermore, in accordance with the rules as defined in the 'Novo Mercado', we stipulate in our bylaws that at least one-third of the Directors on the Board must be independent. In 2022, eight of the 13 members of the Board of Directors, elected as a slate, were independent, which equates to 61.53% of its composition.



Following the resignation of Roberto Marques as a Board member and, up until mid-June of 2022, Executive Chairman of the Board of Directors and Main Executive of the Group, the Board of Directors began 2023 with a total of 12 members, four of which are women. Eight members (or 66%) are independent directors, and the remaining four members comprise the three co-founders of Natura Cosméticos (who are co-chairmen and one of them is appointed to preside the Board meetings) and Fábio Barbosa, who assumed the position of Main Executive of the Group. His primary responsibility is to oversee the CEOs of each Business Unit, as well as the Holding functions, which have recently undergone restructuring and are under the guidance of statutory and non-statutory officers (more on page 51).

The year in review

In 2022, our Board of Directors convened nine times in ordinary and extraordinary meetings. Meetings had full attendance, demonstrating our Board of Director's unwavering commitment to addressing the effects of the external environment on our business, as well as making complex decisions regarding our quarterly results, strategic planning, risk management, people and culture, sustainability, and the transition to a more streamlined Holding company structure.

The Board of Directors had the support of five committees, two of which were statutory – the Audit,

Risk Management, and Finance Committee as stipulated by legal requirements – and the Group Operating Committee, which was established voluntarily by the company. Each year, the composition, performance, and workflows of these committees are reevaluated by the Corporate Governance Committee. However, due to the significant Group reorganization process that occurred during the year, the Corporate Governance self-assessment was not formally implemented in 2022. Nonetheless, we are benefiting from insights from the Corporate Governance and Transition Committees captured during the period of change.

Audit, Risk Management, and Finance: Members met nine times in 2022. They supervised risk management, ethics, and compliance processes; oversaw internal controls and internal audit; monitored the independent external audit; discussed legal and tax matters; and revised updated internal policies and the terms of strategic projects.

Group Operating Committee (GOC): Composed of the Group CEO, the CEOs of the Business Units, and representatives from critical areas within the company. The members met four times during the first semester of 2022, two of which were two-day sessions. They are responsible for supervising each of Natura &Co's Business Units and identifying synergies and opportunities among them.

Corporate Governance: Members met twice in 2022 to evaluate topics related to the evolution of our governance framework, reviewing them against the Brazilian Code of Corporate Governance. They also reviewed the composition of the committees that regularly support the Board of Directors and monitored the market standard for the directors' compensation.

Strategy: Members met seven times in 2022. They revisited and monitored the strategic plan for the Group and the new guidelines for the Business Units.

People and Organizational Development: Members met seven times in 2022 to discuss topics including succession, culture, compensation, and talent retention.

Moreover, three of the four subcommittees created the previous year to address specific demands were still in place in 2022. These included the Finance Subcommittee which held 16 meetings and was led by the Main Executive of the Group Fábio Barbosa. Topics discussed included the company's hedge policy, financing, and monitoring of cash flow, among others. The Cybersecurity Subcommittee held two meetings led by Andrew McMaster, an independent director and member of the Audit Committee. They discussed the structure and sensitive matters relating to cybersecurity, and the orientation of the roles of the Holding and the Business Units. The Internal Audit Subcommittee

held two meetings led by Luiz Carlos Passetti, an external Audit Committee member, and monitored the management and development of internal audit activities. These three subcommittees are linked to the Audit Committee. The discussions relating to our entry into Asia were incorporated into the Strategy Committee and are no longer addressed within a dedicated subcommittee.

As part of the Corporate Governance restructuring process, it was decided that the activities of the Group Operating Committee's (GOC) would be discontinued. Despite the GOC committee's busy schedule in the first semester of the year, it was time to move away from highly structured and formal efforts within the Board of Directors, and the supervising and identifying of synergies among the Business Units. Instead, our focus was on creating a new work stream that prioritized the independence and accountability of the Business Units. Consequently, we established an interim Transition Committee, which was led by Fábio Barbosa, and whose task was to define a leaner central structure that maintained the necessary functions to support our businesses, enabling them to thrive individually and optimize their performance. The appointed members of the Transition Committee met 12 times during the second semester of 2022, with the participation of some GOC members, to deliberate on proposals for a new operating model that has now been implemented.

The Board of Directors is now better positioned to provide advisory services and to monitor the implementation of elements relating to critical areas including cash and treasury management, corporate strategy, governance and compliance, executive compensation and succession, and reputation. Additionally, we have established a Sustainability Committee to assist the Board of Directors in developing our strategy and governance on these transversal areas. The committee is supported by our new materiality assessment and Commitment to Life sustainability vision (more on page 36).

The Fiscal Council was convened at Natura & Co's Annual General Meeting on April 20, 2022, for a one-year mandate. It is an independent body composed of three members elected by the shareholders, two of whom were nominated by Natura & Co's controlling group and the third by minority shareholders. All the members are seasoned professionals with extensive experience in accounting and finance. Natura & Co provided onboarding sessions to the Fiscal Council members in which they met the heads of some areas of the Company such as Finance, Risks and Internal Controls and Compliance. Members received the necessary information to perform their duties adequately and to be familiar with the Group business. Besides the onboarding sessions, they met ordinarily three times during their mandate in 2022 to review and discuss, among others, the

Company's quarterly and annual financial statements and monitor the management acts, ensuring they comply with their assigned legal and statutory duties.

Capital market and shareholders

In 2022, the Chief Financial Officer (CFO) assumed responsibility for relations with our investors, thus accumulating the statutory roles of CFO and IRO (Investor Relations Officer), a structure that aimed to further strengthen communication with the market.

On December 31st, 2022, the Company's market capitalization was BRL16,1 billion, with 1.383.152.570 common shares. Our free float was 60.52%, with the remaining 38.54% held by the controlling shareholders, 0.08% by the Board of Directors and statutory directors, and 0.71% by our treasury.

Risk Management

Our risk management practices are a core component of our commitment to achieving corporate goals with accountability, compliance, disclosure, and fairness. Each employee in the Holding, at every hierarchical level, is responsible for being aware of the risks involved in their area, considering short, medium, and long-term aspects, along with managing and reporting them according to the concepts, guidelines, and instructions described in our Enterprise Risk Management Policy and detailed in additional documents.

Natura & Co's methodological approach is aligned with the best international practices. It is based on the integrated framework suggested by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the guidelines defined for Risk Management in ISO 31000, and the concepts established in the Three Lines Model, developed by The Institute of Internal Auditors (IIA). Beyond explicitly informing the duties of the governing body and the external assurance providers, this model ensures clear segregation between roles and responsibilities — firstly, direct accountability for risk decisions (business management). Secondly, the independent oversight of risk decisions and definitions in the risk management workflow.

For further information on risk management, please refer to the [reference form](#) that will be available from May 2023.

For information on emergent risk, please refer to the sustainability appendix available at ri.naturaeco.com

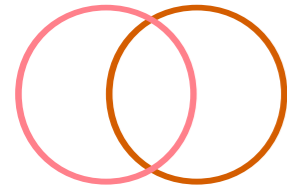
Committed to the highest standards

Our compensation strategy is comparable to the Brazilian and international market average, in accordance with the terms of our Management Compensation Policy. Each member of The Board of Directors receives a monthly pro labore and is granted share-based incentive plans to drive long-term commitment. Those Directors who are also Committee members receive a fixed monthly addition to their regular compensation.

As for our Executives, they are compensated with a fixed monthly salary and direct and indirect benefits. Their variable compensation combines short and long-term incentive plans, linked to the achievement of purpose-driven results. In 2022, as anticipated, we also started compensating our management for meeting the targets related to our 2030 Commitment to Life and the US\$ 1 billion sustainability-linked bond issued by our subsidiary Natura Cosméticos in 2021. Since 2008, we have been applying sustainability targets linked to executive compensation, and this is one step further in our pledge to generate value for all our stakeholders.

More information on the total compensation of our management in 2022 can be found on ri.naturaeco.com.

| | Fixed Compensation | | | Variable Compensation | |
|--------------------------------|--------------------|------------------------------|-----------------------------|--------------------------------------|--------------------------|
| | Base Salary | Direct and indirect benefits | Participation in Committees | Annual Variable compensation (bonus) | Share-based compensation |
| Board of Directors | ● | ● | ● | | ● |
| Natura &Co CEO | ● | ● | | ● | ● |
| Statutory Officers | ● | ● | | ● | ● |
| Fiscal Council (if applicable) | ● | | | | |



Ethics and compliance

In 2022, we concluded the integration of the Ethics & Compliance (E&C) program for Natura &Co. We now have a comprehensive structure that serves our Holding company and our Business Units, addressing the compliance risks we face today while preparing us for the risks of tomorrow.

Furthermore, this program supports our Commitment to Life sustainability vision by guiding us to operate ethically, with integrity and respect, across our entire collective and in every country in which we operate. By conducting ourselves in this manner, we can focus on growing our company and giving back to our communities.

Our dedicated internal E&C team spans 12 markets and supports each of the established hallmarks of an effective program, including policies and procedures, training and communications, third party oversight, monitoring and investigations. The E&C team acts as a Hub and serves the Holding and the Business Units, working closely with colleagues in

Legal, Human Resources, Finance, Risk & Controls, Cybersecurity, and Internal Audit. The team is led by the Vice President of Group E&C, who reports to the Chief Legal & Compliance Officer.

Each Business Unit has an Ethics Committee with critical management and functional leaders. Once a quarter, each Business Unit executive committee also receives an update on progress in the program.

Our E&C program was publicly acknowledged for the first time as a Holding when the Ethisphere Institute 2022 World's Most Ethical Companies listed us in the Health & Beauty category.

Employee Training

Natura &Co expects its employees to feel committed to playing their role in helping to protect our reputation, supported in making the right ethical choices when faced with difficult dilemmas, and confident about the right course of action to take. In 2022, Natura &Co offered a full range of training for its employees on Natura &Co compliance policies, with 2,618 employees receiving live training and 27,479 taking online programs.

Officer & Director Reviews

We must also ensure that our executive leadership represents the highest levels of integrity and compliance with the law. In light of this, as part of our annual Officer

and Director screening program, we screen all officers and directors of our Holding company and each Business Unit parent entity to ensure there are no legal or reputational issues or concerns.

Third-Party Due Diligence

We also expect our suppliers and other third parties to conduct their business with transparency and integrity, and to be committed to the highest standards of ethical conduct and environmental practice, as detailed in our Supplier Code of Conduct.

In 2022, Natura &Co carefully risk-assessed the new third party suppliers and other parties retained by Natura &Co to conduct work on its behalf, using an automated process to identify only those third parties that present a possible risk to our company. This includes different levels and types of reviews, including reputational (corruption, fraud, human rights and environmental) or full anti-corruption and privacy due diligence for select third parties retained by our Business Units.

In 2022, Natura &Co reviewed 1,245 suppliers and 322 resellers.

Charitable Contribution Reviews

In 2022, we reviewed nearly 900 proposed donations to causes and charitable groups selected by our businesses for their shared values, to ensure they uphold our ethical and human rights standards.



Our employees are expected to ask questions, raise concerns, and report, in good faith, any suspected wrongdoing.

Political Contribution Reviews

Natura &Co does not make contributions to campaigns, parties or candidates during or outside of electoral processes. The Company does not contribute directly or indirectly to political parties, movements, committees, political organizations or unions, their representatives, or candidates, except when required by applicable laws.

However, we act to drive positive social transformations, as well as encouraging political participation as a transformational force in society and conscious voting.

Market Monitoring

In 2022, our E&C team reviewed 11 of our markets to assess the implementation and effectiveness of the E&C program, including key markets such as Argentina, Brazil, Mexico, the Philippines, South Africa, and South Korea. The markets were selected following an in-depth E&C risk assessment in multiple risk areas. The review includes targeted interviews across various levels and functions in each market, an Ethics Line test, a review of reporting and investigation data, and transaction testing.

Throughout the year, the E&C team also supported management action programs based on market reviews conducted in 2021, including improvements in policy awareness and accessibility, a culture that reflects our *Speak Up* campaigns, and confidence in reporting.

New or updated policies in 2022

Following the launch of updated Group Anti-Corruption and Trade Sanctions policies in 2021, Natura &Co issued or revised the following policies in 2022:

→ Privacy & Data Protection

Policy guides our employees on handling data across the entire data lifecycle. It defines Natura &Co's approach to privacy principles of lawfulness, fairness & transparency; purpose limitation, minimization & accuracy; integrity, confidentiality & storage limitation; and accountability.

→ Conflicts of Interest Policy

helps ensure that our employees always act in Natura &Co's best interests by establishing guidelines to prevent actual or perceived conflicts of interest in the following areas: finan-

cial interests, personal relationships, outside professional interests; gifts from third parties; entertainment or hosting; and the procurement process & function.

→ **Trade Sanctions Policy** is a critical part of how we comply with laws that regulate trade and impose sanctions that may apply to Natura &Co. It limits dealings with certain countries, entities, and individuals. There is also a mandatory 'recusal' by employees related to any activity subject to sanctions laws.

→ **Anti-Trust Policy** aims at preventing anti-competitive behavior by Natura &Co, covering areas such as the importance of identifying who our competitors are and understanding our market position; relationships with resellers, suppliers & authorities; interactions with trade associations and bodies; and how we manage sensitive competitive data.

Reporting & Investigations

Our employees are expected to ask questions, raise concerns, and report, in good faith, any suspected wrongdoing.

One way that employees can make a report is through our Ethics Line, an integrated tool in use across our Holding company and each of the Business Units. Our Ethics Line is promoted at each Business Unit through our Speak-Up campaigns. It ensures the security and preservation of all reports, and their confidentiality, to the extent permitted by law.

Retaliation of any kind against any person making a report, or those involved in an investigation, is strictly prohibited at Natura &Co, and is itself considered a violation of our Code of Conduct.

In 2022, our integrated Ethics Line received 896 reports.

We have also established an integrated internal investigation protocol that covers the handling of all reports based on the nature of the matter and the level of the personnel involved. This protocol applies to all of the reports received by the Ethics Line or through other key reporting channels.

An internal management remediation committee for any substantiated reports is established by the E&C team based on the protocol. In cases involving particular senior management levels, the Chairman of the Audit Committee is called on to participate.

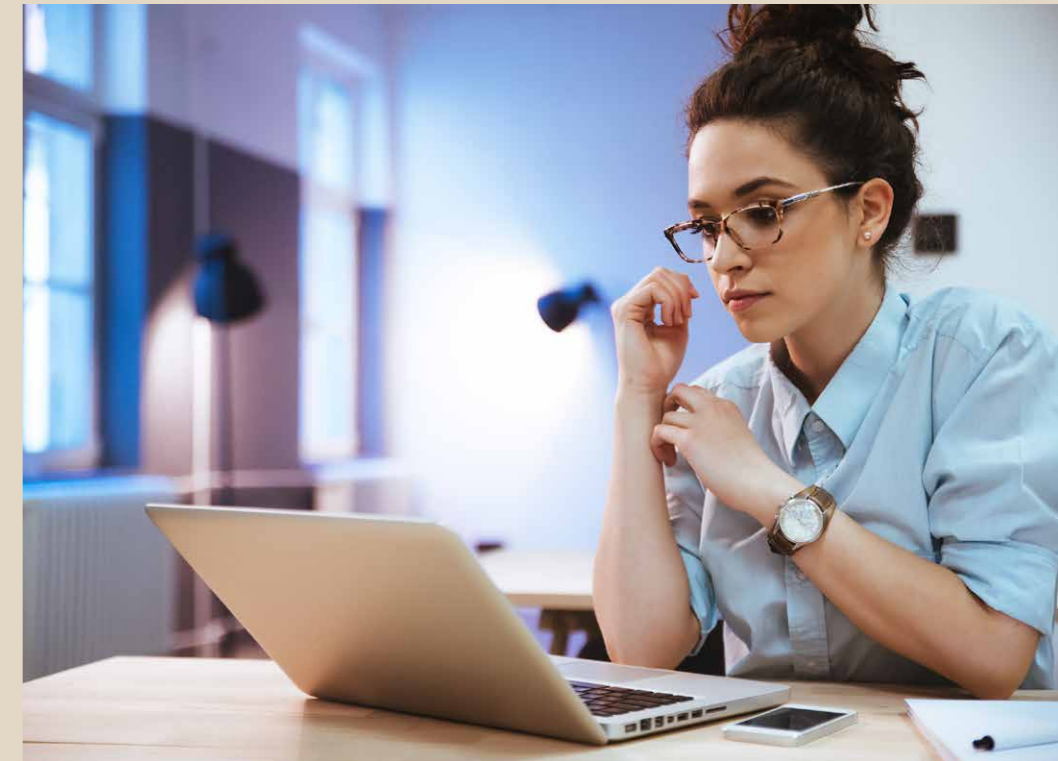
In 2022, 63 associate remedial actions were taken following an internal review of a substantiated report.

In 2023, we plan to continue to advance the E&C program at Holding and the Business Units as we seek to continue to rise to the challenge of protecting the reputation of our four, socially conscious, iconic beauty brands at Natura &Co.

| Top categories of employee remediation actions in 2022 | |
|--|----|
| Written/verbal warning | 31 |
| Terminated | 16 |
| Training/coaching | 8 |
| Contractor removed | 3 |
| Relocated/transferred | 2 |

| Top categories of reports into ethics line in 2022* | |
|---|-----|
| Workplace Conflicts, Inappropriate Behavior or Employee Relations Matters | 36% |
| Customer Service, Communications or Non-Compliance Related Matters | 19% |
| Conflict of Interest Report Form | 16% |
| Other Violations of Code or Internal Policies | 5% |
| Dealings with Independent Sales Representatives ¹ | 5% |

* Table reflects top categories and is not an exhaustive list.



Information security

In 2022, we brought all Information Security teams and budgets together to create the Natura &Co Cyber Hub. This new unit provides strategic direction, assurance, and operational services to all Natura &Co Business Units and Functions. Additionally, all existing improvement initiatives were merged into the Cyber Program, delivering connected solutions that meet each brand's specific information security needs.

A new cyber governance has been put in place with frequent reporting to the Board of Directors, the Audit Committee and the executive teams. Each Business Unit has a dedicated cyber board overseen by a senior Business Information

Security Officer. These boards are supported by a new risk management structure, linked to the Enterprise Risk Management Framework. Furthermore, new Natura &Co Information Security Policies were published in 2022, with additional detailed security standards under development. Based on these policies, mandatory training for all staff was rolled out in 2022, including regular phishing testing.

The Cyber Programme continues to drive improvements in cyber maturity through investment in new tools, processes, and services, and the use of the National Institute of Standards & Technology (NIST) Cyber Security Framework. These enhancements include the following:

- Assurance service for third-party risk management and for existing, new and changing IT, and digital development.
- New identity and access management platform, including new privileged access management.
- New Security Operations Centre and Vulnerability Management Service.
- Agile teams continually improving the security of user devices, software and infrastructure.
- Risk Assessments on Operational Technology in factories and distribution centers, on Business Continuity & Disaster Recovery, and on Backup & Recovery processes.

Materiality Assessment

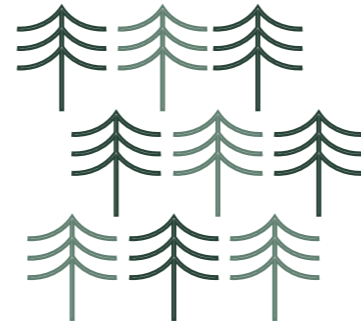
As a relationship-based group, concepts like proximity, engagement, and dialogue are constant ongoing processes. Hence, conducting a formal materiality assessment ensures we prioritize the issues that have the biggest impact on our business and governance, communities and the environment, and that matter most to our stakeholders.

As a relationship-based group, concepts like proximity, engagement, and dialogue are constant ongoing processes. Hence, conducting a formal materiality assessment ensures we prioritize the issues that have the biggest impact on our business and governance, communities and the environment, and that matter most to our stakeholders. As well as considering the Holding, the process included a more detailed examination of each of the four businesses, thus enabling the more accurate capture of the perception of stakeholder groups in all the regions in which the group operates.

The process began with nine in-depth interviews with sustainability leaders of our businesses: four of them from Natura &Co, two from Natura &Co Latam, one from The

Body Shop, one from Avon and one from Aesop. Later, we analyzed the results of an online survey with 590 respondents among external and internal stakeholders – employees, suppliers, NGOs, investors, private sector, and academia – encompassing the Holding and each one of the businesses and combining local and global perspectives. Furthermore, we also conducted 40 in-depth interviews with internal and external stakeholders to test the prioritization and get quality feedback.

Our material issues were assessed applying double materiality, i.e., in the environmental and social impacts of the company's activities on the economy, environment, and people (including impacts on their Human Rights), and the business impact of environmental and social



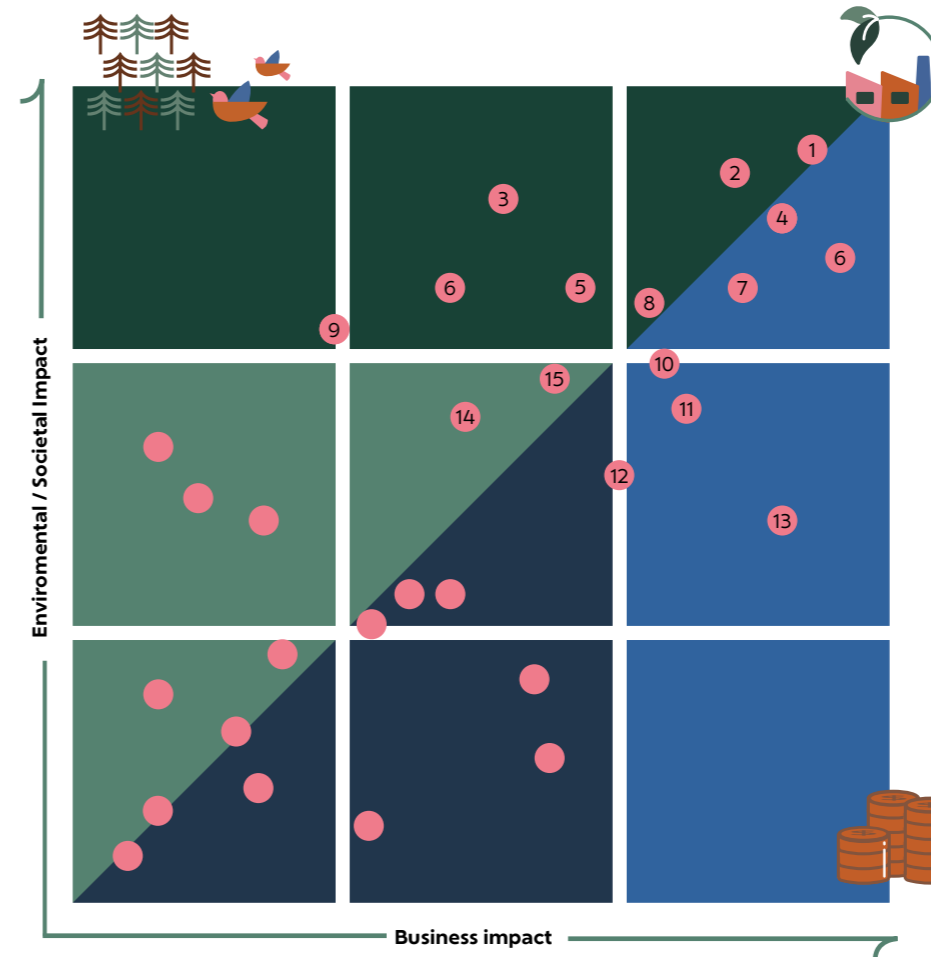
issues on business success, including financial performance and the value of the company.

This is an ongoing process that does not have a designated frequency, although we recognize that it is important to do frequent updates so we can maintain a clear oversight of our material issues, ensuring we are addressing the key topics for both our internal and external stakeholders.

The assessment results are plotted on a materiality matrix, with their position relative to the degree of stakeholder interest and potential business impact.

Overall, the priority issues are similar between the Holding and the businesses. Climate Action, for instance, is a consensual issue across all stakeholders and brands and is highly expected to be addressed by Natura &Co as a leader on this theme.

However, each one has some differing priority material issues considering their own operations and stakeholders. For instance, there is a strong feeling that 'poverty / livelihoods' (focused on representatives and consultants) and 'biodiversity' (connected to deforestation of the



Top 15 issues

1. Climate action
2. Human rights (internal and in the supply chain)
3. Poverty/ livelihoods (including living wage)
4. Circularity/ packaging (recycling and alternative sourcing)
5. Sustainable sourcing (ingredients management)
6. Waste and effluent management (other than packaging)
7. Water management
8. Employee health and well being
9. Community impact
10. Regeneration of nature/ natural resource management
11. Deforestation (impact through the value chain)
12. Ethics and integrity (including bribery & anti-corruption)
13. Product design & life-cycle management (including carbon footprint)
14. Diversity and inclusion
15. Biodiversity

Amazon) are matters that assume more importance for Natura &Co Latam. Single-use plastic and product design/lifecycle assessment are also material for Natura &Co Latam, as well as product innovation and climate action.

Social issues are highlighted as important topics to show Avon's contribution to a better society, reflecting the company's core purpose of helping to create a better world for women. Social regeneration and value distribution topics, such as 'Gender equality' and 'Improving livelihoods' are high impact. 'Animal welfare' was mentioned as a core

topic for The Body Shop compared with the other brands. "Product quality and safety" and "product design" are issues that assume more importance for Aesop and its stakeholders than for the other brands; however, they didn't score as highly as issues impacting the Environment / Social scale.

The assessment also showed that the top 3 material issues are very similar to the pillars of the Commitment to Life strategy. Climate action is linked to Address the Climate Crisis & Protect the Amazon. Human Rights (internal and in the supply chain) is connected to Defend

Human Rights and be Human-Kind. Circularity / Packaging (recycling and alternative sourcing) is aligned with Embrace Circularity and Regeneration.

As a strategy for managing potential events that could have an impact on the achievement of our goals, we have inserted the Commitment to Life as a Corporate Risk Scenario and annually the exposure level of this risk is reported to the Executive Leadership and the Audit, Risk Management and Finance Committee linked to the Board of Directors.

Awards *and recognitions*

- + Natura &Co was listed in the Corporate Knights 2022 Top 100 which is based on public data relating to 24 key performance indicators including products and services aligned with sustainable goals, diversity and salaries, emissions and consumption.
- + Natura &Co was an inaugural recipient of King Charles III's Terra Carta Seal, which recognizes global companies which are driving innovation and demonstrating their commitment to, and momentum towards, the creation of genuinely sustainable markets.
- + Natura &Co was once again listed on the B3 Corporate Sustainability Index (ISE) Ranking and is the only cosmetics company included in this prestigious listing.
- + Natura &Co was nominated for the first time as a group in the Ethisphere 2022 World's Most Ethical Companies® ranking. This honor is reserved for a select number of companies with exceptional programs and a commitment to advancing business integrity.



Our
brands



Founded in 1969, Natura is a Brazilian multinational in the cosmetics and personal care segment, a leader in direct sales in Brazil, and recognized for protecting the Amazonian social biodiversity through its sustainable business model. Natura products are cruelty free and 93% vegan. With over 7,100 employees and more than 2 million Beauty Consultants in Latin America, Natura operates in 10 countries. In 2014, Natura became the first publicly traded company to receive B Corp™ certification, and its third certification was concluded in 2020. Natura's EKOS line is certified by the Union for Ethical Biotrade (UEBT).

AVON

Founded in 1886, Avon connects people in more than 70 countries, using the power of beauty to transform women's lives for the better. 5.6 million Representatives across the world sell its iconic products, building their own beauty businesses. Avon believes a better world for women is a better world for all, and is committed to acting for gender equality, speaking out about issues that matter and creating positive change. Together with Avon Foundation, the company has donated over US\$1.1 billion, with a focus on tackling gender violence and breast cancer.



THE BODY SHOP

Founded in 1976, The Body Shop became a certified B Corp™ in 2019. The Body Shop seeks to make positive change in the world by offering high-quality, naturally inspired products produced ethically and sustainably and campaigns for social and environmental justice. Having pioneered the philosophy that business can be a force for good, this ethos is still the brand's driving force. The Body Shop today is a truly omni-channel business with more than 2,500 retail locations (owned and franchised) in more than 80 countries; The Body Shop at Home direct to consumer channel in the UK and Australia; and an e-commerce presence in nearly 60 markets.

Aēsop.

Aesop is renowned for creating products with meticulous attention to detail, along with a unique exploration of the intersection of botanicals and science to create sensorial and highly efficacious formulations for skin, body, hair, fragrance, and home. Since its creation in 1987 in Australia, Aesop has expanded to 29 countries around the globe with almost 300 signature stores, each having its own unique design that celebrates the community it serves. Aesop is proudly a Certified B Corporation®.

→ Message from **the CEOs**

João Paulo Ferreira
(Natura &Co Latin
America), **Angela Cretu**
(Avon International),
David Boynton
(The Body Shop),
and Michael O'Keeffe
(Aesop)

In 2022, we faced a rapidly changing world - one presenting pressing and compound challenges that require continued global collaboration to be overcome. Despite geopolitical and economic situations impacting performance and disrupting operations in some of the geographies where we are present, we ended 2022 reinforcing the value of our commitment to generating positive societal impact.

Along with the pandemic and its consequential effects, the war in Ukraine had a marked impact on our operations. Faced with the challenges and complexities the situation presented, putting people first was a decision aligned with our collective values and beliefs. As such, our focus was on supporting and protecting the safety and well-being of our employees and representatives. Additionally, we worked with institutions, communities and suppliers to provide resources and support humanitarian relief for those most in need. We are proud of our Ukrainian team for

their resilience and ability to restart operations and continue serving our Representatives despite the devastating circumstances.

Regarding our operations in Russia, The Body Shop and Aesop suspended trading. Avon continued to provide its Representatives with the means to sustain their financial independence by offering its social selling model via a simplified and self-contained operation. This was considered to be critical support for women whose livelihoods depend on their Avon business, and we concluded that restricting access

to selling products would adversely impact women and children in the region. We continue to believe in dialogue and the power of the collective standing up for humanity and promoting peace.

Against a challenging backdrop of geopolitical and economic volatility, in 2022 we felt it was necessary to review our strategic priorities and transition to a leaner and more agile model; one giving greater autonomy to the brands and supporting a path conducive to the delivery of long-term value. Consequently, our four Business Units gained more autonomy in the allocation of resources and accountability.

In response to the transition, Natura experienced a strong rebound during the fiscal year. This was supported by increased consultant productivity, owing to an improved combination of the product proposition. Additionally, a strong digital social selling and e-commerce performance saw growth in retail and an impressive performance by &Co Pay, our finan-

cial services platform. Avon Latin America is more stable, showing better results in the Beauty category. Despite significant headwinds in key markets, Avon International saw improvements in distribution channel KPIs, while Aesop showed resilience, enjoying another year of solid growth. The Body Shop, although impacted by a weak retail environment, particularly in the UK, continued to pursue its transformation plan.

Positive impact is a premise for innovation in Natura &Co. A dedication to sustainability and innovation proved a powerful catalyst for navigating socio-environmental challenges in business opportunities and delivering growth across all the brands.

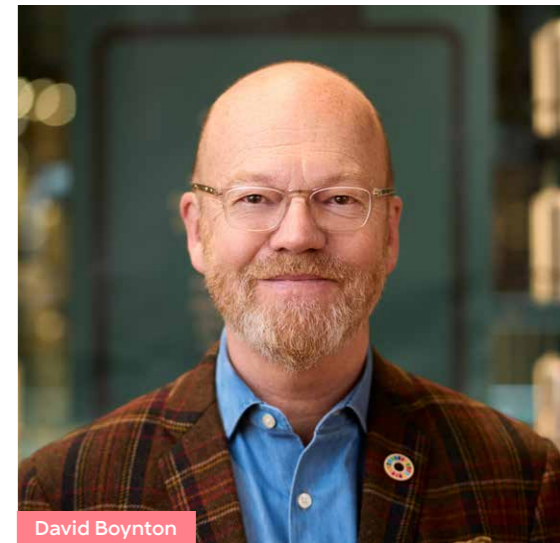
Natura made a commitment to demonstrating how it creates value beyond financial indicators like revenue and profit, and launched its Integrated Profit & Loss (IP&L). In addition to financial results, this innovative and integrated management tool attributes economic



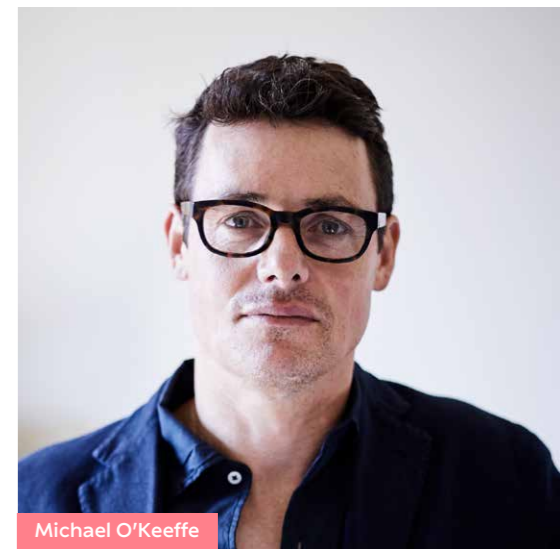
João Paulo Ferreira



Angela Cretu



David Boynton



Michael O'Keeffe



Looking ahead, we continue to set high ambitions for our Commitment to Life sustainability vision, a reflection of the mission, values and purpose of Natura &Co.

value to the positive and negative impacts generated by our business (externalities) in the environmental, social, and human dimensions. This tool assesses the impacts generated by a range of activities, from the supplier chain and extractivist communities in the Amazon region to Natura operations, beauty consultants, product use and product end of life. The IP&L highlights the positive impacts generated by Natura's partnerships with extractivist communities and the Carbon Neutral Program. For example, Natura's partnership with extractivist communities returns 8.6 times the amount invested, while the Carbon Neutral Program returns 40.1 times the investment to society. These results demonstrate that the company's commitment to sustainable development not only benefits the environment and society but also generates economic value.

Natura's innovation drive was further manifested in the launch of new Chronos product lines and in the increase in the use of bioactives in the Ekos line, reinforcing our relationship with the Amazon forest and its com-

munities. Using recycled plastic retrieved from the Brazilian coast in its packaging, Kaiak Oceano delivered a robust sales performance while addressing environmental issues. The largest part of the pack has 20% less plastic, and 50% of all the plastic used in it is recycled.

As part of our commitment to safeguarding the environment, Natura took its concerns to national television by raising awareness about the increasing rates of deforestation in the Amazon region during the main presidential electoral debates in Brazil. We called upon the candidates to take urgent and effective action to halt the destruction and made a call to action to protect the forest in the Brazilian Senate during public debates leading up to the Climate Conference in Egypt.

Natura also launched the Voto Consciente campaign in Brazil, which was designed to encourage our employees, consultants, and representatives to recognize the significance of civic duty through voting. The campaign kicked off with the distribution of content

that explained the importance of citizenship and social participation in easy-to-understand language for all. It included a web series that connected political issues to the everyday lives of our network, making it more relatable and accessible for everyone.

Avon continued to progress its Open Up & Grow strategy, finalizing the implementation of a new commercial model, redefining its brand proposition and accelerating its digitalization. Avon has focused on optimizing its portfolio to deliver aspirational beauty at irresistible value and has seen 5% sales volume growth in its hero products, including the award-winning Anew Renewal Power Serum with Protinol™, which consistently tests better than premium competitors. The exclusive, patented Protinol™ helps restore years of collagen loss in seven days for dramatically smoother, plumper and firmer skin.

Avon believes in creating positive social change by supporting the progress of women and is committed to empowering women through

reinventing work and helping them lead safe and healthy lives. More than 20% of every sale helps create better futures for women, and Avon has donated over \$1.1B to date to fighting Breast Cancer and ending violence against women and girls.

The Body Shop is improving its business with the rollout of its sustainable Changemaking Workshop concept stores, which show 15% points of uplift compared to the rest of its retail properties. Its refill program, now in place in 793 stores, has also proved a success and boasts a higher repeat rate than single-use bottles. Moreover, as part of its product upgrade and rejuvenation program, it rebranded the Drops Of Youth range to Edelweiss, in a concerted effort to embrace inclusion and move away from harmful branding that promotes 'anti-ageing'.

The Body Shop has continued to build on its track record of campaigning for social and environmental justice and in May 2022 launched its biggest global campaign yet: Be Seen Be Heard, in collaboration with the Office of the United Nations Secretary-General's Envoy on Youth. This campaign seeks to raise the voices of millions of young people in over 75 countries. In under a year the campaign has already begun to create long term change, including inspiring 37,000 new young voter registrations in the US, supporting partners Undi18 in reducing the voting age in Malaysia, forcing major changes to protect young people's right to

protest in the United Kingdom and urging decision makers at COP27 to ensure youth voices are heard in climate negotiations.

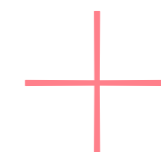
Aesop's continued growth has been underpinned by elevating its customer experience, enhancing its product offerings and upholding a strong focus on sustainability and innovation.

In 2022, Aesop launched its most advanced eye treatment, Exalted Eye Serum, as part of the Skincare Plus+ range, and its Eidesis fragrance, an evocative journey inspired by the myth of Narcissus. In addition to product innovation, 2022 saw Aesop continue to evolve its channel offering, including the pilot of further travel retail spaces in Europe, the introduction of an expanded treatment experience in the newly opened Regent Street store in London, and the continued rollout of elevated fragrance spaces, including armoires and a dedicated Sensorium in Shanghai.

Bringing sustainability closer to its customers and further integrating it into the company's operations has also been a key focus. Aesop has pioneered a circularity trial in key stores in Australia with positive results and launched its first Sustainable Concept Store in the SeongSu district in Seoul, Korea. Globally, Aesop's new stores continued to leverage sustainable practices and materials to enhance their designs and to reaffirm the brand's commitment to sustainability: the

new Aesop store in Cambridge, UK, among others, demonstrated this commitment, promoting the extensive use of reclaimed materials and supporting heritage crafts and local bullrush materials from the River Cam to bring the store to life.

Looking ahead, we continue to set high ambitions for our Commitment to Life sustainability vision, a reflection of the mission, values and purpose of Natura &Co. This vision aligns and unites the brands based on collective action to tackle some of the world's most pressing issues: addressing the climate crisis and the growing threat of climate risks, protecting the Amazon and promoting solutions based on nature, ensuring equality and inclusion, and embracing circularity and regeneration. As we assess the third year of our commitments, we can step back and reflect on the improvements made in areas such as the gender pay gap and the organization's carbon footprint, as well as the journey towards overcoming significant challenges, such as circularity and regeneration. By reorienting the focus of our businesses to the things that make us thrive individually, and retaining the orientation of a collective bound by the purpose of creating a positive impact on society, we can better tackle the challenges that await us in 2023 and ahead.





Business structure



→ **Natura &Co Latin America:** includes all operations under the Natura brand in all markets and Avon, Aesop and The Body Shop brands located in Latin America. João Paulo Ferreira is the CEO of Natura &Co Latin America.

→ **Avon International:** includes all operations under the Avon brand, except those located in Latin America. Angela Cretu is the CEO of Avon International.

→ **The Body Shop:** includes all operations under The Body Shop brand, except those located in Latin America. David Boynton is the CEO of The Body Shop.

→ **Aesop:** includes all operations under the Aesop brand, except those located in Latin America. Michael O'Keeffe is the CEO of Aesop.



Credit: Shane Rounce



The Holding

Despite facing challenges, Natura &Co has faith in the strength of our purpose and businesses. We have reviewed our short-term priorities and are focusing on executing them to navigate these difficult times. In this journey, simplifying our operating model to a Holding company approach was crucial to support this new chapter of our history.

The actions aimed at streamlining our structure were devised by a temporary Transition Committee, linked to the Board of Directors, and led by the Group CEO, Fábio Barbosa. These were carefully considered to achieve the right balance between centralized corporate functions and business goals with a view to delivering on our strategic ambitions. As part of this process, the committee reviewed our margins and operating cash flow targets and defined steps to significantly reduce operating costs at the Holding level. By the end of 2022, the committee had completed its mission, with most of the changes already executed and further changes planned for the beginning of 2023.

With the discontinuation of the Group Operating Committee (GOC) (see more on page 30), our corporate mission shifted from being a highly centralized hub for business decisions to focusing on defining KPIs, monitoring the performance of our brands, and capital allocation. Led directly by the CEO, the Holding company maintains spe-

cific capabilities and teams, such as finance, legal and compliance, reputation, risk management, cybersecurity, executive compensation, corporate strategy, and our Commitment to Life sustainability initiatives. Because the Holding company will not be engaged in the Business Unit's operations, other capabilities such as R&D, procurement, digital innovation, technology, and talent development have now been absorbed by the businesses, resulting in organizational changes at the Holding company level, with the following executives:

→ **Guilherme Castellan** remains as Natura &Co Chief Financial Officer. Additionally, Guilherme oversees Investor Relations, Corporate Strategy, and Cybersecurity;

→ **Itamar Gaino** continues as the Natura &Co Chief Legal and Compliance Officer, with additional responsibility for Tax, Risk, and Internal Controls. The Legal & Compliance team still operates as a Hub, leveraging its expertise across all Business Units and the Holding company team;

→ **Beth Powell** has a broadened role as Natura &Co VP of People & Reward following the departure of Paula Fallowfield. The holding HR function now has a streamlined remit, responsible for succession and compensation of senior executive roles, defining and managing share plans, delivering People Technology, and overseeing Hold-



In 2022, our corporate efforts shifted from a model that sought global synergies to one that provided the businesses with the support needed to generate value for all stakeholders.

ing Internal Communications and People Analytics;

→ **Marcelo Behar** remains as VP of Sustainability & Group Affairs, including External Communications and Advocacy. Marcelo also oversees the review of the Holding company sustainability structure, ensuring that it best enables the Business Units to face challenges with greater accountability and autonomy.

As a result, our corporate expenses were down 30% compared with 2021.

People first

Every decision made throughout this strategic shift has been taken with the utmost care for our people. Wherever possible, we worked with impacted individuals to identify opportunities for relocation within the Business Units. Our Human Resources team had a pivotal role in estab-

lishing a stable common ground and translating the new approach into a people organization that is leaner and poised to turn our businesses around from 2023 with greater autonomy and accountability.

Most importantly, we strove to articulate the process with transparency and consistency while setting honest expectations and engaging our leadership team in the internal communications efforts. Therefore, despite the challenges, we achieved favorable consolidated results in our annual employee engagement survey. We also maintained a steady low voluntary employee turnover.

There was also significant progress in our people goals within the Commitment to Life sustainability vision. We closed the gender pay gap one year ahead of our target while advancing in ensuring a living wage (or higher) for all and remaining vigilant on the representation

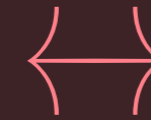
of women in our leadership. Nevertheless, we are still dealing with complexities regarding our diversity and inclusion targets that we hope to overcome in 2023. You can find more information on page 98.

At Natura &Co, our managers ensure people know what they should do and why they should do it. This assumption means that we individually establish blocks to build something bigger than ourselves. We are a collective of people sharing purpose and dreams to mobilize minds and hearts for the benefit of the world. These principles continue to be the foundation of our corporate culture project, paused in 2022 due to the reorganization process, and to be resumed in 2023.

Update on global synergies

For the supply chain, we further improved our strategic sourcing through better commercial negotiations, optimized operations for

improved inventory management, and managed payables according to the commercial business cycle. Embrace, our partnership program which aims to develop quality long term relationships with our key suppliers, completed its second year successfully, with awardees in categories connected to the pillars of our vision and strategy. More information at www.naturaeco.com/suppliers-embrace/



Path to *investment grade*

We almost doubled our average debt maturity based on a process of careful management liability.

→ **2020:** capital injection and deleveraging of the balance sheet following the acquisition of Avon with significant liabilities.

→ **2021 and 2022:** liability management to reduce the overall

cost (sustainability bond) and successes in extending the maturity or improving the nature of the debt, which was extremely important in navigating the crisis.

→ **2023:** liability management and capital structure remain our top priorities for achieving investment grade.



Natura &Co

Latin America

The path to growth

Our combined operations in Latin America showed strength, with a solid performance in Natura and encouraging sequential improvements in Avon CFT. The next stage is leveraging our social selling model to operate both brands simultaneously and boost prosperity for the network.

In 2022, Natura &Co Latin America reaped the benefits of the adjustments made just after the initial rollout of Avon's new commercial model in Brazil, and also posted positive results for Natura Latin America. The Business Unit ended the year consolidating its stronghold leadership in the region, showing particular resilience amid the difficult global macroeconomic circumstances, amplified by political instability in some countries. Total revenues in 2022 were up 6.3% in CC (down 1.7% in BRL due to foreign exchange impacts and hyperinflation accounting effects). The full-year performance was driven by the Natura brand, while the year also saw improvement performance by Avon in the CFT category, which combined were more than enough

to offset the impacts of the planned Fashion & Home portfolio optimization strategy in Avon Latin America. Adjusted EBITDA margin was 10%, down 120 bps despite price increases and strict cost control as a result of the challenging environment.

The conclusion of the first stage of the integration provided additional insights into direct sales channel behavior and what to expect during the implementation of the planned accelerated combination of the Avon and Natura businesses in Latin America. A fully dedicated team has been put in place to rollout the strategy across the region in 2023 (starting with Peru and Colombia, and followed by Brazil). The objective is to unify the value proposition for Consultants and Representatives



Rock for *the forest*

Natura was back at the Rock in Rio Music Festival in 2022 to raise awareness of the importance of keeping the Amazon forest alive and standing. Brand activations such as "NAVE" and "Portal Natura" invited the public to get to know other dimensions of the forest and engage in choices that positively impact the planet's future. More information can be found on page 96.

so that 100% of them can operate with both brands simultaneously. In this phase, the Natura brand's commercial and distribution platform will incorporate Avon's operations, offering a higher service level, driving efficiencies, and unlocking profitability. Nevertheless, both brands will maintain and enhance their individual attributes to consumers, amplify their distinctiveness and complementarity, and working towards a digital mindset to explore opportunities.

Natura: sustained leadership

In 2022, Natura's net revenue in the region was up 14.5% in CC (6.2% in BRL), with solid momentum in Brazil and further growth in Hispanic America.

In Brazil, based on data from Kantar, Natura resumed growth in line with the Cosmetics, Fragrances and Personal Care (CFT) market,

maintaining its market share and leadership. The latest data available from Euromonitor (2021) also shows that the brand maintains its leadership in the country. Natura was also ranked the 7th most valuable brand in Brazil by Brand Finance and, once again, ranked the strongest cosmetics brand in the world in the brand strength index. Topline growth for Natura in Brazil was 14.4% in CC (14.3% in BRL), boosted by price increases, combined with a better mix. The gift category also showed a better performance in Q4 compared to the brand's total growth in the region.

The average available consultant base reached 1.16 million in Brazil, broadly stable compared with the previous year. The continuous efforts to create an ecosystem through the acceleration of a 100% customized consultant offer and digital social-selling tools such as



All eyes on Avon

For the second year, Avon sponsored Big Brother, the biggest reality show in Brazil, boosting the visibility of Representatives, showing innovative products, and restating the brand's commitment to women's causes. Through The Fantastic World of Avon, the participants had an immersive experience of Avon's make-up, fragrances, and body and face products. The brand also addressed topics such as diversity, gender, self-esteem, and entrepreneurship. Avon reached more than 150 million people during the course of the show, led interactions in social media, and registered a 177% growth in e-commerce sales compared to the average in the previous months.

the ones for content creation and network training proved their worth yet again. In addition, consultant productivity was up by a strong +14.9% in Q4-22 compared to Q4-21 in Brazil, a softer performance sequentially, but on track of a tougher comparable base. The penetration of digital (consultants who logged in at least once to the digital catalog or the app during the quarter) reached an impressive 82.1% in Q4-22. Retail and online channels also saw significant growth in 2022. The number of own stores reached 90 (+18 compared to the previous year), while franchise stores increased to 649 (+74 compared to the previous year). Digital also showed solid performance, with digital top line growth of 19.8% in 2022, driven by a substantial number of visits and the average ticket, leveraged by branding media, fragrance mix, and freight initiatives.

With regard to the Hispanic countries in Latin America, Natura's net revenue was up 14.6% in CC (-5.3% in BRL), despite political and economic turmoil, especially in Argentina, Chile and Peru. The average available consultant base reached 0.88 million in 2022, reaching 3,7% of growth compared to 2021. The Body Shop Latin America and Aesop experienced a good performance in

the retail and online channels in the last months of 2022.

Avon: fixed fundamentals

If the first wave of the Avon turnaround in Latin America took more time than expected due to external and internal challenges, route corrections implemented at the end of 2021 in Brazil yielded positive trends in 2022. Avon recorded an encouraging sequential topline improvement in the Beauty segment throughout the year. The measures adopted to balance business activity and recruit new representatives resulted in improved KPIs, including productivity growth in the Beauty category, which also benefited from a better product and price mix, product innovation, and marketing strategies such as the Big Brother Brazil sponsorship.

However, Avon's overall net revenue in Brazil was still down 5.7% compared with 2021 due to a drop in Fashion and Home sales, as a result of a deliberate ongoing portfolio reduction in this category and a post-lockdown change in consumer habits.

The number of average available representatives in Brazil improved sequentially and showed a stabilization of the channel. Overall represen-

tative activity also improved sequentially compared to the previous year, further closing the gap to YE 2021 levels.

In Hispanic America, the new commercial model showed progress in Ecuador, and quick wins in Colombia and Central America, with a sequential increase in activity and higher representative recruitment. Overall, net revenue for Avon in Hispanic America was down 2.4% in CC (-13.8% in BRL), despite the mentioned performance in the markets stated above, as well as in Argentina. It was, however, impacted by a decrease in Mexico (which has higher exposure to the Fashion and Home category), as well as Chile and Peru, both impacted by political and economic context.

As observed in Brazil, the Beauty category grew by 4.6% in Latin America, but this was offset mainly by the Fashion and Home category. The adjustments in the portfolio will also continue during the second wave of integration and will be based on criteria of profitability, return on invested capital, and complementarity to Natura's portfolio and categories.

&Co Pay

In 2022, the platform to enable financial and digital inclusion for consultants and representatives posted strong growth in the number of accounts, reaching approximately 500,000, while the Total Payment Volume (TPV) amounted to R\$ 25.6 billion for the year. The successful performance in Brazil was supported by the accelerated adoption of the Pix instant payment service and the processing of all sales to consultants via credit card, both launched in 2021. Due to the commencement of additional support for the retail operation and the launch of the Avon brand in the last quarter of 2022, &Co Pay now has the enhanced capacity to capture and process all of Natura's direct sales and e-commerce payments across all channels and brands in Brazil. Natura consultants who use the platform generally have higher activity and lower payment default levels. Also, our international expansion process started with a pilot implemented in Q4 in our Argentina operation.

In early November 2022, &Co Pay obtained the Brazilian Central Bank's approval to operate as a financial institution, namely a Direct Credit Company (Sociedade de Crédito Direto). This will result in a new phase for the financial services business with the availability of important levers for cash, funding, credit, and the inclusion of our consultants and representatives. A pilot is also underway in Brazil as part of the preparations to roll this facility out to retail operations.



Empowering prosperity through a mindful financial approach to society, environment, and economy

To balance profit and purpose in their management approach, Natura has developed an Integrated Profit and Loss (IP&L) model. This model assigns monetary values to the impacts of Natura's activities on the economy, environment and society. This allows for an integrated analysis of the effects on the business's financial results and contributes to the consideration of dynamic and transparent materiality in corporate governance. IP&L assesses a wide range of Natura's activities, from supplier chains and extractivist communities in the Amazon region to Natura operations, beauty consultants, product use, and product end-of-life.

The IP&L methodology is comprehensive and involves several stages, including the use of metrics from institutions such as Wage Indicator, WHO, and OECD, as well as indicators from Natura's business. For example, we apply the living income* concept and evaluate consultants with income above this level (positive effect of our business model) and those who have not yet reached the reference value (counted as a negative effect, where we can move forward to help them prosper economically). In addition to earnings from product sales, indirect benefits, such as professional training, are valued. In another example, in the Amazon, we evaluated the impacts of purchasing inputs from biodiversity of sustainable origin and investments made in the region and compared deforestation data from neighboring areas with information from the places where we operate to see how our operation contributed to conserving the standing forest**. For instance, Natura's partnership with extractivist communities returns 8.6 times the amount invested, while the Carbon Neutral Program, which remunerates

the communities in Natura production chain for environmental conservation through offsetting carbon initiatives, returns 40.1 times the investment to society.

Through IP&L, Natura has found that for every US\$1 in revenue, the company generated US\$1.5 of positive impact on society in 2021. This model is the result of a cycle of advances in Natura's impact assessment mechanisms since 2010 with the development of Environmental Profit and Loss (EP&L) and Social Profit and Loss (SP&L) models, published in 2016 and 2018, respectively. It is a model in constant evolution, in accordance with the advancements in the scientific community and the developments in the spheres of impact valuation. It also incorporates the sustainability strategy of the company, as well as the business model that is based on the principles of purpose, prosperity, and belonging.

Through that journey, Natura's IP&L model continues to evolve, and the company has been sharing this methodology with investors and other companies to achieve a more transparent and comparable model. Natura will report update data on IP&L, related to 2022 results, in mid-2023, at Natura &Co Latin America GRI report.

*Natura uses the terminology of living income for consultants because they carry out an entrepreneurial activity and living wage for employees. In both, it uses the living wage parameter and methodology from the Wage Indicator Foundation. The living wage figure is calculated proportionally to the average time (hours) dedicated to consulting.

**Each hectare conserved is equivalent to R\$ 3000. Source: Groot, R., Brander, L., van der Ploeg, S., et al. (2012) Global Estimates of the Value of Ecosystems and Their Services in Monetary Units.

Natura innovavtion

Luna Coragem

Supported by neuroscience tests and well-being studies, Natura created Luna Coragem, a fragrance that encourages and empowers women. It combines the protea flower, which symbolizes resistance and hope, the warmth of pink pepper, and the creaminess of copafaba, an ingredient from Brazilian biodiversity. The woody scent of patchouli complements this invitation to conquer new spaces, equality, respect, and representation.



Chronos Aqua Plumping Bio-Hydrating Serum

A new addition to the Chronos range, this watery serum formula with fevillea prebiotic, an active ingredient from Brazilian biodiversity, and triple hyaluronic acid 1.5%, fills and hydrates all the layers of the skin with an immediate, progressive, and lasting effect. It stimulates self-filling and hydration, reducing the appearance of soft to deep lines and wrinkles.



Kaiak

The original Natura Kaiak, Kaiak Pulso, Kaiak Aventura, and Kaiak Oceano lines have new, improved and more sustainable packaging with caps containing 20% less plastic and 50% material derived from recycled waste retrieved from the Brazilian coastline by social cooperatives. From the start, the Kaiak range was designed with choices that respect the ocean and fragrances that evoke its power and freshness.

Essencial Único

The noblest and most sophisticated fragrance within Natura's "Casa de Perfumaria do Brasil", Essencial Único showcases a unique floral bouquet that combines the purest filtered accords of Egyptian jasmine (for the feminine version) or vetiver (for the masculine one) with copafaba, a precious wood from the Amazon forest. Natura also launched refills for its entire Essencial range, with 45% recycled glass and a 100% post-consumer recycled plastic cap.



Avon *International*

In the right **direction**

Avon International ends 2022 with restored business fundamentals and a new commercial model fully implemented to deliver organic revenues and margin expansion – all enabled by a reignited brand proposition.

In 2022, Avon faced unexpected, challenging external circumstances given its geographical footprint: the deteriorating economic conditions in key markets, with the cost of living crisis and inflationary pressures, and, notably, the outbreak of the war in Ukraine. Because of the international sanctions imposed on Russia, Avon has stopped investments and suspended exports from the country, maintaining only self-contained local operations in support of women (who operate as independent entrepreneurs) and their children, as Avon has done for the last 137 years.

In Ukraine, the focus has been on aiding Avon's employees and Representatives, providing humanitarian assistance (see more on page 99) and restoring operations, now

at approximately 80% of pre-war levels. Neighboring countries, such as Poland and Romania, also significant markets for Avon, started seeing a decline in consumer confidence during the second half of 2022, as the result of additional pressure on energy prices, which is also affecting Western Europe. These crises combined impacted Avon's overall results for the year, with total net revenue down 9.9% in CC (-22.9% in BRL), and adjusted EBITDA margin down 4.3% in CC (-170 bps compared to the previous year).

Russia and Ukraine apart, Avon demonstrated steady ongoing progress in its Open Up & Grow strategy, with tangible, sequential improvements in key performance metrics compared with 2021. By resetting fundamentals and radi-



The Power *of Aging*

In partnership with Marie Claire UK, Avon launched the podcast series "The Power of Aging", following the publication of its research that showed that two-thirds of women globally feel their confidence is improving as they age (67%) and that aging is not something to fear (63%). The initiative invited five talented women from the world of beauty, media, and business to share their positive experiences of life after 40, what impacts their sense of power as they age, and their changing attitudes to beauty.

cally simplifying the business, Avon is now leaner, more agile, and has greater standardization of commercial and marketing processes. Effective revenue management and strict financial discipline have been able to mitigate the impact of macroeconomic conditions. Furthermore, Avon continued to optimize its geographical presence, transferring three countries to a partner distributor (Saudi Arabia, India, and Kyrgyzstan) and closing down the business in Albania.

The announced closure of Avon's Suffern R&D facility in the United States, relocating R&D operations to Brazil and Poland, and the outsourcing of the IT infrastructure and application services will also result in considerable recurring savings from 2023 onward. Furthermore, these moves will drive the pace and relevancy of innovation in product development and technology.

Beauty your way

Avon's new commercial model has been implemented in 30 markets. This simplified program delivers an enhanced earnings opportunity for Avon's Representatives with a personalized experience, supporting them to do beauty their way. It also helped improve Representative retention (up 4%) and productivity (up 8%), particularly in the higher-earning Representative segments.

As part of the continuous focus on the digitalization of the direct selling channel, the penetration of the Avon ON App reached 30% of Representa-

tatives, a growth of 4,9pp versus the previous year or five times pre-pandemic levels, while digital sales accounted for 7.9% of total revenue, a growth of 0.7pp year-over-year. Accelerating Avon's omnichannel presence remains a critical path going forward, opening up access to Representatives and consumers wherever they want to connect. For example, an exciting launch in 2022 was the integration of artificial intelligence and AR-powered makeup try-on technology to help customers find their perfect match. They can see the products come to life with hyper-realistic results using their mobile camera, a webcam on a desktop computer, or an enhanced high-touch shopping experience available in the Representatives' digital brochures.

Aspirational beauty, irresistible value

The portfolio transformation is still underway, driving simplification and harmonization and resulting in

a 20% reduction in product offers, with a focus on building cult and hero products. The innovation pipeline is centered on fewer and more significant innovations, stretching to middle and upper mass to drive gross margin, pricing power, and sustainability.

Avon is driving brand reappraisal through a clear cult product strategy, based on the very best products loved by Representatives and consumers. In 2022, it conducted a new series of blind-tests against premium competitors in the fragrance, make up and skin care categories. The results showed that 11 out of 12 Avon products were considered as good or even better than luxury products that cost up to four times more.

Finally, a GlobalData fragrance claim validation prepared in October 2022 confirmed that Avon remains the largest fragrance brand in the world (as measured by volume or units sold in 2021).



By resetting fundamentals and radically simplifying the business, Avon is now leaner, more agile, and has greater standardization of commercial and marketing processes.



Avon International *innovation*

ANEW Sensitive+ Collection

Built upon Avon's award-winning breakthrough Protinol™ technology, the system helps to reduce the appearance of fine lines and wrinkles while replenishing the skin's moisture barrier. Unlike other active ingredients such as Retinol, Protinol™ boosts collagen without irritating the skin. The affordable groundbreaking range includes Anew Sensitive+ Cream Cleanser, Anew Sensitive+ Dual Collagen Eye Cream, and Anew Sensitive+ Dual Collagen Face Cream.



Eve Privé

Avon's first-ever customized fragrance, Eve Privé features a delicate white musky molecule that was exclusively designed to mix with the chemistry of each skin type to enhance its natural scent. This comforting, customizable musk forms the heart of the woody floral scent, which opens with the crisp hit of red apples and delicate jasmine petals. Moreover, due to this molecular technology, the personal fragrance lingers for hours to create the feeling of a second skin.



Far Away Splendoria

A modern, brighter interpretation of the liquid gold of Middle Eastern perfumery, Splendoria is the newest, most glamorous member to join the original Avon Far Away family. While traditional oud is considered dark and masculine, Avon created an exclusive White Oud accord to give this rare Middle Eastern ingredient a fresh twist and a more feminine and sensual edge. This accord is complemented by the rich fruitiness of black splendor plums, a bouquet of white floral gardenias, and finished with warm, creamy vanilla.



Ultra Color Lip Gloss

Formulated with 3D-light reflective pigments and pomegranate and grapefruit extracts for an uplifting boost, the gloss range can be worn alone as a clear shimmer to allow the natural lip to show through or layered on top of lipstick for a more dramatic effect. It includes an XL wand that follows the natural curve of the lips to enhance and define contours. Available in 15 shades that harmonize with all skin tones and with three different finishes: sheer, creamy, and shimmer.

The Body Shop

Advocate for the future

The past year was far from easy. Still, The Body Shop is on track to turn its business around through a revived retail experience, rejuvenated products, and a restated purpose that amplifies the voices of young people.



It is no exaggeration to say that 2022 was the most difficult year in the history of The Body Shop. An extraordinary set of external factors significantly disrupted the business, prompting The Body Shop team to pursue the best possible outcome in very challenging circumstances. Having taken tough decisions and decisive action to adapt to the complex environment, The Body Shop is continuing its transformation journey to reposition the business for new times and return to achieving profit with purpose.

In 2022, The Body Shop's total net revenue was down 13.5% in CC (-24.3% in BRL), mainly due to channel mix rebalancing after COVID-19 and reduced disposable income in Europe, especially in the UK. The

adjusted EBITDA margin was 10.9% (-670 bps compared to the previous year) due to sales deleverage and gross margin pressure, also impacted by the price of inputs and foreign exchange dynamics. Although showing signs of recovery towards the end of the year, footfall to stores was not enough to offset the decline of The Body Shop at Home, which had risen exponentially during the pandemic, and the high product inventory levels held by the franchise partners during the lockdowns. Moreover, The Body Shop suspended all 26 stores and e-commerce operations in Russia after the start of the war in Ukraine, while continuing to support the people who depended on the business for their livelihood.

To overcome these challenges, the management team looked closely at the business and acted on all the fronts that were under its control to drive margin improvement, including strict financial discipline, minimizing discretionary spending, and rightsizing the overhead structure. The set-up of additional global support for franchise partners with actions to stimulate demand meant that, by the end of the year, inventory levels were much higher than pre-pandemic levels.

Despite the uneven results throughout the year, the e-commerce channel saw ongoing improvements, reaching double pre-pandemic levels in 2022. As for The Body Shop at Home, after performing superlatively during the lockdowns, it saw a steep decline in consultant numbers as economies reopened. This reduction in size led to it reverting to being a complementary channel in the UK and Australia, while operations in the United States were closed.

Retail at heart

Key to its continued transformation, The Body Shop is ramping up the deployment of its new Change-making Workshop stores, a process that was significantly delayed by the lockdowns during the different waves of COVID-19. The revitalized retail experience is attracting new customers, with a 15 pp improvement in performance compared to the traditional model. By the end of 2022, 10% of the brand's footprint had been refitted, including owned and franchised stores. The pace of refitting more stores will continue

in 2023. Furthermore, the in-store refill stations, now installed in 793 stores, established a new standard in the industry. They are engaging consumers, particularly the young, in the circular economy, offering a more affordable option for personal care products and achieving a higher repeat purchase rate than plastic bottles.

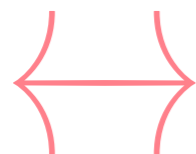
Product rejuvenation is also advancing across categories, with high-quality natural formulations and sustainable premium packaging. Due to the disruptions in the supply chain caused by the pandemic, The Body Shop was only able to launch the first reimagined range in the second half of 2021. This included the iconic body butters, followed rapidly by hair care and body shower gels, as well as premium skincare and a wellness range. By the end of 2022, approximately half of the portfolio had been reformulated, with more to come in 2023.

Finally, another drive for growth is The Body Shop's presence in 80 countries, which may offset headwinds in some national economies. Initiatives underway include the positive outlook for the repositioning in Japan (after the buy-back from the head franchisee) and significant expansion plans by the head franchisee in India. The Body Shop was a pioneer in markets such as Saudi Arabia and South and Southeast Asia, and it intends to repeat this feat in the sub-Saharan African countries, where the company is already extending distribu-

tion to Kenya.

Global recognition

Regardless of the challenges, today, The Body Shop is closer to its original vision than it has been in decades, upholding the legacy of its founder Dame Anita Roddick. It continued to gain recognition through high-profile awards across the world. These included winning The Beauty Brand that is Making a Difference, awarded by The Sunday Times in the UK, the "Health and Beauty Retailer of the Year" from the Retail Asia Awards in India, and the Fast Company Brands That Matter in the United States. Nowadays, retail has to fight even harder to be relevant for new times and new generations. For The Body Shop, this means growing the business while positively impacting people and the planet. One example of this is the new global campaign Be Seen Be Heard, which seeks to raise the voices of young people in public life (find out more on page 91).



Stand on mental health

In 2022, The Body Shop re-launched its premium skincare range Drops of Youth, renaming it Edelweiss and taking a stand on the anti-aging narrative. The Self-Love Index research commissioned by The Body Shop showed that consumers want brands to take real action to promote positive mental health in society and not to undermine self-confidence through the propagation of unrealistic claims.

The Body Shop *Innovation*

Edelweiss

The former Drops of Youth inspired the new skincare range. It is now enriched with double the concentration of edelweiss, a rare mountain flower that grows in Alpine environments subject to extreme weather conditions and has powerful antioxidant properties. The formula is 43% more potent than retinol and is made with 99% natural-origin ingredients to help smooth and protect the skin.



Vitamin C Glow Revealing Serum

The newly developed serum packs 10% of vitamin C – the highest concentration ever offered by The Body Shop and is enriched with bakuchiol to help reduce the appearance of uneven pigmentation. The formulas for the entire Vitamin C range are now made with at least 90% natural-origin ingredients. Some contain camu camu berry extract, one of nature's richest sources of vitamin C.

Wellness & Self-Care

The range features three new routines: Sleep (lavender and vetiver), Boost (mandarin and bergamot), and Breathe (eucalyptus and rosemary), designed to help people recharge, reconnect, and re-energize. The products have at least 90% natural-origin ingredients and contain 100% natural essential oils. They are vegan-certified and come in recyclable glass and aluminum jars or bottles.



Jamaican Black Castor Oil

A widely tested and reviewed range to help detangle, hydrate, and define all types of curls and coils. The formula is enriched with Community Fair Trade shea butter and vegan keratin protein and is presented in four products: curl activator, cleansing conditioner, intense moisture mask, and leave-in conditioner.



Aesop

Continued evolution

From its salon origins in Australia to a truly global 'new luxury' player today, Aesop continues to evolve and thrive. In 2022 the brand extended its footprint, enhanced both product and customer experiences, and took a design-led approach to advancing against a bold sustainability agenda.

2022 once again saw outstanding achievements for Aesop, which continued to drive global growth while maintaining its distinctive positioning centered on disruptive design, considered creativity, and passion for delivering sensational customer service with a sensorial and immersive experience.

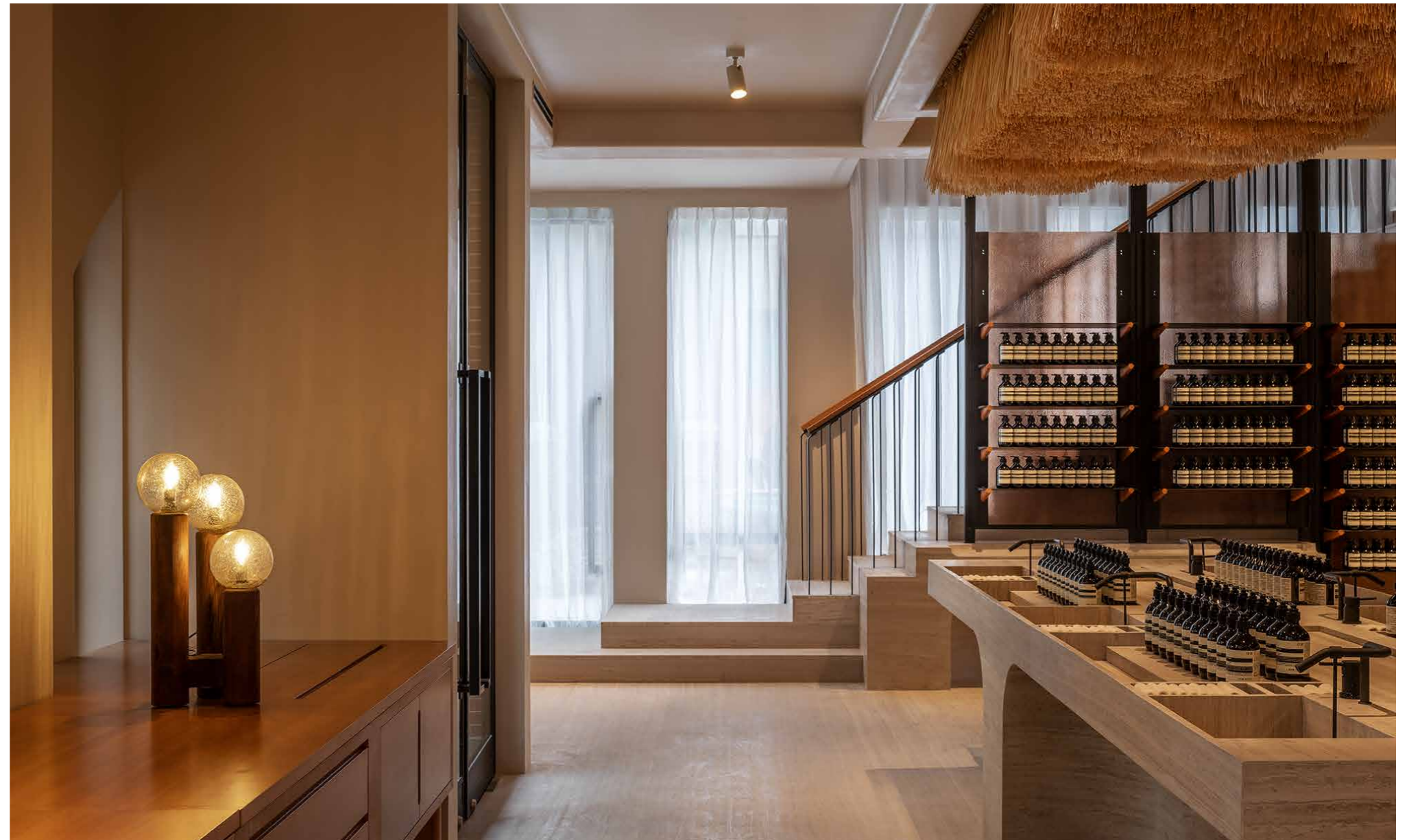
All regions delivered strong growth significantly outpacing the wider industry. Total net revenues reached 21% in CC (4.6% growth in BRL), driven by stronger retail and wholesale sales and softer e-commerce performance, normalizing the channel mix post-COVID with the return of consumers to the streets and the

resumption of international travel. An increase in store productivity combined with a favorable product and price mix counter balanced inflationary cost constraints.

The adjusted EBITDA margin was 21.7% (-230 bps compared to the previous year), pressured as expected by planned investments to deliver future growth, primarily related to the roll-out of new stores, technology, supply chain, and human resources enhancements, including preparation for Aesop's entry to China.

The start-up of operations in China at the end of 2022 was a pivotal mo-

ment within Aesop's strategic ambitions. Besides the launch of Aesop.com and a storefront on the T-Mall platform, Aesop opened its first two physical stores in mainland China in December. The first store on Shanghai's Dongping Road pays homage to Chinese craftsmanship, houses an immersive fragrance Sensorium



The first store on Shanghai's Dongping Road pays homage to Chinese craftsmanship, houses an immersive fragrance Sensorium, and is surrounded by a garden with Chinese medicinal herbs.

(dedicated and uniquely-designed space for fragrance and aroma), and is surrounded by a garden with Chinese medicinal herbs. It has had an overwhelming reception from both customers and the media, and is outperforming trading expectations. A second Shanghai store in Xiantandi followed a few weeks later, achieving strong early success.

Growth by design

In 2022, Aesop continued to expand its physical retail footprint, with the rollout of stores in new cities such as Shanghai (China), Madrid (Spain) and Cambridge (UK), and by further strengthening its penetration in existing and fast-growing markets such as Japan, South Korea, Canada, and Australia. By the end of the year, Aesop had a total of 287 signature stores and 107 counters in department stores.

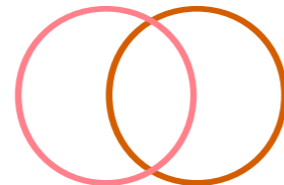
It was also an important year for the Fragrance category, which saw a further 50% growth. Alongside expanding the range, Aesop continued to elevate its in-store experience and customer journey around Fragrance. A series of dedicated

sensory installations were brought to life throughout the year such as the Armoire in both Paris and London, the Bibliothèque in Vienna, a Sensorium in Regent Street London and bespoke in-shelf fragrance executions in further stores across the globe.

Three locations were highly emblematic and marked significant moves for Aesop. In Korea, the new store in Seong-Su features the amplification of regenerative practices in the design of Aesop spaces across the globe, evoking a circular vision for future endeavors. Aesop opened its first European flagship space on London's prominent Regent Street. This is now its largest store in Europe and extends the customer experience with skincare treatment rooms, as well as a Sensorium to host fragrance consultations. Meanwhile, in its home city of Melbourne, the company shifted its 15 year old Collins Street presence to a grand new flagship space at the iconic old George's Building. Complementing its physical presence, Aesop continued optimizing its e-commerce in pursuit of a more mobile-friendly

experience, as well as integrating more local payment systems and expanding its clienteling solutions.

Aesop continues to engage its global customer communities with creative conversations, for example with Queer Library celebrations in various cities, the Future Fables audio series, and Otherworlds playlists to celebrate the new fragrance collection. It also brought to life innovative sustainability activations such as Kyklos in Seoul to explore regenerative practices in conjunction with local artists. For the Festive season, its beloved city guides were brought to life in digital form to showcase some of Aesop's favorite hidden treasures in cities like Los Angeles and Sydney.



//
The Shanghai store in Xiantandi followed a few weeks after the Dongping Road store opened its doors.

Aesop innovation

Eidesis

An aromatic journey inspired by the myth of Narcissus, honoring the imaginary worlds beyond the surface of a mirror. Watery reflections and refractions of resinous sandalwood are juxtaposed against a warm heart of cedar and cumin, with inviting top notes of petitgrain and spicy black pepper.

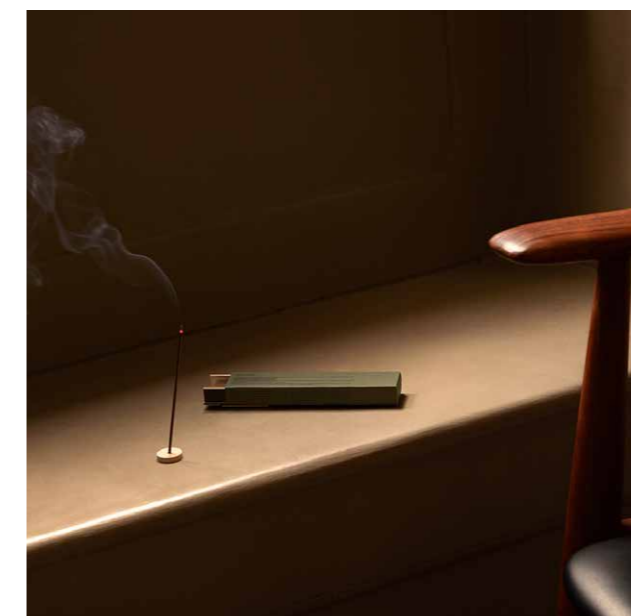


Exalted Eye Serum

As Aesop continue to drive the elevation of its Skin Care range, it extended its more premium Skincare Plus+ range with this delightful, lightweight serum. It is Aesop's most enriched eye product with Vitamins B, C, and E for targeted hydration and luminosity.

Rick Owens Travel Kit

Aesop developed a collaboration with celebrated fashion designer Rick Owens, creating a sophisticated travel kit which included a bespoke fragrance Stoic, alongside favored body and hair care formulations, housed in a sustainable recycled paper pulp case and clad in a cotton jersey wrap.



Aromatique Incense

A new range of incense sticks available in three therapeutic scents to bring aromatic peacefulness and serenity to one's home. The Kagerou incense is inspired by the earthy, green, and smoky facets of vetiver. Meanwhile, Sarashina features dry, woody notes of sandalwood and warm, comforting spice. Murasaki brings to life a more resinous and spicy journey with notes of hinoki, a cypress native to Japan and East Asia. Each pack includes a water-soluble pumice holder.

Fable Investments

Fable is Natura &Co's investment subsidiary that supports (with a minority stake) innovative and emerging businesses within the beauty and wellness arenas. In 2022, Fable's portfolio had a dynamic year, with two investments in particular, maude and Perfumer H, presenting outstanding results.

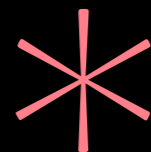
→ **maude:** a modern intimacy company launched in 2018 to disrupt the male-focused legacy sexual wellness industry. Founded by Eva Goicochea, maude offers a unique and inclusive assortment of sex essentials and personal care products that are body-safe and easy to use. In 2022, maude saw a +50% growth rate and successfully made its debut at Sephora US online as their first sexual wellness brand.

→ **Perfumer H:** an artisan fragrance brand founded by British perfumer Lyn Harris, the only classically trained female nose in the UK. Lyn founded Perfumer H in 2015 with the desire to pioneer naturals and bring craftsmanship back to perfumery, creating unconventional fragrances that resonate with life and are integral to her style. In 2022, Perfumer H opened a second store in London and its first in Paris, doubling the size

of the business in partnership with Natura &Co's financial and expert support.

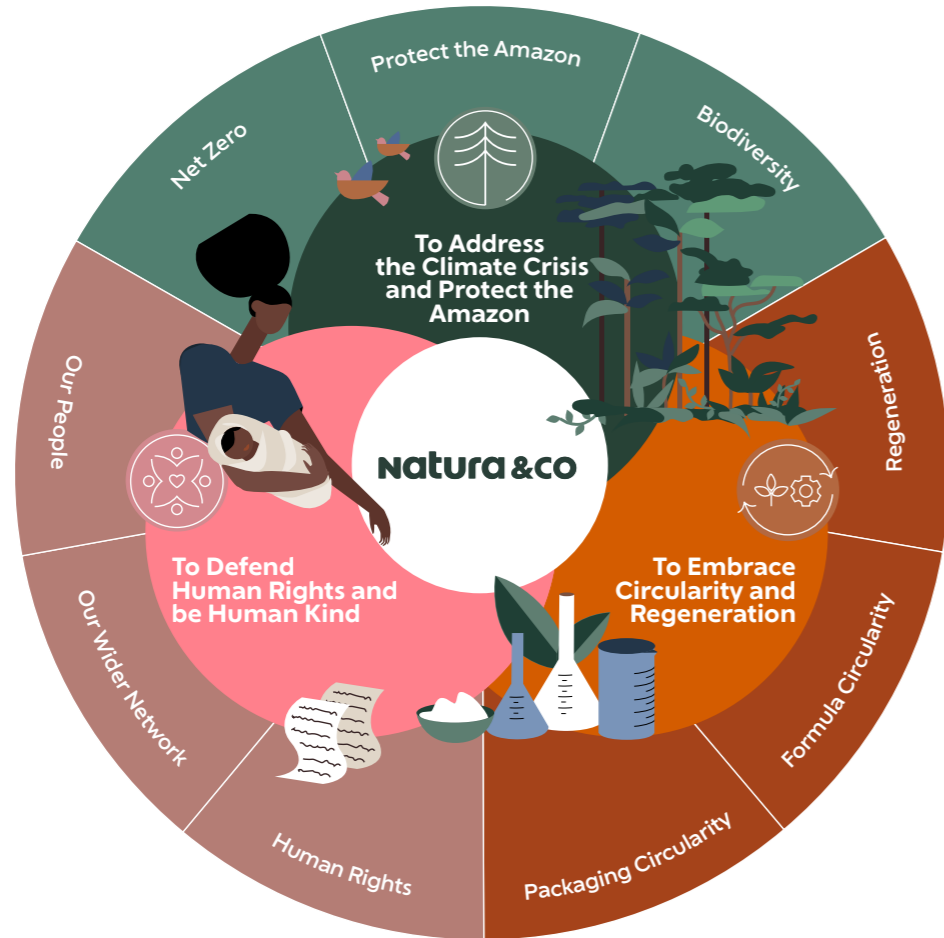
→ **LOLI:** as a beauty industry veteran, founder Tina Hedges created the world's first zero-waste, organic, and MADE SAFE certified skincare brand. LOLI's products are upcycled from organic food supply, waterless, vegan, non-GMO, and cruelty-free. The packages are plastic negative and are made of freshly grown mushrooms.

→ **Stratia:** born from a blog under Founder & CEO Alli Reed's pseudonym "The Acid Queen" in 2016, Stratia is a company obsessed with research and science-backed ingredients to create skincare that works. Her commitment to science means clear labeling, transparent ingredient declarations, and a commitment to efficacy for a wide variety of skin types. Vertically integrated, all products are formulated and manufactured in house.





Our
**Commitment
to Life**



Progressing *on many fronts*

Two years on from the launch of Commitment to Life, our sustainability vision aimed at addressing some of the world's most urgent and pressing challenges, we are making progress towards reaching some of the targets we set. Despite an organizational transformation in our structure, giving more autonomy to our businesses, we remain steadfast in our belief that sustainability is the foundation that unites us.



Sustainability data

For more information, please refer to our [sustainability data](#) which provides additional data, transparency and accountability on our environmental and social performance across our Business Units, from 1 January 2022 to 31 December 2022, in line with global reporting frameworks.

To Address the Climate Crisis and Protect the Amazon

After more than two years of looking into GHG emissions, we now have a much clearer vision of the challenges towards our NetZero carbon emissions target for the Group.

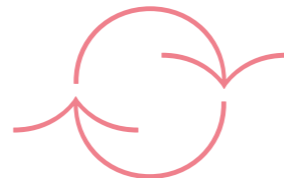
In 2021, we set our baseline for the four Business Units, consolidating the organizational footprints of scope 1, 2, and 3 carbon emissions. our science-based target to SBTi (Science Based Targets Initiative) and are in the process of validating the submission. After the verification, we will follow the pathway toward curbing our emissions in accordance with the 1.5oC scenario. For the first time, we have also included a carbon reduction target as a long-term incentive key performance indicator (KPI) for our Executives.

We remain measuring our GHG emissions including scopes 1, 2 and 3. ON scope 3, category 1 (purchased goods and services: product and non-product) remains the leading category, followed by category 4 (upstream transportation) and

category 12 (end of life). Excluding the use phase, Natura &Co Latin America accounts for 64% of emissions, Avon International for 24%, followed by The Body Shop with approximately 11% and Aesop with 1%. At a brand level, Avon accounts for most of the emissions, with approximately 72%, while Natura is responsible for close to 16%. For more details on 2022 GHG emissions please see the Sustainability appendix.

One example of the actions taken to reduce emissions was Natura's decision to use new trucks powered by natural gas, which have been used to transport the brand's finished products. With this initiative, we have emitted 16% fewer pollutants compared with the diesel-powered fleet. As a result, more than 18 tons

of greenhouse gas were no longer being released into the atmosphere in 2022. These vehicles are also capable of running on biomethane, a biofuel generated from organic waste, which further reduces the impact of this particular activity on the environment. The projection is to reduce emissions by up to 82% as the supply of biofuel expands in the country.



Climate Strategy

In 2021, we began the development of a project that will permit the group to evolve in the Risk Management and Strategic pillars of the Task Force on Climate-Related Financial Risks (TCFD) and will lead to greater integration of climate-related risks and opportunities into the global risk matrix.

This will also drive advances in the process of co-responsibility among the risk management, finance and sustainability areas in managing climate-related risk, in addition to including such risks in the processes of other areas such as strategic planning and product development.

In a risk and opportunity mapping process conducted previously by

Natura, we identified four climate risk factors (threats), principally related to transition: Market, Reputational, Regulatory and Technological. In terms of physical risks, the four main threats identified were floods, forest fires, droughts and heat waves. Examples of climate risks mapped are: technological restrictions and the increased cost of products per unit; increased expenditure on research and development; and damage to infrastructure and product stocks; among others. The analysis included the modelling of scenarios taking into account different contexts to evolve understanding of the transition and the physical risks. As a reference we used the climate scenarios established by the IPCC (Shared Socioeconomic Pathway - SSP and Representative Concentra-

tion Pathway – RCP scenarios), with forecasts ranging from worst case, in which nothing is done to limit global warming to the less extreme scenario, in which there are significant cuts in greenhouse gas (GHG) emissions worldwide by 2030. We also considered future economic and population growth trajectories and climate feedback.

The analysis of transition risks and opportunities takes into account these scenarios on a time horizon up to 2030 – for physical risks there are three periods (2030, 2050, 2070). The possibilities of a determined risk occurring used the same probability ruler used at Natura, and the different impacts that arose in each scenario will be used as inputs for strategic decisions.

Pushing the *global agenda*

We have an Advocacy function whose role is to take a stand on things which matter, to join forces with others and to work towards systems level change. We took part in the Convention on Biological Diversity (CBD) meeting in Geneva in March 2022, an important milestone towards the CBD COP15 UN Biodiversity Conference. Natura &Co was part of the business delegation, advocating for a stronger Post-2020 Biodiversity Framework. During the event, we offered a statement on behalf of the Finance for Biodiversity Foundation and the Business for Nature coalition at the Opening Plenary, urging policy makers to adopt a more ambitious Post-2020 Global Biodiversity Framework.

We were also present at Stockholm +50, in June 2022, an international conference that took place five decades after the 1972 United Nations Conference on the Human Environment and 30 years after The United Nations Conference on Environment and Development (UNCED), also known as the Rio de Janeiro Earth Summit. During the meeting, our team intervened with the following pledges: to address perverse incentives and to promote reform on obtaining economic rights by committing to environmentally harmful subsidies as a part of an ambitious Global Biodiversity Framework; to secure the universal human right to a healthy, clean and sustainable environment, meaning that we must urgently strength-

en the legal aspect of sustainable development and provide a legal underpinning for environmental and climate justice; to enhance transparency and accountability by supporting harmonized ESG standards.

In September, we attended Climate Week NYC 2022, where we discussed issues ranging from the importance of bringing nature into debates on carbon, to appreciating that it is an integral component and enabler of a net-zero world. We focused on the importance of governance in our engagements, referencing the B Corp legal requirement for companies to update their Articles of Association. There was a critically important theme around the question of a fair transition - ensuring that the rights and livelihoods of all people, particularly the most vulnerable, are protected in efforts to address climate change and nature loss. As part of the week, Natura &Co represented TNFD (Task Force for Nature Disclosures) as one of its founding members in two events with the financial sector.

During COP27, in November, we signed pledges to limit the temperature increase to 1.5°C as the best chance of avoiding the worst impacts of climate change. We endorsed a campaign led by the We Mean Business Coalition (WMB) called All in for One Point Five. We advocated for the adoption of an ambitious Post-2020 Global Biodi-

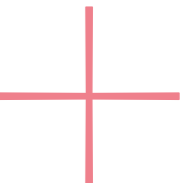
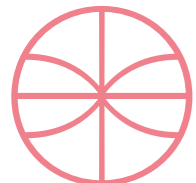
versity Framework, including mandatory corporate assessment and disclosures of impacts on nature. Natura &Co and Avon signed an open letter to the COP27 Presidency and Leadership team calling for greater accountability and transparency on male/female parity on the Egyptian COP27 leadership team.

The Body Shop continues to build on the work of founder Dame Anita Roddick and to use its business to campaign for social and environmental justice. Be Seen Be Heard is a collaboration between The Body Shop and the Office of the United Nations Secretary General's Envoy on Youth to promote political participation by young people and to amplify young voices in public life and has now been launched across 80 countries. The Body Shop was present at COP27, where the campaign urged decision-makers to push for greater efforts to be made to include young voices in climate negotiations.

At CBD COP15 in December, we defended the halting and reversing of nature loss as a global agenda; one that must have mainstream promotion and awareness; long term goals of the Agreement on Nature, such as the protection of natural ecosystems and the sustainable use of biodiversity, halting the extinction of threatened species; the sustainable use of biodiversity, maintaining and enhancing nature's contribution to people and ecosystem functions



& services; the equitable sharing of benefits from nature, ensuring traditional knowledge of Indigenous People and Local Communities is protected; the secure adequate means of implementation, making them equitably accessible to all parties. In the coming years, we will continue to build on our already strong track record of adhering to the UN Convention on Biological Diversity and will expand this practice by enforcing the Nagoya Protocol and Access and Benefit-sharing (ABS) payments to prevent biodiversity loss, reaching a total of R\$ 9.6 million.





A voice for the Amazon

In September, Natura relaunched the PlenaMata portal, in partnership with Mapbiomas, InfoAmazonia and Hacklab. The platform collects real-time data on monitoring of deforestation in the Brazilian Amazon, using data updated daily by the monitoring systems of INPE (National Institute for Space Research). These include the number of trees felled minute by minute and the total area deforested in the Brazilian Amazon. PlenaMata is now accessible in three languages – Portuguese, English and Spanish – and has become a key source of mobilization for preserving the forest. Plenamata is part of the Amazônia Viva Network, a community of people from inside and outside the Amazon, which includes Natura Beauty Consultants, employees, experts,

influencers and new leaders committed to protecting the rainforest, as well as other members of civil society.

Another important mobilization movement that we initiated in Brazil was the collection of signatures for the Amazonia de Pé Bill, a popular initiative law, coordinated by the non-profit NGO Nossas. In 2022, we collected more than fifty thousand signatures between September and December. Among the new features are unpublished contents and reports, a technical glossary, campaigns, and public petitions to protect the region. To drive awareness, the portal discloses editorial contents that contextualize the advance in deforestation and its consequences but also underscores the positive conservation and regeneration initiatives undertaken in the region.

PlenaMata (DETER/INPE) detected 0.2 m ha deforested in Q4, an increase of 12% YoY. In 2022, an area of 1 m ha was deforested (equivalent to approximately 580 million trees).



Fair trade to promote change

The Body Shop formed its Community Fair Trade program in 1987 (then called 'Trade Not Aid'). This approach remains at the heart of the business today, with high-quality ingredients and accessories sourced from 18 suppliers from 14 countries, helping to provide a fair and predictable income for 13,500 producers, farmers and artisans.

The Body Shop's shea butter, for example, has been handcrafted by women from the Tungteiya Women's Association in northern Ghana since 1994. The latest collaboration with the Lorna Young Foundation, Solidaridad and other organizations has enabled the launch of a 'Farmers Voice Radio' project in Ghana.

The radio is an essential resource to people in the community, sharing information to help with shea nut collecting and butter processing, and addressing key issues they face in their work. The broadcasts are now transmitted on 2 radio stations, estimated to reach 400,000 people.

Biodiversity and the Amazon Program

The Natura Amazonia Program was created to enhance positive impact in the territories of the agro extractivist communities where we have established relationships. This was built upon the actions that we had already initiated in the area since the inception of the Natura Ekos product line over 20 years ago. The program comprises three components. The science, technology and innovation component correspond to our research and development strategy to increase the use of and social biodiversity ingredients in our portfolio. The social biodiversity production chain component relates to our relationship strategy with supplier communities, oriented to the generation of work and income and to their social and economic development. With regard to the institutional reinforcement component, we network with partners with a view to consolidating the bioeconomy, leveraging socio-economic prosperity for communities and reinforcing environmental conservation and regeneration.

Together with our partners, our activities in the Amazon contribute to the conservation of 2 million hectares. Our goal is to reach 3 million. In addition to the areas of agro-extractivist community suppliers, the methodology takes into account the complete area of three conservation units: the Uacari and Rio Iratapuru Sustainable Development Reserves

and the middle Juruá Extractive Reserve.

Since 2018, the Ekos product line has been certified by the Union for Ethical BioTrade, an organization to which Natura has been a member since 2007. There are two certification processes. The first authenticates the supply chain (supplier communities and other commercial partners) for all the natural biodiversity ingredients and derivatives used in the Ekos line to ensure that they are managed with a due diligence system that complies with the principles of ethical sourcing. The second authenticates the effectiveness of our due diligence system, called the Social Biodiversity Chain Verification System, through which we conduct field audits of the supplier chains. These audits assess the organizational management of the communities involved, the implementation of good production and biodiversity conservation practices, as well as questions related to labor, occupational health and safety and the non-employment of child, forced or slave labor.

In line with its commitment to implement the Science Based Target Network (SBTN) framework – a five-step process that companies can follow to supplement their current strategy for addressing environmental issues or to begin exploring these issues for the first time – we made the decision to conduct a study of the Natura Ekos product line in Brazil. The five-step process includes an assessment phase

where the company gathers and/or supplements existing data to estimate the value chain-wide impacts and dependencies on nature. This leads to a list of potential issue areas and value chain locations for target setting. The subsequent steps in the process are: interpretation and prioritization; measurements; sets and disclosures; and action and tracking.

During Step 1A of the SBTN framework, the analysis focused on a materiality assessment conducted at the sectoral and company levels. This was in addition to upstream activities and the direct operations. After using the recommended tools and conducting a survey among key stakeholders, it was concluded that the most relevant environmental pressures in the upstream activities were "terrestrial ecosystem use and change in use" and "GHG emissions". In contrast, "water use", "GHG emissions" and "solid waste" were the more notable pressures for the direct operations.

Step 1B focused on the value chain assessment of Natura's high-risk commodities: Cupuaçu, Murumuru, Brazil nut, Ucuuba and Andiroba. Eighteen supplier communities that collect/produce and process these raw materials were identified and analyzed according to the framework, using a combination of different tools.

It was concluded that there are no water quality issues in the communities, or Natura Ecoparque. However, the only location facing water



availability issues is Cajamar. The water quality analysis prioritized Cajamar in the direct operations and Camtaua for upstream as the locations with higher risk. Although the SBTN guidelines recommend the prioritization to be based on water quality and water quantity, the analysis was extended to a review of general "state of nature" indicators: the MSA (Mean Species Abundance), STAR (Species Threat Abatement and Restoration Metric), and a proposed deforestation indicator.

The START (Threat abatement STAR) and STARR (Restoration STAR) score for each community supplier ranked low or very low. However, low scores do not mean that there are no threatened species present, rather that the abatement and restoration potential is low with regard to the global scale. Step 2 allows us to analyze and prioritize the list of

locations and value chain activities assessed in Step 1 to determine which areas require the most urgent action. Upon ascertaining which areas have the greatest negative impacts, target setting is prioritized accordingly.

Due to the homogeneity of these results, prioritization was made by taking into consideration deforestation periods of five and ten years, between 2015-2020 and 2010-2020 respectively, together with the MSA metric. Hence, the communities in which it is necessary to focus efforts to reduce environmental pressures on nature are: Camta, Camtaua, Coomflona, D'Irituia and Reca. If the MSA metric filter is removed from the prioritization, then Coopavam is the community with the highest deforestation in both periods considered. Additionally, taking into consideration the previous prioritization

list, the Caepim, Cofruta and Reca communities supply Ucuuba and/or Brazil nut, which are threatened species recognized by the IUCN 'Red List of Threatened Species'. Although Natura already has actions in place for the sustainable harvesting of these raw materials, such as innovative management systems and the implementation of a circular economy, it is important to emphasize that these communities require redoubled attention to their production systems so as not to increase the threat pressure exerted on them.





Rock *the Amazon*

To raise awareness of the importance of keeping the Amazon alive and standing, Natura participated in the Rock in Rio Music Festival with Amazon-themed brand activations. 'NAVE' offered a sensorial experience showcasing a diverse and contemporary Amazon with music performances and video projections. 'Portal Natura' was a kinesthetic experience that enabled the public to connect to the forest in a surprising and unexpected way. Visitors to the pop-up store were able to learn about the production process of Natura Ekos while shopping for products from the Ekos and Faces line. 175,000 attendees visited Natura's area in the festival and had the opportunity to sign a petition to transform Amazonia de Pé Bill into regulation. This a popular initiative law proposes the protection of

57 million ha of public forests to ensure the survival of the biome and requires 1.5 million signatures.

In 2022, we increased revenue streams with one additional bio-ingredient, totaling 42 in our list. Additionally, we shared R\$ 42.97 million in value with communities as part of our commitment to share at least R\$ 60 million (up from R\$ 33 million). Further, Natura signed an agreement for the supply of Cupuaçu butter from Colombian communities for at least three years, a cooperation that created the first supply chain from this region of the Amazon. The arrangement establishes the supply of the input for a period of at least three years, which may be extended in the future. In all, 70 families will be involved in the initiative.



Sustainability translated *into finance*

Natura launched its Integrated P&L (IP&L), a management tool that allows the company to account for its impact in the environmental, social, and human dimensions, in addition to financial results. For instance, it means taking into consideration investments in Amazon communities, carbon neutral programs and high level consultants. According to the IP&L, summing up all the positive impacts in the human, social and natural fields, and subtracting the negative impacts, for each US\$ 1 in revenue, Natura generated US\$ 1.5 in positive impact for society in 2021.

More information about the IP&L management tool can be found on page 61.

In addition, members of the Taskforce on Nature-related Financial Disclosures, which Natura &Co is proud to be a part of, gathered in London to discuss some key remaining design issues in preparation for the coming iterations of the TNFD beta framework, the full framework that will launch in September 2023.

While the 34 Taskforce Members, who come from all five continents, serve in an individual capacity, they represent corporations, financial institutions, and market intermediaries with US\$19.4trn in assets and a footprint in over 180 countries. TNFD's goal is to develop and deliver a risk management and disclosure framework for organizations to report and act on evolving nature-related risks.



The power is *in our hands*

Between September 5th, which is known as Amazon Rainforest Day, and October 2nd, the largest digital panel in Latin America, situated at Conic, an iconic location in the Brazilian capital, showcased deforestation data and posed questions about effective measures for preserving and restoring the Amazon rainforest.

This urban intervention was an initiative by Natura, aimed at raising public awareness about deforestation while also urging political authorities and candidates to take effective actions towards the conservation and regeneration of the forest.

Natura's campaign 'O Poder Está nas Nossas Mãos' (The power is in our hands), sought to remind

society that it is still possible to restore the Amazon through conscious consumption, social mobilization, and political engagement. Additionally, the brand heightened its efforts to raise public awareness about the issue through airing content across free-to-air TV and social networks.



Defend human rights and Human-kind

In 2022, we took important steps towards ensuring that all our associates in more than 100 countries receive a living wage or above by 2023. By this, we mean a salary that enables a worker to afford a basic but decent or even higher standard of living through employment. After two years of studies, we have established a methodology to achieve this target, and have made great advances. The current percentage of associates receiving a living wage is 99% 1 Adult (1A). We are confident that we will reach our goal of 100% ahead of the target date.

One of the greatest challenges in our Commitment to Life is the ambition for 30% inclusion of under-represented groups across all management levels in all the company's business units. Our goal is to reflect the societies in which we operate in our workforce. As a large global organization, this is not an easy task as it involves capturing sensitive personal data in accordance with data protection laws and anonymity requirements in all jurisdictions. However, we are committed to progress and, as such, we partnered with external experts to conduct our first global D&I study so that we can track progress against our goals in this area.

We are also pleased to say that we have closed our 'unexplained' gender pay gap one year ahead of our target. Further, we have made a significant reduction in our 'raw' gender pay gap, though we know we have more to do in developing and appointing women to senior roles which attract higher salaries.

The Body Shop continued to expand its Open Hiring Program, a systemic, fair approach to attracting, recruiting, selecting, and onboarding employees through the elimination of common barriers to employment, such as background checks, drug screening, and previous experience. With 4,500 new recruits joining the business through Open Hiring, the

program provides employment for those who are often left behind economically. In a partnership with over 20 global charities and NGOs, the program has been expanded to include some permanent consultant roles. Open Hiring is now used in the UK, US, Canada and Australia for all seasonal hires in stores and distribution centers, as well as at other times in the year. The move highlights The Body Shop's commitment to fair and inclusive hiring, focusing on a person's potential rather than their history.

In November, Natura launched its Antiracist Commitment with goals and commitments for employees and consultants that align with the

objectives of our Commitment to Life sustainability vision and is inspired by the Antiracist Avon Compromise that was launched in 2020. Some of the actions that support our efforts to promote this transformation include the Avante Program, created with the goal of accelerating the careers of employees self-declared as Black. The aim is to increase the presence of Black people in managerial positions in Brazil, valuing and increasing their power in a careful, assertive, and responsible way.

Natura also launched the CorageN Natura Trainee Program, an affirmative action program for Black people in Brazil, which aims to develop talents to act strategically in the organization's challenges and become future leaders in the company. Since 2019, the Internship Program has aimed to attract at least 50% of self-declared Black college students. Natura also launched a racial literacy services for Consultants and the Movement against Racial Violence, which includes psychosocial services and legal guidance.

Meanwhile Avon Latin America has taken a significant step towards greater diversity in its workforce with the September launch of its Divas in Leadership program. Part of a partnership with Profissas, a diversity and inclusion consultancy, the project aims to develop the careers of Black women and support progression to leadership positions within the business. Additionally, UniDiva and a book club were

launched to promote racial literacy for Avon employees and to raise awareness among leaders.

Avon continues to focus on inclusive hiring to accelerate diverse representation at all levels, as well as on building an inclusive culture through our employee networks and educational events throughout the year. In 2022, Avon also continued to strive for an inclusive and equitable culture through eliminating bias and discrimination in our practices and policies – committing to equally honoring all family structures and relationships through our equity and inclusion position and our global menopause policy, supporting women through peri menopause and menopause with optimized working conditions, flexible working and additional paid leave.

Aesop is dedicated to supporting the communities in which it operates and giving back in meaningful ways that create greater opportunities for historically excluded and marginally groups. Establishing Aesop's Employee Resource Group (ERG) program has helped strengthen inclusion and belonging at Aesop through fostering safe spaces for colleagues with shared lived experiences, support historically and systemically excluded communities, acknowledge and celebrate key cultural and religious moments in the year and drive awareness and improvement about important issues and topics. Aesop's ERGs are all formed and led by colleagues from around the world and with

a combined membership of over 450 globally. The Aesop Women Employee Resource Group led the launch of Aesop's first Global Menopause Policy which includes offering paid benefits/leave to colleagues who are going through the menopause. This policy launch offered awareness sessions and training clips for all employees.

Aesop have established strong foundations to inclusive Talent Management – the way Aesop hire, develop and nurture talent is an important step on its Diversity, Equity & Inclusion (DE&I) journey. The launch of Aesop's Inclusive Hiring Principles plays an important role in promoting inclusive mindsets, instilling objectivity and de-biasing in its practices in how talent is hired. To support all colleagues with their understanding, awareness and embedding of D,E & I into its culture, Aesop designed a global D, E & I learning and development program, which saw over 1,400 Aesop colleagues participating in a series immersive learning opportunities centered on its global learning priorities of inclusion, psychological safety, unconscious bias and inclusive customer experiences.





The Aesop Queer Library

Complimentary books by LGBTQIA+ authors to cherish, share and discuss—marking five decades of Pride marches in the UK



Aesop Queer Library

In June, Aesop celebrated Pride month by presenting ephemeral queer libraries in stores all over the world, offering complimentary books for each visitor. From Taipei to Berlin, from Melbourne to New York, the stores replaced Aesop products with books that elevate the voices and disseminate stories from LGBTQIA+ communities around the world. Over 34,000 complimentary books were handed out.

Our responsibility in human *and environmental rights*

As in all industries, there is potential for human rights infringements at various stages of the creation and sale of products, from employment and sourcing raw materials to manufacturing and marketing. In 2021, we identified these key risks as: harassment; forced labor; gender equality; discrimination; privacy and integrity; decent & safe working conditions including freedom of association and collective bargaining; minorities and communities' rights; land rights; fair wages & economic empowerment; child labor; and right to a healthy environment. After two years of intense research, our Board of Directors approved our [Human Rights statement](#) in December 2021. The following year, we began to roll out the policy across Holding company and the Business Units.

Our end goal was to have an inspiring, rights-respecting culture, creating positive human rights impacts throughout our businesses and relevant partners, while addressing negative ones. The statement clarifies our position, ensuring consistency across the group, in line with best practices such as the UN Guiding Principles on Business and Human Rights. Highlighting international law for the protection of people and the planet, it articulates the human rights standards

we adhere to for ourselves and others while assessing risks that the business might cause.

The statement is a collective endeavor, validated and supported by different internal areas, such as procurement, operations, legal, and compliance, as well as with stakeholders like trade unions, suppliers, employees, consultants, and representatives. It is referenced in internal training, where employees are also encouraged to use the Ethics line for all internal matters.

In 2022, we mapped our governance and accountability processes ready to update them in 2023. We also analyzed our current ways of assessing human rights risks and internally raised the profile of the risks we face. Each of our businesses now has a prioritized list of recommended actions to create better internal risk assessments and, therefore, to better address human rights. We also benchmarked our risk assessment processes against some of our peers to help us understand industry norms and what we can learn.

The next steps include embedding human rights monitoring in different business areas and advancing grievance and remediation processes as recommended by the UN Guiding Principles.

Policies and plans for critical supply chains

In line with Natura &Co's goal to enforce full traceability and/or certification by 2025, we launched six publicly available [critical materials policies](#), laying out our position and plans for supply chains of palm, soya, ethanol, mica, cotton, and paper. One of the crucial steps for achieving our target involves creating policies that require suppliers to provide accurate information on ingredient and material origin and to deliver them with independent third-party certification.

Reaching out to our community

Being an organization that nurtures beauty and relationships for a better way of living and doing business means giving back to our surrounding communities. In 2022, Natura &Co invested in causes whose main objectives were to help our broader network. These investments tackled issues related to the climate crisis, including the protection of the Amazon, education, support for women, Human Kind actions, diversity and inclusion, animal welfare, circularity and regeneration, cultural and local development initiatives.

The Natura Institute continued to aim at ensuring that all children and youth attend high quality schools in Brazil and in other countries in Latin America.

Throughout the year, the institute consolidated and amplified its education agenda in Latin America. Its presence in Brazil grew from 11 to 17 states, increasing the number of students benefiting from 2.3 million to 3 million. The institute reinforced its activities in Argentina, Chile, and



Mexico and continued to establish the bases of the programs in Colombia and Peru. In these countries, it benefited 165,000 people. The Natura Institute also supports Consultants in their development and education. In 2022, it reached more than 319,000 Consultants with university scholarships, financial education courses and language proficiency courses.

In 2022, Avon announced US\$ 1 million in grants to more than 35 NGOs around the world working to end gender-based violence. The business unit partnered with the global charity NO MORE to raise awareness of the signs of abuse, to empower everyone to speak out against gender-based violence, and to signpost vital support services for those experiencing abuse.

The grants included a donation of US\$ 162,000 to the United Nations Population Fund in Ukraine, which supports women impacted by gender-based violence during the war, as well as US\$ 200,000 to the Red

Cross. Avon also continues to help women and their families in Ukraine through donations of its products. Our other brands are also providing support for the people of Ukraine. The Body Shop has been donating to Children on the Edge and raising funds for humanitarian aid. The Aesop Foundation donated a total of USD\$100,000 across four humanitarian organizations working in the region.

In October, during Breast Cancer Awareness Month, Avon launched several fundraising products to raise money for Avon's breast cancer charity partners – helping Coppa-Feel! to encourage, educate and empower women to undertake regular breast checking, and supporting Look Good Feel Better with its well-being and beauty workshops for those undergoing cancer treatment. 100% of the profits from these products were split equally and donated to the two charities. Avon also released its inaugural annual 'Boob Census', raising awareness of the importance of self-testing.

According to the survey, nearly one in 10 women is at increased risk of breast cancer due to having never undertaken a self-check.

True to its roots in activism, tirelessly pursuing social and environmental justice, The Body Shop launched the Be Seen. Be Heard campaign, which aims to amplify and empower young voices in public life to influence government decision-making across over 75 countries. With this campaign, the brand promotes change with a specific call to action to empower youth voices in each of its markets. The goal is to stimulate policy and legislative change in a period of three years, from developing leadership skills in young people to lowering the voting age.

During COP 27, The Body Shop used the campaign to advocate for more people to be involved in the climate negotiations through the establishment of national youth councils. In five months, the campaign achieved one Supreme Court win in New Zealand and one legislative change in Pakistan; it received 770 letters, support from four Lords, and one call-out in the UK parliament. Additionally, because of the campaign 37,000 young voters registered in the US, and 44,724 petitions were signed in Greece, India, Japan, South Korea, and New Zealand.

During 2022 the Aesop Foundation donated USD\$2.3M to a range of charitable partners. The Foundation continued to support key part-

ners in Australia and expanded its reach completing its first full year of global grantmaking. In addition to our planned grants program, the Foundation also responded to two emergency situations. In March we donated USD\$100,000 in support of those affected by the war in Ukraine. The same amount was granted in support of reproductive justice in May following the fall of Roe vs. Wade in the United States. To support the work of the Foundation we also launched a global matched giving program, which saw every \$1 donated by Aesop employee's generosity matched by another \$1.



Embrace circularity and regeneration

In the past two years, we have analyzed various solutions to achieve our circularity and regeneration targets. We have advanced in some areas, especially in metrics on life cycle assessments, and we still face challenges in others. Sourcing realities are different around the world; therefore, we are trying to define a common solution that is readily adaptable.

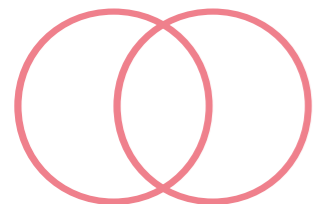
Our participation in the EcoBeautyScore Consortium has also been advancing toward establishing common and comparable references. Our discussions with other members of the consortium, such as Unilever, L'Oréal, and LVMH, have been contributing towards the design of a system based on science-based methodology that will allow consumers to compare the environmental impact of cosmetics within the same category.

We reached 11.5% of recycled plastic content in all the plastic used in 2022. Today, 82.3% of our packaging material is reusable, recyclable, and compostable. Our goal is to reach 100% by the end of the decade and to reduce the overall amount of packaging material that we use.

Natura Latin America expanded its reverse logistics program by in-

creasing the numbers of stores participating in Recicle com a Natura, which is present now in more than 650 own stores and Aqui Tem Natura franchises in more than 280 Brazilian cities. This is an increase of more than 540 points compared to 2020, when the program was launched. In the new dynamics of Recicle com a Natura, for every five empty packages of products from any of our brands delivered to participating stores, customers and consultants will gain different benefits, such as a gift and a 10% discount on purchases.

Customers can choose how to redeem the discounts according to their preference. They can redeem them at a Natura or The Body Shop store or online. Coupons may also be used for purchases in the brand's digital channels or in the beauty consultants' or representatives' spaces.



One of the key achievements for Natura in this area was the introduction of the new Kaiak line packaging made with new, improved and more sustainable packaging, including caps containing 20% less plastic and 50% material derived from recycled waste retrieved from the Brazilian coastline by social cooperatives. The brand also launched refill options for Essencial, its prestige fragrance from Casa de Perfumaria do Brasil. The refill option generates 35% less waste and 56% less carbon than the regular packaging. Additionally, up to 45% of the glass in the original bottle is recycled, while the lid is made from 100% post-consumer recycled plastic.

The Body Shop has continued to strengthen its Community Fair Trade partnership with Plastics for Change in India. This unique partnership pioneered a fresh approach to tackle the plastic pollution crisis, addressing both the human and environmental impact. In 2022, we purchased 617 metric tons of plastic waste collected from the streets and coastline of India, which is being integrated into our recycled plastic packaging. 2,000 waste collectors were engaged in our partnership, with access to more sanitary working conditions and a fair price for the plastic waste they collect. We purchased 435.6 tons of Community Fair Trade recycled plastic retrieved from the streets of Bengaluru.



The Body Shop ended 2022 with over 800 Activist Maker Workshop stores around the world. These new concept stores use sustainable materials wherever possible. This means using less virgin plastic, FSC-certified wood and paper, and fittings that can be broken down at the end of their life. The stores permit customers to interact with the products while learning how to impact the world positively. One of the features available in these stores is the refill station, where customers can reload their recyclable alumi-

num bottles with hair care products, shower gels, or hand washes. So far, our 793 refill stations have avoided the disposal of approximately 605,000 plastic bottles (12.5 tons of plastic).

In 2022, Aesop launched its first refill station in its South Yarra store, in Melbourne, Australia. Customers bring their empty glass bottles to the store and exchange them for a full one at a discounted price.

Credits

Natura &Co

VP Sustainability & Group Affairs

Marcelo Behar

Head of External Communications (Interim)

Yvonne Lardner

Internal Communications

Generalist

Nathália Santos de Freitas Alves

Sustainability Director

Keyvan Macedo

Sustainability

Alisha Syal, Roberta Roesler and
Pins Brown

Investor Relations

Helena Villares and Ana Sartori Lopes

Corporate Governance

Moacir Saltzstein and Aline Klein

Legal

Daniela Anversa

Strategy

Christiana Souto

Risk Management

Mercedes Stinco

Ethics & Compliance

Richard Davis



Natura &Co Latin America

Michel Blanco, Renata Vieira and
Ana María Lee

Avon

Jo Newark

The Body Shop

Alexandra Fulton and Lily Canon

Aesop

Kelly Lambrou and Catherine O'Dea



Contributors

Consulting, Copy and Translation

Report Sustentabilidade
Fernanda Mori, Livia Frossard,
Ana Souza, Fabio Cirino

Design Agency

Danki Amsterdam
David Pino, David Wadström

Design contributor

Bruna Foltran

Photography

Paulo Vitale
Seventy7



Additional thanks to

Victoria Ford, Jonathan Lloyd White,
Lushantha Kuppusamy, Chris Davis,
Renato Winnig, Charmian Love, Zoe
Carton and Alexandre Franca.



Special thanks to

Luiz Seabra, Guilherme Leal,
Pedro Passos, Fábio Barbosa,
Guilherme Castellan, Itamar Gaino,
Beth Powell, Angela Cretu, João
Paulo Ferreira, David Boynton and
Michael O'Keeffe.



Avon, Natura &Co LatAm, The Body Shop
and Aesop, will release their reports in 2023

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