

2020 annual report

AVON



Aēsop.

natura & co



natura & co



Purpose

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

Aspiration

We will dare to innovate to promote positive economic, social and environmental impact.

Beliefs

We are **passionate** agents of change.

We build **relationships** based on transparency, collaboration and diversity.

We are committed to **integrity** and hold ourselves accountable.

We find the **courage** to challenge the status quo and go beyond.

We honor and respect the **interdependent** nature of all things.

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Who we are

Natura &Co

We are a purpose-driven group made up of four iconic beauty companies: Avon, Natura, The Body Shop and Aesop.

Natura &Co operates in more than 110 countries, with over 3,700 stores, 35,000 employees and 8 million representatives and consultants. We are united in the belief that we can nurture beauty and relationships for a better way of living and doing business, and we are proud to be the world's largest B Corp.

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.

6.3 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.



Established in 1969 in São Paulo, Brazil, Natura creates products and services that promote a harmonious relationship for the individual with oneself, with others and with nature.

Natura believes that its value and longevity are connected to the ability to contribute towards sustainable development. Currently present in 10 countries, it is an icon of direct selling in Latin America (and the beauty market leader in Brazil). Natura has 2.1 million* consultants, almost 600 company-owned and franchised stores, as well as a growing online platform. In 2014, it became the first publicly traded company to be certified as a B Corp.

*Given that hundreds of thousands of representatives and consultants sell both Avon and Natura products, Natura &Co's 8 million total number of representatives and consultants is less than the sum of Avon's and Natura's separated figures. The total number also includes The Body Shop At Home beauty consultants.



THE BODY SHOP

Founded in 1976 in Brighton, England, The Body Shop is a global beauty brand and a certified B Corp.

The Body Shop seeks to make positive change in the world by offering high-quality, naturally-inspired skincare, body care, hair care and make-up produced ethically and sustainably. Having pioneered the philosophy that business can be a force for good, the brand still has this ethos as its driving force today. The Body Shop operates around 2,800 retail locations in more than 70 countries.

Aēsop.

Established in 1987 in Melbourne, Australia, Aēsop has since expanded to 27 markets around the globe, with each of its 247 signature stores having its own unique design.

Aēsop 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. Aēsop became a B Corp certified company in 2020.

Natura &Co

in numbers

R\$399.5
million
—
*Underlying
net income²*
2020

R\$4.2
billion
—
*Adjusted
EBITDA¹*
2020

¹Excludes effects that are not considered to be recurring or comparable between periods analyzed.

²The underlying net income is calculated before the effects of the acquisition of Avon and does not take into account transformation costs, discontinued operations expenses, PPA amortization effect and non-controlling interests.

R\$ 36.9
billion
—
*Consolidated
net revenue*
2020

Chart without scale

35,000
employees

48%
women
in leadership
positions

R\$489
million
invested in social causes

107%
growth
in social selling and
ecommerce sales

32%
reduction*
in greenhouse gas emissions
achieved by Natura

2 million
hectares
of conserved forest in the
Amazon region

58 sourcing
communities
based on ethical trade in
15 countries

2,489
tons
of virgin plastic replaced
by recycled plastic
in packaging

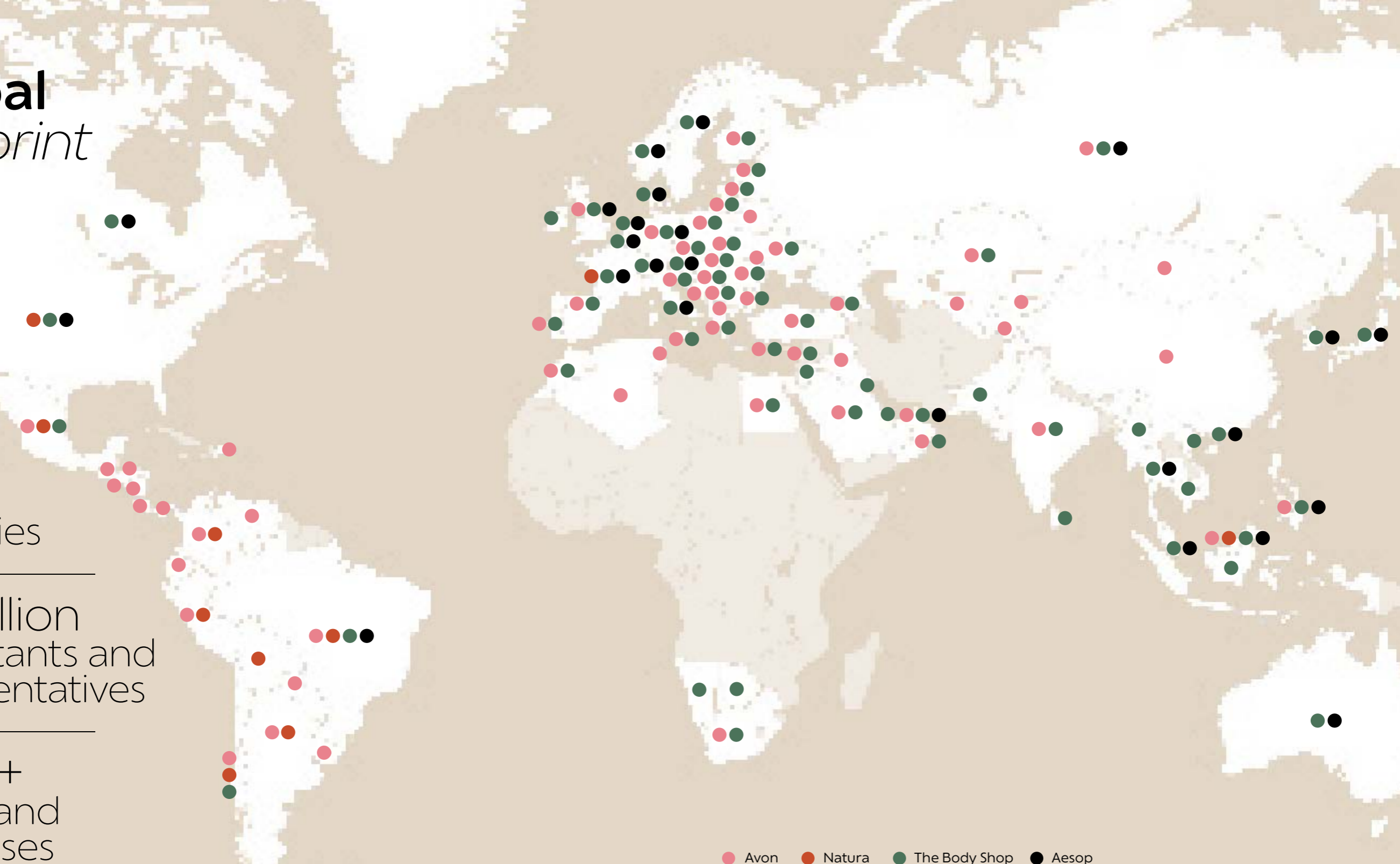
*Compared with business as usual in the same period (2020).

Global footprint

110+
countries

8+ million
consultants and
representatives

3,700+
stores and
franchises



● Avon ● Natura ● The Body Shop ● Aesop

Strategy and governance

The power of &Co

It's impossible to over-emphasize how unprecedented a year 2020 was and how we have started a new one still surrounded by uncertainties that require us to make cautious, prudent and empathetic decisions. However, the challenges that we have been facing during this period have been not only proof-points but also catalysts for our overall strategy of building a global, multi-brand, multi-channel, purpose-driven group, one that will resonate in the post-COVID world.

In the midst of the global pandemic, we took care of our networks and integrated Avon into Natura &Co, an addition that expanded our global reach and nourished our passion for connections and relationships. We are now positioned to be the unparalleled leader in the direct-to-consumer space with a business model that demonstrates proven resilience and a formidable platform for growth. Our four iconic brands have a unique product portfolio across all price ranges, with clear roadmaps for the future, and distribution through a variety of channels.

At the same time, the pandemic led to the acceleration of our digitalization plans. We aim to keep up this momentum in order to amplify our message and to become truly omnichannel. The peer-to-peer sales model, far from going out of fashion, is shifting towards social selling, and the power of digital allows us to go beyond, evolving it into a model that is more in touch with our consumer's way of life and demands for beauty and well-being. This approach also offers us the opportunity to drive female empowerment,

through financial independence and enhanced self-esteem. Visionaries who embraced a different way of doing business founded all of our brands. We intend to keep their purpose alive and invite others to share this journey with us.

Our three-year strategic plan foresees a significant revenue increase and margin expansion by the end of 2023. This growth will be distributed across all geographies. In Latin America, where we are the market leader, we have significant opportunities with the integration of Natura and Avon. We also see the potential to enter, or to expand our presence in, important beauty markets where we are still under-represented, namely Asia and the United States. These goals will require us to define and implement regionalized and brand-specific plans for the continued evolution of our omnichannel strategy.

Our four iconic brands have a unique product portfolio across all price ranges, with clear roadmaps for the future.

Our path to growth

Integration with Avon: gain synergies and explore combined revenue opportunities for Natura and Avon in Latin America, including a new commercial model and the development of an ecosystem of complementary, collaborative and symbiotic businesses. Accelerate the transformation of Avon worldwide to enable growth through brand rejuvenation, a targeted product portfolio, a new operating model and continued investment in upgrading IT systems.

Digitalization & ecommerce: reinforce our commitment to social selling and ecommerce, leveraging digital momentum across all brands. Avon and Natura to further benefit from relationship selling using social media channels and digital tools. Aesop's success story to be

enhanced with the development of an integrated customer experience focused on personalization and loyalty. The same is expected for The Body Shop through the evolution of the ecommerce platform.

Brand & innovation: enhance Natura's brand differentiation, to drive consumer preference and desire. Avon and The Body Shop to keep on their path to brand rejuvenation, increasing the quality and pace of innovation. Expand Aesop's product portfolio into in-demand differentiated categories such as fragrances and scented home.

Regional strategy: develop an entry strategy for the group in China and accelerate plans for Japan. The Body Shop to expand its At Home channel in the United States as well

as leveraging Avon's expertise to expand its footprint in other markets.

Sustainability: direct investments in our sustainability agenda for 2030, known as our Commitment to Life, in order to define clear targets that contribute to our goals each year. We will also strive to support progress of the world's Environmental, Social and Governance (ESG) agenda by fostering a collaborative, multi-lateral approach.

Continued operating model improvement: keep up the flawless execution, with focus on simplification and efficiency, exceeding guidance on margin targets and procurement savings. Invest in new IT infrastructure to improve cyber security, data strategy, human resources and ERP systems delivery.

A values-driven approach

January 6, 2020 was a historical milestone for the group. On this day, the company began trading on the New York Stock Exchange (NYSE) through Level II ADRs (American Depositary Receipts), just a couple of weeks after it had premiered under the NTCO3 ticker symbol on Brazil's B3 exchange. These two movements followed the incorporation of Natura Cosméticos S.A. (which already controlled The Body Shop and Aesop) into a new holding company and the successful closing of the acquisition of Avon Products, Inc. By the end of 2020, the free float went from 57% to approximately 61%, with an increase of more than 230% in the number of individual shareholders (up to 60,000) and an average daily trading volume (ADTV) of R\$343.3 million, a growth of 165% in comparison with the previous year.

As a result of the creation of the new holding company, we have been evolving our corporate governance framework to reflect the integration process that is underway. In 2020, we published new or updated bylaws, codes and policies and further increased our adherence to best practice in this field. We are also advancing in relevant themes such as gender parity and equal pay and inclusion of under-represented groups. A senior leadership team was immediately appointed to drive the group's next phase of growth following the incorporation of Avon.

For management and financial disclosure purposes, we organized the group in four business units, each one headed by a CEO, as follows:

Natura &Co Latin America: besides the innovation and stewardship of the Natura brand globally, this division is responsible for P&Ls of Natura, Avon and The Body Shop in the region, as well as Aesop in Brazil; **Avon International** (excluding Latin America): encompasses the P&Ls of all the market clusters in Europe, Africa, Middle East and Asia. This unit is also responsible for

Avon brand innovations and stewardship globally; **The Body Shop; Aesop.**

The Board of Directors is currently composed of 12 members (eight, or 67%, of them independent, and three, or 25%, women) and includes three representatives from Avon's former Board. Their collaboration, cohesion, international perspective and broad experience provide invaluable support to Natura &Co in understanding the business landscape and making the right decisions. This was particularly true in 2020, when the global pandemic forced us to shift priorities, tested our resilience and, most of all, brought into the spotlight our values-driven purpose. The Board engaged (mostly virtually, as the times demanded) in 26 ordinary, extraordinary and formal meetings during the year to rapidly and decisively address those concerns and lead by example.

The members also discussed and approved the group's Commitment to Life, our vision for tackling some of the world's most pressing sustainability issues within the next ten years: addressing the climate crisis and the protection of the Amazon forest, ensuring equality and inclusion, and promoting the circular economy. By championing this vision, the Board makes sure that both strategy and proposed annual budgets are aligned with its implementation.

To support the delivery of these goals, the Board of Directors had the support of its four formal committees, all of which consisted exclusively of Board members themselves, except for the Audit, Risk Management and Finance Committee, which also comprises external consultants. A round of self-assessments was carried out in 2020, through individual interviews, which provided inputs to improve workflow, communications and clarity around roles and responsibilities within the committees.

Keeping in mind our approach of balancing autonomy and interdependence in everything we do, in 2018

we had established one additional structure for our corporate governance model, the Group Operating Committee (GOC), led by Roberto Marques, group CEO and Executive Chairman of the Board. This goes beyond an advisory role and aims to oversee the group priorities and drive growth, assisting the Board of Directors to identify synergies and opportunities among our brands. To ensure the smooth running and efficiency of every part of the group, the GOC includes the CEOs of each of the four businesses as well as key functional positions. In 2020, it welcomed Kay Nemoto as Chief of Staff; Angela Cretu, the newly appointed CEO of Avon International; and Silvia Lagnado as Sustainable Growth Officer, moving from her previous position on the Board of Directors. In this new role, Lagnado is responsible for providing strategic inputs about transversal subjects for the whole group and for the orchestration of those demands upon brands and support functions. With this innovative approach to the Growth Officer job

description, our aim is to ensure a focus on long-term expansion without losing sight of our relationships and the promotion of positive economic, social and environmental impacts.

A key mechanism for the GOC and, ultimately, for Natura &Co's governance, is the creation of Networks of Excellence (NEX) to leverage the group's knowledge and collaboration across the globe through internal networks and hubs. There are currently four networks in place, based on our strategic areas, all of them collecting and discussing insights, sharing expertise and best practice in Retail, Innovation, Digital and Sustainability, with some of their representatives fully dedicated to this assignment. We are also establishing a fifth NEX, for collaboration on Direct Selling. Additionally, we have appointed hubs of expertise for R&D, to identify opportunities to elevate our capabilities, leverage valuable synergies and increase our collective passion for our products.



Message from the Board *of* *Directors*

Luiz Seabra, Guilherme Leal, Pedro Passos and Roberto Marques, on behalf of the Board

A call for unity

We felt certain 2020 would be a milestone year for Natura &Co long before it arrived. In early January, we celebrated as we welcomed Avon into our group. Like the rest of the world, we were blissfully unaware of what lay ahead. COVID-19 caused disruption on a scale none of us had ever experienced. Countries, communities, corporations and families have had to redefine their lives and find ways to adapt to the pandemic.

The COVID-19 tragedy exposed the deep inequalities that exist in our society, laying bare the challenges faced by mankind – be they sanitary, social, ethnic or climatic in origin. Against the backdrop of this unprecedented volatility in the world, Natura &Co was in the midst of progressing its internationalization.

With the arrival of Avon, we had expanded our presence and entered new geographies, and we ensured continuity for millions of consultants and representatives, thousands of stores and operations over multiple digital platforms. In the context of the pandemic, our greater global presence immediately led us to the conclusion that we could – and should – do even more for the world.

With courage, determination, resilience and agility, our network of associates, store colleagues, consultants and representatives, suppliers, communities and consumers demonstrated their creativity and energy in tackling the challenges presented by the pandemic, further

underscoring the power of the "&" and the "Co" in our name, which have also come to constitute our essence. To everyone in our network, we offer our most sincere thanks for the dedication with which they balanced their lives and their work.

Given the unpredictable circumstances, it was essential that we prioritize our network. It was "Time to Care" for ourselves and for each other. One of the key symbols of this choice was a decision taken by the Group Operating Committee at the height of the uncertainty caused by the pandemic that illustrates what this means. The group invited employees to pledge part of their pay on a voluntary basis, to help tackle the crisis and ensure continuity of the group's activities. Thanks to Natura &Co's impressive financial results, we returned the donations made during this period at the end of 2020. These results were due, in part, to the rapid adoption of digital technologies across all of our businesses in 2020, reflecting the success of our strategic investments in recent years.

Extraordinary times demand extraordinary measures, and the group's spirit of unity has demonstrated that we are on the right path to address other global challenges, especially those related to caring for life and for the planet. The Commitment to Life 2030 Sustainability Vision represents a landmark in this respect.

We looked to the future and created an action plan for immediate execution. Collectively, Avon, Natura, The Body Shop and Aesop have assumed ambitious targets for the next ten years, with a critical call to action to address challenges such as global warming, the loss

of biodiversity, particularly in the Amazon, and social inequality. In parallel, we will continue to advance in the development of alternatives in regeneration and circularity, in new formulas and packaging.

We will ensure that the lessons, the losses and the challenges of 2020 will not have been in vain. We are conscious that we need to enhance our corporate practices and be agents of dialogue and cooperation, seeking partnerships that generate positive transformation for the world. The year brought irreparable damages but ended with some signs that we may expect positive transformations. We have seen that denialism, which has been so harmful for public health policies, is starting to lose steam in the world. The development of effective and safe vaccines in record-breaking time—often employing revolutionary technologies—yet again demonstrates just how capable science is of saving millions of lives.

This year made clear, in a painful, unequivocal manner, that the destiny of nations is interconnected. We are seeing hopeful signs emerge that isolationism is on the retreat and that, with political changes, space is created to reinforce multilateralism among major world players.

When the current crisis is over, the challenges will remain. Climate change threatens even greater and more devastating impacts for all forms of life on Earth. Protecting the conditions that sustain life on the planet must become a mission for us all, just as the struggle against the coronavirus has been. It must be an

international effort uniting governments, private sector, academia and civil society. It is time to unite science and traditional knowledge. We will fight even more for the protection of the most vulnerable. If there is one way of healing the scars left by 2020, it is understanding that our destiny is collective and that building a better future depends on our ability to unite and to advance in the same direction. After all, there are no limits to human cooperation.

Protecting the conditions that sustain life on the planet must become a mission for us all, just as the struggle against the coronavirus has been.



Luiz Seabra



Guilherme Leal



Jessica Herrin



Fábio Barbosa



Pedro Passos



Roberto Marques



Ian Bickley



Nancy Killefer



Carla Schmitzberger



Don Cornwell

The Board took part (mostly virtually, as required by COVID-19 measures) in 26 meetings throughout the year. Consequently it felt appropriate to photograph them in their homes for this year's Annual Report.



Andrew McMaster Jr.



Gilberto Mifano

2



Our
businesses

Financial highlights

Growing together in uncertain times

We knew that 2020 was set to be a challenging year for Natura &Co. Before the global pandemic changed the world's landscape, the plan for integrating Avon into the group was already set to demand remarkable focus and commitment from our employees, being even more complex than that of The Body Shop in 2017. However, regardless of all global uncertainties, our teams managed to rapidly adapt to the circumstances of the pandemic, deliver a very strong year of growth for the group, make encouraging progress in our transformation journey and commit to an ambitious set of social and environmental goals. This performance confirmed that our drive to leverage our collective strength and the resilience of our business model, which prioritizes relationships, are undoubtedly our core fundamentals.

In a scenario of social isolation and store closures all over the world, our results in 2020 were achieved in most part thanks to the acceleration of the adoption of digital technologies, which led to 107% growth in social selling

Our 12% net revenue growth was achieved in most part thanks to digital technologies

and ecommerce sales across the group, reflecting the success of our strategic approach in recent years.

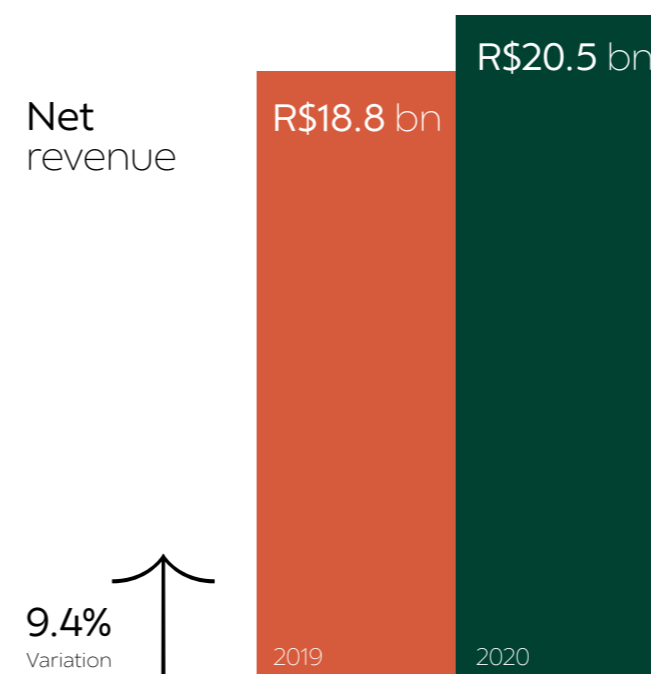
Lessons learned from our operations in Asia contributed to fast decision making in Latin America, where the digitalization process, which has been ongoing for a number of years in Natura, facilitated the expansion of digital tools, boosting the use of these resources by consultants. It also benefited Avon by reinforcing the transformation and revitalization of its commercial model. In just a few months, we were able to achieve outcomes that had been expected to take a number of years.

The intense growth in digital sales in 2020 contributed towards an increase in the group's consolidated net revenue, which totaled R\$36.9 billion, up 12.1% from the previous year (-2.3% in constant currency), outperforming the global CFT (Cosmetics, Fragrances and Toiletries) market by more than six percentage points. Natura &Co Latin America, the business unit responsible for Avon, Natura, The Body Shop and Aesop operations in Brazil and Hispanic countries, consolidated the group's leadership in the region, with more than 12% of market share.

After rigorous cost control steps taken in the first half of the year to mitigate the impacts of the pandemic, we started phased investments in branding, R&D and technology to support continued sustainable growth. Adjusted EBITDA for the whole group in 2020 was R\$4.2 billion (up 5.1% from 2019). Underlying net income was R\$399.5 million and reported net income was negative by R\$650.2 million, mainly due to the impact of the pandemic on the business and other effects related to the Avon acquisition, namely PPA (Purchase Price Allocation) amortization effects and income tax.

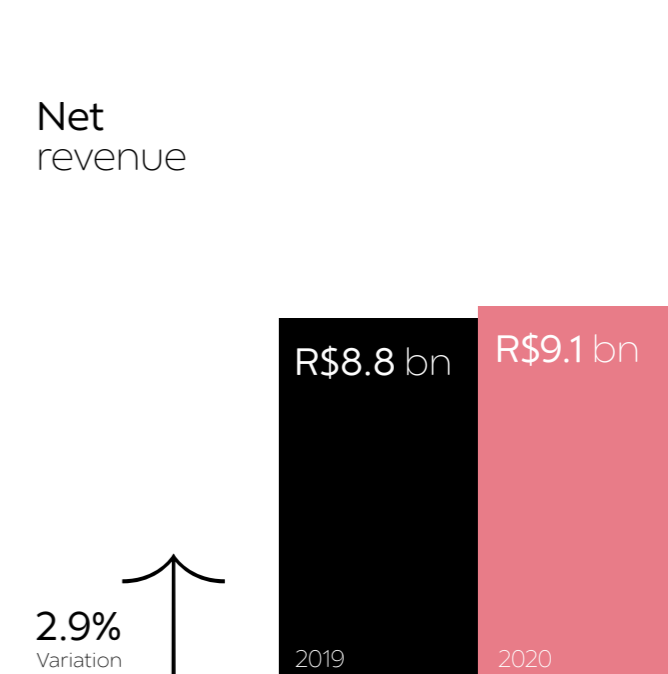
Natura &Co Latin America

Natura &Co Latin America had net revenue of R\$20.5 billion in 2020, growing 9.4% compared with 2019 (+3.7% in constant currency). This result was driven by market share gains for Natura and Avon, leveraged by increased consultant and representative productivity, the acceleration of social selling and the increase in the number of Natura consultants. Adjusted EBITDA for the year was R\$2.4 billion, up 25.1% compared with 2019.



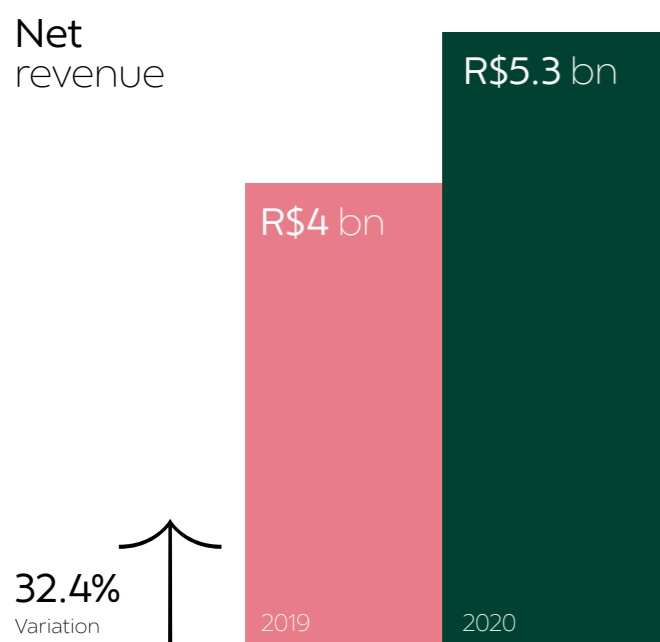
Avon International

Avon International had a net revenue increase of 2.9% (-18% in constant currency) to R\$9.1 billion, compared with 2019. The business gained market share in the latest three consecutive quarters in the UK and it also enjoyed a sequential share improvement in Russia from the second quarter. The adjusted EBITDA was R\$477.1 million, a decrease of 52.2% compared with 2019, due to higher investments in the brand, digital and commercial areas, as part of its transformation strategy.



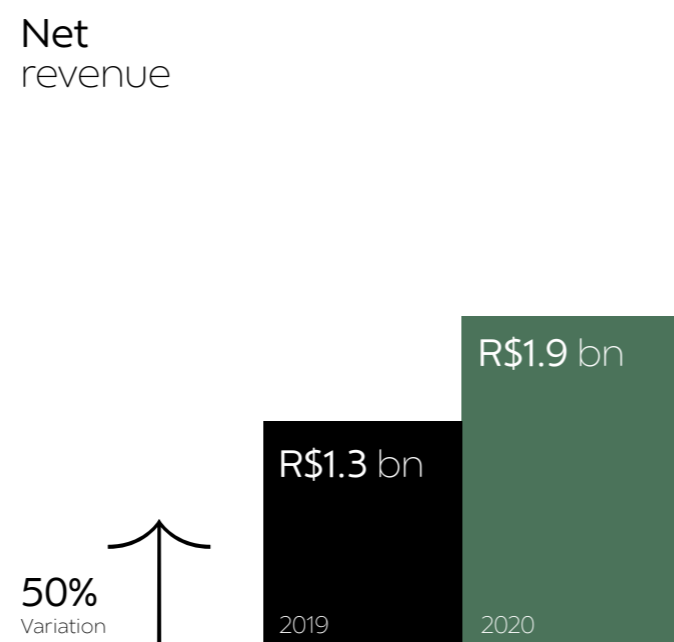
The Body Shop

The Body Shop, driven by strong acceleration in ecommerce and the expansion of the At Home channel, had net revenue of R\$5.3 billion, an increase of 32.4% compared with 2019 (stable in constant currency). Key performers were the UK and Asia. The adjusted EBITDA was R\$1.1 billion, an increase of 27.7% compared with 2019.



Aesop

Aesop once again presented an exceptional net revenue growth of 50.0% (+13.2% in constant currency), reaching R\$1.9 billion, driven by online sales and remarkable performance in Japan and South Korea. EBITDA reached R\$606.5 million, a 72.6% growth compared with 2019.



A matter of trust

Natura &Co ended 2020 with a strong cash position of R\$8.3 billion, in line with projections and above our minimal threshold. During the first uncertain months of the pandemic, in conjunction with efforts to drive efficiency and cost control, we took a new R\$750 million one-year loan to increase liquidity, with no impact on our net debt. Most significantly, however, in June we were able to raise R\$2 billion through a private placement subscribed by our controlling shareholders, selected investors and minority shareholders. This decisive movement improved our capital structure, reduced leverage and strengthened our balance sheet.

In October, we had another remarkable demonstration of trust from our investors with a more complex public offer capitalization, which raised over US\$1 billion (approximately R\$5.6 billion). At the time, it was the largest SEC-registered transaction by a beauty sector company globally and the largest ever in the Latin American consumer space. This move allowed us to keep working on our capital restructuring by paying off US\$900 million of Avon's debt, improving our rating for lower financial costs and our positioning for further liability management and corporate restructuring. Also, it enabled us to accelerate our investments in the group's key strategic priorities: Avon integration, IT infrastructure, geographic expansion and the anticipation of projects in line with our sustainability agenda.

Integration

Transformation on track

We have been learning a lot about how we can strengthen our relationships, understand each other better and create integrated teams. Although it has been extremely difficult not to be able to do this physically, we have maintained our focus on building a common culture. It's been a steep learning curve for all of us that has, however, already started to show solid results. In 2020, we delivered 21% of the planned synergies, ahead of the guidance given at the beginning of the year. This means that we are well on track to achieve the planned recurring annual synergies of US\$300 million to US\$400 million, despite the significant devaluation of the Brazilian Real.

Our transformation journey is three-fold. First, Latin America, where we have created a fully integrated business unit comprising all four brands, which is an important laboratory for the purposes of our integration, including people and culture. There are hundreds of initiatives within 14 ongoing workstreams to deliver critical projects such as rebuilding Avon's go-to-market strategy, re-launching the brand, redefining category roles and implementing a new commercial model to offer attractive, sustainable and profitable earnings opportunities to its representatives. In terms of operations, we established integrated functional teams that are already supporting all four businesses. Also, we have already accomplished

tangible results from leveraging our combined footprint in manufacturing and distribution.

More than 16 million units of Natura sanitizers, fragrances and bar soaps are now being produced by Avon's facilities in Mexico and Argentina, plus another one million with other business partners — most of them for donation during the pandemic. Also in Mexico, Avon is producing The Body Shop's new Lemon and Blueberry hand sanitizers. On the other hand, part of Avon bar soap production was transferred to Natura's Ecoparque (in Pará, Brazil), which in turn had some lines moved to Avon's facility in Interlagos (São Paulo). Our distribution centers were optimized, with the consolidation of freight and delivery. In procurement, we over-delivered on the anticipated savings projected for 2020.

Second, our goal is to reverse the historical trend of years of underperformance by Avon International, returning the business to a growth trajectory that outperforms the market. We have a three-year plan in place to achieve this, and the first outcomes, such as brand rejuvenation and some go-to-market approaches, were already delivered in.

Finally, we established an additional cross-business workstream to support our four brands and help connect us beyond Latin America. They are at different stages of development and are focused on leveraging our operational network in Europe and Asia Pacific.

As the above-mentioned Latin America and Avon programs mature, we will put additional focus on this program, which has already seen great examples of early synergies. In manufacturing, the iconic Body Butters are now being produced for The Body Shop by the state-of-art (although until now under-utilized) Avon facility in Poland, with the first one million units ready for shipment, all with quality and sustainability standards ensured. This successful move will be followed by the insourcing of other products, including body yogurts, skincare, hair care and fragrances, which represents 100 million units per year and the majority of The Body Shop's total product portfolio transferred to Avon's plant.

The same scale and volume mindset has been applied to leveraging our procurement efforts, led by two global hubs, each one responsible for a different set of product categories from all four brands. In order to assist with the governance and optimization of the group's global process, we published a Global Procurement Policy for Avon and Natura and established a Procurement Center of Excellence aiming at medium and long term plans to create state-of-the-art practices. In IT, we are also making good progress in global infrastructure programs, with a major implementation to support collaboration and provide access to each other's systems, the development of a global Human Resources information system and the outsourcing of IT services.

It's all about the people

We are a group of companies committed to human rights, and one that seeks to be more human-kind, so our people are central to the delivery of our strategy and integration plan. We are committed to maintaining the high levels of associate engagement we recorded in 2020, and the continued loyalty of our consultants and representatives. The talent assessment we were able to carry out last year helped us to identify the key leadership development opportunities that we will focus on in the next few years, such as international experience and digital savviness. In parallel, with our talents already mapped, we'll also work on the process of succession planning inside the group.

The culture project will also be resumed in 2021. Despite being formally postponed due to the pandemic crisis, it will in fact benefit from, and

be informed by, the set of behaviors that emerged during this period of distress and our decision-making processes. Most especially, we have learned that there is no way back from the "duty to care" expected from our leadership. So, we aim to follow a roadmap for the next five years based on the story of collaboration, empathy and adaptation that we have been building collectively, while celebrating the unique identities of our brands and how they express themselves.

Finally, many of us had to socially isolate during the pandemic, which showed us the many perspectives of this experience. We all agree that we want to be more flexible and agile in terms of remote allocation and hiring, but we also know we never want to lose the ability to properly connect to each other. We believe we can do our best when we can be together - and we plan to do this as soon as it's safe to do so.

COVID-19 *response*

Time to care

There is a well-known statement that reminds us that life is made of choices. But making the best decisions is not an easy task and it can be even more daunting unless you clearly know who you are and what you care about. At the beginning of 2020, humankind was shocked by the declaration of a global health pandemic caused by a contagious disease, COVID-19. Faced with this disruption Natura &Co, living up to our purpose and beliefs, defined a response based on three key priorities: care for our people, care for our communities, care for our company.

We quickly established a global task force and appointed specific teams across all businesses, functions and geographies to find the best ways to engage with all our stakeholders. Soon after, we rolled out a comprehensive initiative called "Time to Care", aimed at prioritizing our people first and foremost, providing support for one another and giving back where we could. We have embraced social distancing and have learnt how to remain active and connected while physically distanced.

Putting our people first, our senior leaders made a pledge to donate 20% of their salaries during the critical early and most uncertain months of the crisis. In this, they were immediately followed by other levels within the organization. By the end of the year, the company was in a position to return this incredible contribution to everyone. We provided job security for all our employees during the most acute period of the crisis, depending on local laws and regulations. Remote working for administrative roles has been encouraged whenever possible. Our store personnel have been offered flexible hours or have been redeployed into other roles or projects, such as supporting our online

channels. Those who have been continuing to work in production and distribution follow strict hygiene and social distancing protocols. We offered credit flexibility to our network of consultants and representatives, with payment terms and additional emergency funds. Employees, franchisees, consultants and representatives also had access to telemedicine, mental health resources and grief support, and have been encouraged to maintain connections with their colleagues, friends and family.

As a consequence of the isolation measures, we also saw an increase in the vulnerability of women and children already at risk of domestic violence. Therefore, we joined organizations that deliver frontline services to domestic violence survivors and help women at risk. Our campaign #IsolatedNotAlone raises awareness of the issue, signposts help for those who need it and calls on governments around the world to expand funding and resources to deal with the increased incidence of violence. Through the Avon Foundation we donated US\$1 million to support more than 40 NGOs across the world.

Undertaking a major shift in our supply chain, we refocused on what was essential during the pandemic and refocused operations across brands to increase production of soaps and hand sanitizers by more than 30%. In Latin America, we took advantage of Avon's under-utilized manufacturing capacity to donate 4.8 million units of bar soaps and other personal care products, 260 tons of hand sanitizer and 315 thousand liters of liquid alcohol to governments, NGOs, hospitals and frontline workers.

Our powerful network of more than 8 million consultants and representatives helped spread awareness about hygiene protocols and social distancing among their own communities and customers. In a second phase, we increased the manufacture of products in high demand such as moisturizers and hand creams, which rapidly generated revenues for our network at a moment of great economic uncertainty, particularly for women who are heads of their households and were looking for an extra or alternative source of income.

By the end of the first semester, we had almost 90% of our stores closed worldwide and major production and distribution restrictions had been applied, heavily impacting our consultants and representatives. Still facing huge uncertainty regarding our business performance and continued global lockdowns, we acted decisively and put together a private capitalization, which successfully raised R\$2 billion in record time. This enabled us to protect the company's liquidity and cash position.

A subsequent US\$1 billion (approximately R\$5.6 billion) capital increase allowed us to accelerate our investments in digital, which have been stepped up as a result of the pandemic. The shift to digital largely offset the COVID-19 impact on store closures and restrictions on social contact. In the UK, due to the high volume of orders generated by the online platform, The Body Shop transformed a vacant warehouse into a new operational distribution center in just 17 days. Meanwhile, Aesop set up 16 digital fulfillment sites globally and bolstered online customer service offerings with live chat, virtual consultations and click and collect functionality. Through this significant growth in social selling (social content tools and interactive digital brochures) and ecommerce (record traffic and conversion delivery), we were able to reach our network and customers to deliver sales growth, improve margins and even outperform the market.

The crisis is not over yet. However, we are hopeful, confident and humbled by the magnitude of what has been demanded of us and what still lies ahead. We are closely monitoring the evolution of the pandemic worldwide, particularly lockdowns and restrictions adopted within our markets. The Crisis Committee continuously analyzes the situation and acts to minimize the impact, ensure continuity of operations, protect cash, improve liquidity and promote the health and safety of employees, consultants, representatives and customers. For a group guided by a belief in the interdependence of all living things, this crisis has taught us valuable lessons and underscored the fundamental truth that it is always time to care.

Supporting our communities during the pandemic: R\$121 million in donations

Avon International

R\$4.2 million (equivalent to US\$0.8 million) in products and R\$5.2 million (or US\$1 million) donated to frontline domestic abuse services through Avon Foundation (#IsolatedNotAlone).

Natura &Co Latin America

R\$60.3 million in essential products to NGOs, communities, consultants, Red Cross and health organizations.

The Body Shop

R\$32 million (or £4.5 million) donated, including the #IsolatedNotAlone campaign and products to nurses, doctors and support staff working in emergency hospitals.

Aesop

R\$13 million (or A\$3.2 million) in products donated in Australia plus an additional R\$6.1 million (A\$1.5 million) through the Aesop Foundation 2020 Support Fund.

An omnichannel *group*

Pivoting to digital

Natura &Co is a group of purpose-driven beauty brands with a direct-to-consumer reach like no other. In 2020, our omnichannel vision and the rapid deployment of new digital tools were pivotal in helping us navigate through the pandemic crisis. The experience gave us the confidence to keep on track, learn from each other, accelerate our business digitalization and even inspire us to scale new heights. We operate a business model powered by people and technology, capable of delivering a personalized shopping experience to our customers any time, anywhere, through multiple channels and touchpoints.

Natura: A wellness ecosystem

The strength of Natura's omnichannel approach proved its relevance in 2020. The social selling platform, for example, which has been evolving during recent years, played a vital role in keeping our consultants active during the pandemic's restrictions. Natura developed an interactive brochure that can be shared over instant messaging and social media, complemented by a media library to build customized content, named My Post. New options for payment and delivery were also added. Currently at Natura, 2.1 million consultants (compared with 1.8 million in 2019) use digital platforms (app + web) and 1.3 million of them have virtual stores (compared with around 700,000 in 2019). The ever-increasing adoption of digital tools by the network has resulted in 17 consecutive quarters of growth in productivity and has, at the same time, allowed Natura to collect more relevant data to design customized offerings that drive loyalty, which in 2020 increased 15% in Brazil.

The same robustness can be seen in the ecommerce channel, which fully met the high demand for online purchases from home. In the United States, Natura has formed partnerships with influential beauty curators and started selling its products through Amazon.

In terms of retail, the business inaugurated a concept store on Oscar Freire Street, in São Paulo. A new, more versatile configuration that combines the strengths of these stores with the model adopted by the franchisees (Aqui tem Natura) is also being tested in São Paulo. Natura has also opened one new store in Chile and optimized its presence in Paris and New York. Most important, however, is the new franchisee store in Kuala Lumpur, Malaysia, leveraging The Body Shop's experience. This operation marks the beginning of the international expansion of Natura's omnichannel capabilities, in an experience that combines ecommerce, social selling and retail.

Looking ahead, the next step is to accelerate the design of a beauty and wellness ecosystem. In 2020, Natura brought together some partners to help drive synergies and seek innovative income opportunities. The business is, for example, working with Singu, a Brazilian digital platform for at-home beauty services. And, as Natura's first intra entrepreneurship project, the business enabled the creation of Naomm, a virtual platform that connects integrative medicine therapists to its customers.

Additionally, Natura announced the launch of &Co Pay, a proprietary and scalable financial services platform, which is a powerful enabler of digital and financial inclusion. It will help drive consultants' productivity by allowing them to make or receive payments and



transfers through a digital account. They will also benefit from other services such as debit and credit cards, loans, microcredit and loyalty programs. The rollout of the service has started with Natura in Brazil, to be followed by Avon and then expanded to other markets.

Avon: On the transformation path

Avon made important progress during the year in its transformation journey to return the business to growth. As the first stage of a three-year strategy, known as Open Up & Grow, 2020 was an intense period of design, set-up and execution, with the creation of playbooks to deliver on Avon's commercial priorities. These action plans set clear timelines and metrics to measure success and include the optimization of both the commercial model and the relationship framework, significant expansion of Avon's digital presence and omnichannel access and reappraisal of the brand by advocating women's empowerment and beauty democracy.

In parallel with the planning process, some of these initiatives are already being deployed in the markets where Avon operates. The first results include the launch of a new employee value proposition to open up dialogue and build a more inclusive and enabling culture, as well as the launch of the new brand positioning and visual identity. In terms of relationship selling, as a result of leveraging Natura's knowledge, pilots are underway in Brazil, Mexico and South Africa for a new commercial model to drive productivity and retention, and offer a simpler, clearer and more compelling earnings opportunity for representatives.

Another huge transformational achievement was the simplification of Avon's go-to-market strategy, with the move to a monthly campaign cycle from 9 to 39 markets, as well as portfolio optimization, notably in Fashion and Home. Avon also saw continued growth in ecommerce (especially in the UK) and e-brochure sales, accelerated by the pandemic. This represents a huge

potential growth area, considering that 70% of Avon's businesses are still offline.

With the need to shift to virtual connections, Avon equipped its representatives with new digital capabilities, including new order management features, direct-to-consumer shipping and a wider roll-out of the interactive digital brochure shared through instant messaging. Avon ON, an app with an e-suite of tools to deliver an end-to-end digital experience for representatives, is now live in 39 markets and is undergoing improvements. The goal is to facilitate social sharing of content developed by both Avon and by the representatives themselves.

In order to rejuvenate the brand, Avon also launched its new brand campaign, "Watch Me Now", calling on people to reconsider their views of the iconic company, to better reflect the Avon of today – an innovative, bold and inclusive beauty brand. "Watch Me Now" includes a new visual identity and updated Avon logo, the first in decades, as well as a bolder and more confident tone of voice that is more relevant for the brand's millions of beauty representatives and customers today.

The Body Shop: New frontiers

Continuing on its journey through a five-year transformation plan, The Body Shop reshaped priorities for 2020 to address the demands imposed by the pandemic. With 90% of its 2,800 stores closed around the world, The Body Shop offset this setback by pivoting to ecommerce and direct sales (At Home) platforms, and rapidly and safely redirecting personnel to the distribution centers and offices. Even at such a disruptive time, The Body Shop was able to meet the high demand and deliver on service level agreement, registering 95% growth in the ecommerce channel. The new website and customer relationship management platforms were relaunched in September 2020, with roll-out in 15 countries. These now deliver a re-imagined, mobile-first user experience that offers increased payment options

across markets, creates dynamic store pages with real-time stock availability, and has promotional capabilities. The platform will be improved in 2021 to further enhance personalization of the customer experience. The challenging circumstances of 2020 demonstrated how The Body Shop's loyal customers trust the brand and how they were willing to follow it into other channels, beyond physical stores. Furthermore, the business started seeing the outcomes of a two-year investment in The Body Shop At Home, leveraging Natura's expertise in direct sales. Remarkable growth of 202% in the UK and 141% in Australia provided encouraging signs that this is the right path.

Still, The Body Shop remains committed to the power of retail. In London, the company designed and piloted a new concept store that embodies the brand's return to its activist roots and encourages environmental and community-minded initiatives, such as refilling. Despite the lockdowns, The Body Shop has been able to launch this new consumer experience in Vancouver, Hong Kong, Melbourne and Seoul. In 2021, a further rollout is planned for 100 of these stores in key locations to extend brand awareness.

The expansion of The Body Shop's geographic footprint is also underway. In the United States, a successful soft launch of the direct sales channel added 8,000 new consultants in just six months, with full platform capability expected towards the end of 2021. In Japan, The Body Shop acquired the business from a head franchisee, paving the way for accelerated growth in this critical strategic market. The Chinese market remains an important opening as part of a broader entry strategy being evaluated by the group.

Aesop: Evolving the customer's experience

Aesop's success is grounded in its brand ethos and considered customer experience, particularly within its beautiful physical spaces. Despite the challenges of COVID-19, Aesop was able to swiftly expedite plans to

expand its digital capability and find innovative ways to provide the same level of customer experience within a physical store, through various digital channels instead. This was aided by recent interactions with Chinese customers, whereby the learnings could be adapted and adopted more broadly across the globe.

From its design-conscious website, Aesop added virtual consultations, live chat support and click & collect services, seamlessly extending its customized service to the virtual world with an enhanced mobile interface. As a result, online sales grew 250% and moved from being 12% of its business in 2019 to 30% in 2020. This strategy benefited several markets including Switzerland, which was considerably impacted by COVID-19 restrictions, and Japan, where Aesop has been building the business for the last 15 years and which experienced a threefold increase in digital sales in 2020. Not forgetting the importance of its physical stores and preparing for a post-COVID world, Aesop was still able to open nine new stores and relocate or refurbish seven others in Japan, the UK, Singapore, Taiwan, Australia, the US and Canada.

The next three years for Aesop will see a continued investment in digital growth, both in the markets where it currently operates as well as in new ones. By combining this expanded digital capability with its physical spaces, Aesop is pursuing an even more integrated customer experience, with personalization services such as recognition and replenishment.

Although it is the smallest business within Natura &Co, Aesop is the fastest-growing operation. The majority of its business comes from Asia, where the group plans to expand its presence within the next few years. With its experience in this region, Aesop looks to share learnings with the other Natura &Co businesses, so that they may adapt for their own individual brand positioning and go-to-market strategies. Together, the brands will also venture into China, a currently untapped market for the group, by taking advantage of the combined expertise and talent from each of the businesses and using this to make the entry a triple-bottom line success.

Innovation *and products*

The beauty ahead

In Natura &Co, we all share a passion for innovation. We aim to develop products, experiences and services that help our consumers to feel confident and healthy in their own skin, to have happy and balanced relationships and to engage in making this world a beautiful, sustainable place to live in.

Each of our brands proposes a singular way of doing this. For Natura, this means promoting wellbeing, harmony and a deep connection with the rhythm of nature. As for Avon, it is about on-trend, innovative, democratic and affordable beauty. The Body Shop smashes taboos and promotes a joyful energy and a change-maker attitude to life. Aesop is an invitation to a pleasurable, sensorial journey through meticulous and well-considered design.

What brings those different voices into unison is our unique culture of collaboration and our commitment to developing products that give back more than they take. We do not test cosmetic ingredients or products on animals, and all of our businesses have long used proven, scientific alternative methods to conduct tests, while ensuring the very highest standards of safety and efficiency. In 2020, the group signed an open letter sent to decision-makers in the European Union calling on them to uphold

the groundbreaking EU animal cosmetics testing bans, together with more than 460 other companies.

In 2020, we welcomed Avon to our innovation ecosystem. Despite the circumstances imposed by the pandemic, we were able to get to know each other, share market knowledge and explore the best ways to work together. The iNEx, our internal Network of Excellence focused on innovation gained traction during the year in terms of people structure and workflow, including the identification and evaluation of the potential of our R&D centers to become hubs of expertise for the group around the globe. The iNEx will also have the support of external worldwide experts who share market insights and trends through regular talks, known as Beauty Circles.

As an innovation powerhouse, we are always in tune with the trends that are driving the consumer's behavior. During the pandemic we saw a spark of creativity that we expect to explode in a post-COVID world, and we are well positioned to maintain our innovative approach. Our vision deeply resonates with the pursuit of a more reflexive, conscious and relationship-based way of life. The digital economy is more social than ever, and the beauty ecosystem now surpasses traditional frontiers to embrace wellness, sustainability, entertainment, medicine and biotechnology. Moreover, the planet is demanding renewable and regenerative solutions, and we are ready for this invigorating and ambitious challenge.

Our main innovation centers

Natura: the R&D center located in Cajamar (São Paulo, Brazil) was completely remodeled in 2020 to deliver on the expansion strategy for the years ahead. It includes advanced labs for biotechnology research, formulas and prototypes. Another key hub is located in the Amazon region, in Benevides (Pará, Brazil), where a biorefinery researches the potential of essential oils and extracts from ingredients harvested from the rich Amazonian biodiversity landscape. Since 2016, the Natura Startups initiative has been successfully attracting entrepreneurs whose ideas can accelerate the pace of innovation.

Avon: Suffern (outside New York, USA) is home to a world-class team of scientists, engineers and beauty specialists, 70% of whom are women, working across a network of high-tech labs. There are a number of hubs around the world including Argentina, Brazil, China, Mexico, the Philippines, Poland, South Africa and the UK. In Latin America, Avon now also benefits from the Natura Startups

program to solve operational challenges and boost synergies.

The Body Shop: based in the innovation lab near Brighton (UK), The Body Shop's researchers have been working since 1987 in close partnership with producers, farmers and artisans to ethically source and develop natural-based ingredients from across the world. This hub accelerates testing and product reformulation and holds a sustainably sourced ingredients database.

Aesop: a team of chemical scientists works out of the head office in Melbourne (Australia), in a utilitarian, custom-built laboratory. Ingredients are sourced from the most reputable suppliers across the globe, and contemporary technology is married with long-established scientific practices. Aesop has been appointed the leader of Natura &Co's venture capital fund, Fable Investments, that will be launched in 2021. The fund is seeking to invest in small, innovative high-growth firms in the beauty and wellness industry.

Major launches *Avon*



Cannabis Sativa

After years of extensive research on beauty's hottest ingredient, Avon unveiled this 100% natural, vegan and safe collection based on cannabis sativa seed oil. The antioxidants with soothing, nourishing benefits of this healing skincare ingredient are presented in a three-step regime to cleanse, protect and restore the whole body.



ANEW Skin Reset Plumping Shots

Avon's breakthrough skincare discovery, Protinol™, is clinically proven to restore both types of collagen found in healthy skin, helping to achieve its perfect equilibrium. Protinol™ is available in ANEW Skin Reset Plumping Shots, which restore collagen loss in just seven days, for plumper, firmer looking skin.

Artistique Parfumières

The new range is a journey into the craftsmanship of perfumery. Avon partnered with multiple award-winning perfumers to create three inaugural perfumes: Iris Fétiche, Magnolia en Fleurs and Patchouli Indulgence, bringing together fresh notes of flowers, greens, leaves, woods and spices that embody over a thousand years of handmade French perfumery traditions.



Power Stay Make-up

Avon's high-tech, patented answer to a huge demand for long-lasting make-up now has three additions: mascara, liner and eye shadow color. The same polymer technology, which keeps pigments in place and guarantees that the product looks like it's been recently applied, can be found in the lipstick, concealer and liquid foundation that also form part of the collection.

Major launches *Natura*



Essencial Mirra

The Essencial range was repositioned with the new strapline "Essencial is the power of being". At the end of the year, a new fragrance was launched, Essencial Mirra, that brings together the iconic and mystic myrrh from the Middle East and the rare and innovative "Brazilian myrrh", made from the aromatic resin harvested from the almecegueira tree in the Amazon forest.



Kaiak Oceano

Made from a blend of fresh notes from Atlantic Ocean seaweed and the Amazon's pataqueira plant, Kaiak Oceano is an invitation to a deep dive into purchasing choices. The plastic portion of the packaging is made with up to 50% of recycled materials, part of them sourced in partnership with co-operatives that collect waste along the Brazilian coastline.

Ekos Castanha

A special edition of Ekos Castanha was launched to celebrate 20 years of the iconic Ekos range, which symbolizes Natura's commitment to protecting the Amazon. The packaging portrays the relevance of this majestic and generous chestnut tree for the ecosystem and the harvesting tradition maintained by local communities.



Lumina Tratamento Pró-Reconstrutor

The 100% vegan, cruelty-free haircare line has now a new treatment system, with a primer and a mask. It is based on Natura's exclusive pró-teia biotechnology, inspired by the protein found in a spider's web.

Major launches

The Body Shop



Hemp

Leveraging 20 years of knowledge about hemp, The Body Shop's cross-category solutions deliver ultra-nourishing protection, boosted by hemp seed oil, featuring an overnight facemask, shower oil and a hand scrub. The star launch, using a new hemp-derived ingredient cannabidiol, is the CBD Skincare range: a three-step routine mask-cleanser, oil and moisturizer to soothe stressed skin.

Bath Blends

Instead of relying on artificial glittery solutions, these new bath and shower blends cut through the clutter to harness natural ingredients into velvety sensorial textures. Available in pear, mango, banana and berry blends for a daily dose of vitamins, antioxidants and minerals in nourishing feel-good formulas that are eye-catching and sustainable.



Superfoods

Inspired by on-trend ingredients harvested all around the world, The Body Shop's new energizing Superfood Hair & Body Mists & Solid Fragrance Domes are perfect for a life on the go. Available in five unique feel-good blends: lime & matcha, pomegranate & berry, coconut & yuzu, apricot & agave and pink pepper & lychee.



Lemon

A fast-track range designed and delivered in only eight months to help people feel clean, zesty and confident in reconnecting with their bodies in the midst of the COVID crisis. It's made with lemon essential oil and combines head-to-toe steps that have either antibacterial, intense cleansing or protecting care properties.

Major launches Aesop



Sublime Replenishing Night Masque

The latest addition to the Skin Care+ range is a highly potent hydrating treatment boosted with a suite of vitamins B, C, E and F to balance, nourish and replenish skin. Applied at the end of the day, this deceptively lightweight gel-cream works while you sleep to counter dehydration, so you awake to skin that feels smooth, supple and balanced.



Rōzu Eau de Parfum

The fourth Aesop fragrance, and the first floral in the category, Rōzu is a unique and modern interpretation of the rose, accented with unusual and striking chords such as shiso, guaiacwood and vetiver. It is inspired by the life, work and enthusiasms of the modernist designer Charlotte Perriand, and articulates the lifecycle of the Wabara garden rose created in her honor.

Aromatique Candles

Newest in Aesop's Home Care range is a trio of aromatic candles, each named for an ancient stargazer of note. Ptolemy, whose name is inspired by the Greek-Egyptian scholar who catalogued the stars, is distinguished by smoky, deep green notes of cypress, cedar and vetiver. Aganice, titled for the first female astronomer of Ancient Greece, blends bright, floral mimosa with the warm, spicy notes of cardamom and tobacco. Callippus is marked by its resinous frankincense and earthy vetiver, and takes its name from the Greek astronomer and mathematician - a close observer of planetary movements.



Citrus Melange Body Cleanser

A gentle low-foaming gel suited to all skin types and ideal for everyday use in the shower or bath, or for cleansing the hands. Imparting a vivifying citrus aroma, it leaves the skin feeling soft, refreshed and immaculately clean. The formula features a purifying blend of essential oils, including petitgrain, jasmine, lemon rind and grapefruit rind.

Message from the CEOs



Angela Cretu
Avon



João Paulo Ferreira
Natura & Co Latin America



Michael O'Keeffe
Aesop



David Boynton
The Body Shop

Doing the right thing

In January 2020, we celebrated the historic arrival of Avon in the Natura & Co family, by embarking on a tour of some of our offices in New York, London and São Paulo. It was a memorable week during which the energy and the excitement of our employees at this major step taken by the group was palpable.

Little did we know that it would also be one of the last times that we personally met that year. In the following months, our lives, businesses, and our way of working were to change drastically. However, even in the face of a global pandemic caused by COVID-19, we remained steadfast in our commitment to generate positive impact. Putting people first was a decision coherent with our history, which reinforced our values and beliefs.

The lessons learned from our operations in Asia, where COVID-19 was first identified, contributed to faster decision making in Latin America, showcasing the collaborative nature of our businesses. On an autonomous but interdependent basis, we found the means to protect our network, manage the contagion and keep business going.

Our initial priority was focused on the production of essential items, ensuring the supply of vital products in the fight against the virus. We began manufacturing and distributing hand sanitizers and soaps in record time and pledged to safeguard the jobs of our employees. We partnered with private and public institutions, communities and suppliers to ensure that donations reached those most in need. We also supported our communities by responding to the surge in domestic violence witnessed across the world during the pandemic, coming together to create the #IsolatedNotAlone campaign.

We accelerated the digitalization of our businesses, helping to ensure that our consultants, representatives and store colleagues could continue to work amid lockdowns. With heavy investment in the further expansion of our ecommerce infrastructure, our digital sales saw triple digit growth, despite store closures.

The digitalization process at Natura, which had been ongoing for a number of years, facilitated the creation of digital tools, boosting the use of these resources by consultants. Avon's representatives also benefited from digital brochures and new apps, reinforcing its transformation and the revitalization of its commercial model. This resulted in a significant increase in

approval and loyalty rates amongst our independent entrepreneurs, as well as positive results for our business. The Body Shop launched its new website, as part of its brand rejuvenation strategy, attracting new customers and driving sales close to £150 million. The expansion of its digital channels was followed by advances in its direct selling model, The Body Shop At Home, which saw significant growth in the United Kingdom and Australia, as well as successfully launching in the United States. Aesop continued to deliver stellar growth despite store closures, leveraged by its agile redirection of the customer experiences delivered across its online channels. Asian markets also delivered strong performance for Aesop, particularly in Japan, one of the most important beauty markets in the world, showing growing recognition of the brand's unique value proposition.

The integration of the four businesses in Latin America progressed and has demonstrated even greater potential for synergies. COVID-19 accelerated this integration, with advances in the optimization of manufacturing and distribution, for example. However, the synergies go way beyond the region. The Body Shop started producing its Body Butters in the Avon plant in Poland, increasing product quality and speed of delivery. Natura maintains its internationalization plans with support from The Body

Shop and Avon operations, while Aesop has enormous potential to spearhead new markets and formats, which may later be replicated in the group's other businesses.

Amidst the many challenges faced during 2020, we did not lose sight of our capacity to use our joint strength to promote a positive impact on people's lives. Natura & Co's sustainability vision, Commitment to Life, will require innovation, knowledge sharing and systemic behavior change. In this regard, we have already made important strides. Natura & Co officially became the largest B Corp in the world and Natura achieved its second re-certification in 2020. Following The Body Shop certification in 2019, Aesop was certified as a B Corp in the same year and Avon has begun its journey to become a B Corp by 2025.

Even in a year of great human loss, our businesses called upon our founding principles in search of resilience, with our people and the planet as our first commitment. Our network of employees and store colleagues, guided by the same values and driven by unparalleled passion, were essential to achieving these results. To all of them, we are deeply grateful. Together, we believe we are setting the foundations of a new cycle of prosperity, towards a capitalism better suited for the 21st century.



3

Commitment
to Life

Commitment to Life

We must act. Now.

"Solidarity is humanity. Solidarity is survival. That is the lesson of 2020. With the world in disunity and disarray trying to contain the pandemic, let's learn the lesson and change course for the pivotal period ahead." With these words, António Guterres, secretary-general of the United Nations (UN), finished his speech "The State of the Planet", delivered in December 2020 at Columbia University, where the UN held an online climate summit to mark the fifth anniversary of the Paris Agreement. The message was very clear: the planet is broken. We need to apply the sense of urgency that COVID-19 has taught us to mend it before it's too late.

We, at Natura &Co, believe that even though we have already been addressing sustainability over the years, we need to move faster. That is why, in June 2020, we set bold targets for the next decade by launching our "Commitment to Life", a comprehensive sustainability vision which will step up our actions to address some of the world's most pressing issues. These are indeed a set of very audacious environmental and human-kind targets, but we know that addressing them over the coming 10 years is imperative. Our list of priorities includes addressing the climate crisis by becoming net zero by 2030 and protecting the Amazon by pledging to help to reach net zero deforestation by 2025. We also committed to defending human rights and to ensuring gender parity and equal pay by 2023, as well as adopting a living wage for all our employees. Our pledge also looks at how we develop and manufacture our products, therefore we are committed to embracing circularity and regeneration by 2030.

Our journey towards this vision started with Natura's own vision for 2050, crafted in 2014. It was expanded in 2018, when the - at the time - three businesses within our group (Natura, The Body Shop and Aesop) jointly developed an agenda for sharing best practices by means of the Network of Excellence (NEx) groups, in

fields such as innovation, digital commerce, retail and sustainability. The latter took off immediately with the objective of creating a common denominator for all the businesses. The Sustainability Nex (S-NEx) started out by discussing the group's vision in priority themes that embrace a positive and systemic approach to our business. Along with the environmental and social dimensions, we have included a third one, transversal, that takes into account our role as a consumer company and the way our products are developed and disposed of, so that they give back to the world more than they take.

Soon after, Avon's integration into the group threw new light on these issues, especially regarding gender and inclusion. After all, the business has spent more than 130 years championing women, supporting their empowerment, entrepreneurship and health & wellbeing. Because of this valuable contribution, we took a step back to ensure that the commitment would make sense for Avon in the 70-plus countries where the business is present. This move also helped to expand our scope and enhance our targets.

The vision we built set minimum goals that each company should contribute to the group in addition to its own initiatives. Therefore, we created 31 targets aimed at encompassing 100% of our portfolio. We then distributed these targets amongst 16 task groups with members from the four companies.

Throughout 2020, the group advanced in projects related to these pillars. Natura reduced its carbon emissions by 32% (compared with business as usual in the same period), while Aesop's operations in Australia and New Zealand achieved carbon neutral status. Combined investments by the four businesses in projects targeting social change, such as public education, community fair trade, breast cancer awareness, the fight against domestic violence, public education and donations to fight the pandemic totaled R\$489 million. The group

also contributed to the replacement of 2,489 thousand tons of virgin plastic by using a recycled version in its packaging. The four brands are at different stages in their journey, but now share a common vision of the path to get there.

A joint effort

"Natura &Co's "Commitment to Life" is adherent to the raising standards for business sustainability. With its three pillars on addressing climate change, defending human rights and embracing circularity, this renewed ambition is in line with the systemic and sustainable transformation we need for a world in which 9+ billion people live well, within planetary boundaries. Alongside their continued, valuable partnership with our organization, Natura &Co is demonstrating what business leadership for sustainable development is truly about."

Peter Bakker, President & CEO World Business Council for Sustainable Development (WBCSD)

We understand these are complex issues, but we decided to start by establishing clear goals and then finding ways to achieve them. However, we humbly acknowledge that we will not be able to get there alone. For us, the domains of a company do not constrain its area of focus. Hence, we invited other players - our partners, competitors, other companies, academics, and NGOs - to take part in this dialogue in order to find solutions for the problems the world faces today. We also look forward to partnering with

governments since political leadership is crucial to accelerate this business action.

In 2020, Natura &Co became the world's largest company to be certified as a B-Corp, providing evidence that our businesses meet the standards of verified environment, social and governance performance, public transparency, and legal accountability in balancing profit and purpose. This recognition was achieved in conjunction with and as a result of Natura's own recertification process, which in 2020 reached record score. Natura has been certified as a B Corp since 2014, followed by The Body Shop, in 2019, and by Aesop in 2020. Avon is on track to achieve B Corp certification by 2025. This resulted in Natura &Co being a mentor in the B Movement Builders that started in 2020 as a coalition of multinational, publicly traded B journey companies with over US\$1 billion in revenue, seeking to adopt governance models that will enable our businesses to make decisions for positive impact for all stakeholders. With this, we stand together in our pursuit to become the best beauty company FOR the world.

Joining forces will significantly increase our potential. With our "Commitment to Life", we know that no one holds all the answers and that the steps we have taken so far can be improved collectively, thus creating the systemic change that is needed to face complex problems, such as inequality and the climate crisis. The changes we are pursuing will only be possible, and will only be implemented at scale, once we develop a new model to measure and analyze data that would work as

a common denominator for all companies. Currently, there are many metrics being used around the world, hence the need to create something less complex that may be used anywhere, by anyone. Therefore, we are taking part in this discussion with the B Team, the UN Global Compact, the World Business Council for Sustainable Development and the World Economic Forum in order to help organize this systemic change.

In 2020 Roberto Marques, CEO and Executive Chairman of Natura &Co group, became a board member for the United Nations Global Compact, replacing Guilherme Leal, one of Natura's founders. Marques is the only representative of Latin America in the Council that oversees the Sustainable Development Goals and serves as a sounding board for the UN Secretary General.

Moreover, Natura &Co has been part of the Dow Jones Sustainability Index for seven years in a row and of the ISE Index (B3) for 16 years, as well as the newly created ISE ESG Index (before the creation of the holding, the company was listed as Natura, under the ticker symbol NATU3). We are signatories of the Principles for Responsible Investment (PRI), a set of investment assumptions that offer a menu of possible actions for incorporating environmental, social and governance (ESG) issues into investment practices. The group is also working with the Task Force on Climate-Related Financial Disclosures (TCFD), which helps publicly traded companies and other organizations to more effectively disclose climate-related risks and opportunities through their existing reporting processes.

For us, the domains of a company do not constrain its area of focus. Hence, we invited other players to take part in this dialogue in order to find solutions for the problems the world faces today.

To address the climate crisis *and* protect the Amazon

Climate crisis

"It is vital that businesses work to address the global challenges of nature loss, climate change and social inequality. Natura &Co is tackling these crises together through their Commitment to Life which seeks to protect the Amazon, address climate change, shift towards circularity and more. We appreciate Natura &Co's support in urging governments to adopt ambitious nature policies which help create a level playing field and stable operating environment for business, through our Nature is Everyone's Business."

Eva Zabey, Executive Director of Business for Nature, a coalition formed by The World Economic Forum and the World Business Council for Sustainable Development.

We pledged to achieve net zero greenhouse gas (GHG) emissions by 2030 for our four businesses. We aim to do that in line with science-based targets, tracking emissions throughout our entire value chain and that of our suppliers, from the extraction of raw ingredients to packaging disposal. This goal is compliant with the movement already set in place by the nations who signed the Paris Agreement, however we aim to achieve it 20 years ahead of the UN commitment.

Currently, our GHG emissions are estimated at around 2,000,000 tons of CO₂ equivalent. We already tackle this issue using renewable energy and projects that drive energy efficiency, plus lower carbon logistics and distribution solutions. Moreover, we have already started

to offset emissions through carbon credit projects at Natura and Aesop. For example, Natura alone has already avoided the emission of over 162,000 tons of CO₂ equivalent, a 32% reduction compared to a business-as-usual operation. Aesop is carbon neutral in New Zealand and Australia whereas Avon is zero scope 2 emissions due to using 100% of energy coming from renewable sources. We plan to expand the use of reduction technologies available in the market for energy, logistics efficiency and packaging. To do this, we will enter into partnerships to develop new technologies.

The next two years will be dedicated to consolidating the organizational footprints for scopes 1 and 2, and to calculating and consolidating the footprint for scope 3. The Carbon Trust consultancy will support us in this task and will also aid us in calculating the science-based targets for the 1.5°C pathway, in line with Science Based Target initiative (SBTi) requirements. Creating this roadmap is a result of Natura &Co's 2019 signature of the Business Ambition for 1.5°C pledge to reach net-zero emissions, an urgent call to action led by a global coalition of UN agencies, business and industry leaders.

We believe in the power of collective action in igniting our best efforts to guarantee carbon net zero in the entire chain. To better address the challenges to climate change, we joined forces with nine other companies, such as Danone, Microsoft and Starbucks, to launch Transform to Net Zero, a cross-sector initiative that aims to drive research, advocacy and best practices to make it easier for the private sector to deliver meaningful emissions reductions and economic

success. The coalition's goal is for all Fortune Global 1000 companies to have targets backed by transformation plans to achieve net zero no later than 2050. In 2021, our work includes clarifying our collective position on net zero goals and their implementation.

Protect the Amazon

For 20 years, Natura has been developing sustainable economic alternatives for the Amazon region. It is now going to build on this experience to step up its actions and take its presence there to another level. Currently, Natura preserves two million hectares of land, an area equivalent to half of the Netherlands, and the goal is to contribute to the preservation of three million hectares by 2030. The company intends to expand its reach from 33 to 40 supplier communities and to increase revenue streams with the use of 55 bio-ingredients (up from 38). With this, it expects to share at least R\$60 million with local communities (from R\$33 million).

One of the major success stories in the region is the Natura Ekos range, whose formulas are made with pure bioactives from the forest. In 2000, Natura launched the first products, which were developed based on three pillars: fair trade, the preservation of biodiversity and local community relations founded on trust. With these products, Natura helped bring the Amazon forest closer to the lives of its customers. In 2020, Ekos was re-certified by UEBT (Union for Ethical Biotrader), whose label is awarded to companies committed to ethical sourcing of ingredients from biodiversity.

Our commitments

Net Zero GHG emissions

in 0-2 years

Science Based Targets Initiative (SBTi) for all companies, scopes 1, 2 and 3

in 5-10 years

Become Net Zero, delivering 1.5 degree 20 years ahead of UN Commitment

Protect the Amazon

in 3-5 years

Foster collective efforts towards zero deforestation by 2025

in 5-10 years

Expand influence on forest preservation from 1.8m to 3m ha, and from 33 to 40 communities

Increase revenue streams with 55 bio-ingredients (from 38)

Share at least R\$60 m in value with communities (from R\$33 m)

Help create Science Based Targets for Biodiversity

in 3-5 years

Help create targets with a network of partnerships (UEBT, SBTN, BfN/WEF)

Expand from Natura's 16 year payment of ABS (access and benefit sharing) to the group by 2025 – as per UN Convention on Biological Diversity (CBD) / Nagoya Protocol



Furthermore, the Natura Amazonia Program has generated more than R\$2.1 billion in business volume, double the forecast since its launch in 2011. It was designed to transform social and environmental challenges into business opportunities as well as to scale up projects in the region, connecting different players and generating impact that could reach beyond the communities with which it works. The idea of the program is to create a model through which the Amazon would no longer be exclusively a supplier of raw materials, but instead would reveal the value of its vocation for technology and its culture. The opportunity it presents will help to improve quality of life and promote the conservation of the standing forest.

All these efforts are still small considering the size of the Amazon and the challenge to reverse deforestation. As a group, we intend to go even deeper in our understanding of the region to find solutions to the problems it faces. With this in mind, we are supporting Natura in its contribution to build *Concertação pela Amazônia* (Amazon Concertation), a network of more than 300 leaders from the public and private sectors engaged in the sustainable development of the region. The group intends to promote a democratic debate on the subject in order to create possibilities for the future of the Amazon. The goal is to establish a broad base of systematic knowledge about the region and common projects towards a different path of development that reconciles conservation in a non-predatory model.

The forest, however, is reaching its tipping point. We need to move faster. We value what the Amazon represents for the present and future generations, its different cultures and its biodiversity. Furthermore, we believe that this region has the potential to be a major global hub for innovation and sustainable business.

Therefore, we will foster collective efforts to ensure net zero deforestation in the Amazon by 2025. It is an ambitious, but still possible, target to achieve. Among many initiatives, we are keeping an eye out for credit options that will enable us to offer different production processes for areas that have been degraded.

Biodiversity

"Through its Commitment to Life vision, Natura &Co is taking bold action to advance sourcing with respect for people and biodiversity. Its approach builds on a deep understanding of the links between people and nature, and recognizes local producers are not only suppliers, but also key partners in conservation and regeneration. Natura &Co also respects their role as holders of traditional knowledge that is essential for the well-being of our planet. In 2020 UEBT and Natura &Co partnered to expand this approach of access and benefit sharing to all its brands, showing how personal care products can have a positive impact on the people and biodiversity that inspire them.

Rik Kutsch Lojenga, Executive Director, Union for Ethical BioTrade (UEBT)

Science is clear: we have 10 years to reverse the loss of biodiversity. This is not only a moral obligation for each and every individual but also an economic imperative since businesses rely on nature to prosper. Building on an already strong track record of adhering to the UN Convention on Biological Diversity and expanding the practice by enforcing the Nagoya protocol and ABS (Access and Benefit Sharing) payments, we aim to prevent biodiversity loss in the world. We will partner with the Science-Based Alliance to establish a new framework for the protection of nature, creating targets through partnerships with the Union for Ethical

Biotrade (UEBT), Science Based Targets Network (SBTN) and Business for Nature.

We also began working with the leading players in Europe through the One Planet Business for Biodiversity (OP2B), an international cross-sector, action-oriented business coalition on biodiversity with a specific focus on agriculture and regeneration. The coalition is determined to drive transformational systemic change and catalyze action to protect and restore cultivated and natural biodiversity within value chains, engage institutional and financial decision-makers, and develop and promote policy recommendations for a post-2020 biodiversity framework at 2021 CBD COP15.

The broad experience Natura has accumulated with its supply chain in the Amazon region, combined with the partnership The Body Shop has developed with 18 community trade systems across 14 countries, is now being passed on to our other businesses. One example is Aesop's partnership with Dutjahn Sandalwood Oils (DSO), an oil distillation company located in Kalgoorlie, Western Australia, that supplies sandalwood. Aesop first partnered with the business in 2018, after an extensive search for ethically sourced sandalwood oil that would meet its aroma profile and quality requirements. DSO is a 50% indigenous-owned enterprise that produces a blended sandalwood oil from new plantation trees and old wild grown desert trees, which are sustainably harvested by the custodians of the land, the Martu and Wongi peoples. Sandalwood has been revered for generations by the Martu and Wongi for its medicinal properties, as well as being used in smoking and cultural ceremonies and spiritual practices. Aesop has been working with DSO to ensure alignment with its supplier code of conduct and to build supply chain transparency, by understanding the social, ethical and environmental risks involved in their practice.

Defend human rights *and be human-kind*

Our people

We vow to create better, kinder and more inclusive conditions for our networks to thrive in. This includes increasing inclusion by 30%, taking into consideration racial or ethnic diversity, sexual diversity, gender identity, the socio-economically disadvantaged, and the physically and mentally disabled. While respecting data privacy, we will implement measurement to track the percentage of underrepresented groups.

We aim to go beyond the UN SDG goal of 30% women in leadership positions by increasing our goal to 50% by 2023. We are nearly there, at 48%. In Natura &Co Latin America, for example, our strategy to guarantee gender equality for finalist candidates in recruiting processes has been effective. By the end of 2020, we had reached 51% of women in leadership positions.

When we launched our "Commitment to Life" vision in 2020, we vowed to guarantee gender parity and equal pay among our entire workforce, reducing the gender gap by 2023. During last year, Natura &Co conducted a comprehensive equitable pay study, in partnership with Mercer HR consultants. The study analyzed 35,000 employees, across all businesses and group functions, in more than 70 countries, exploring pay, role, grade, country and gender. Currently, because of our gender disproportion, if we compare the average salary of all the 12,600 men and 22,400 women we employ, there is an unadjusted gap of 13% between women and men.

However, if we deep dive into this gap, we find most of it is explained by seniority, performance, role (the level of the position in terms of an assigned grade and the type of role) and location (different cost of living in different countries) which leaves us with an unexplained gender gap of less than 1%. This percentage reflects the residual pay gap that cannot be explained by legitimate factors and may be due to pay inequities related to gender or race and ethnicity. We are committed to closing this residual gap ahead of the 2023 deadline, and we will monitor it closely to ensure it is completely closed.

Meanwhile, Aesop began a partnership with the ThomasLeland consultancy to help build its global Diversity, Equity and Inclusion (DE&I) strategy. Starting with a diagnostic analysis, which included sessions with the leadership team and over 30 focus groups with colleagues globally, the work now continues into 2021. DE&I is one of Aesop's strategic priorities for 2021, and the findings from ThomasLeland are now being transformed into a strategy that will further advance the business on its journey.

Finally, we will ensure that by 2023 all of our associates will receive a living wage or above. This means that all employees will have a minimum income necessary to meet their basic needs, which include food, housing, health care and clothing. The goal of a living wage is to allow a worker to afford a basic but decent standard of living through employment.

Our wider network

"The thriving, inclusive and sustainable world we need to leave for future generations, calls for collective action – both across sectors of society and across the most pressing challenges we face on this journey. Natura &Co's holistic leadership to deliver an economy that works for all people and our planet, and is created in partnership with all stakeholders, is an example leader that business and beyond must learn from and emulate."

Halla Tómasdóttir, CEO, The B Team

Throughout 2020, we implemented growth plans, adopted new tools that facilitate online activities, and enhanced offline services for our 8 million consultants and representatives. We are now committed to measuring and increasing the profit, health and education of everyone in our network, while promoting direct sales as a trusted and reliable business model. We will also quantify gains among the members of the 58 ethical trade sourcing communities in 15 countries from whom we source ingredients and materials directly.

One of the metrics we are using as a framework is the Human Development Index, developed by Natura for its consultants. Natura Consultant-HDI tracks conditions in the following dimensions: knowledge, health and

Our commitments

Our people

in 3-5 years

Gender balance: from 35% women on board/senior team to 50% by 2023

Equitable pay, closing the gender gap by 2023

Living wage (or above) for all by 2023

in 5-10 years

Work towards 30% inclusion, in management of under-represented groups - racial or ethnic, sexual diversity and gender identity (LGBTI), socio economically disadvantaged, physical or mental disability

Our wider network

in 3-5 years

Promote our trusted and reliable model for the future of direct sales

in 5-10 years

Measurable gains for consultants/representatives and sourcing communities in earnings, education, health and digital inclusion

Increase investments in key causes by 20% to US\$600 million (mainly in communities, breast cancer awareness, domestic violence and education)

Intolerance to human rights infringement across our supply chain

in 3-5 years

Full traceability and/or certification for critical supply chains by 2025: palm oil, mica, paper, alcohol, soy, cotton

Adopt robust human rights policy in line with UN Guiding Principles by 2023

work. Since 2014, Natura has been measuring this index in order to create projects and services that improve their quality of life. The Consultant-HDI is the first indicator that measures a company's social impact using the same methodology used by the United Nations Development Program to assess countries' human development. In 2019, Natura collected information from 1.2 million consultants, and there will be a new measure in 2021. The results showed a 3.1% increase in overall HDI compared to the assessment done in 2017, mainly due to the strategy of digital inclusion and financial education that the company has been implementing in the last few years. The assessment also showed that one year as a Natura consultant can result in a 1.8% increase in a person's HDI. It also noted an increased desire on the part of consultants to improve their living conditions and to take care of themselves. On the other hand, there has been a decrease in civil responsibility due to the overall context in Brazil.

In 2020, we became part of the board of the World Federation of Direct Sales Associations (WFDSA), with João Paulo Ferreira, Natura &Co Latin America's CEO, as Ethics Chairman. The CEO Council is the Federation's main governing body, responsible for oversight, control and strategic direction of the organization's activities and affairs. It consists of the CEOs of the leading multinational direct selling companies. The CEO Council is also the main forum where global leaders of direct selling companies can

come together to meet the unique challenges and opportunities for direct sales companies.

Human rights across the supply chain

It is also our responsibility to respect human rights while exercising sustainable development on a global level to generate positive impact. This is why, by 2023, we will adopt a robust human rights policy upholding intolerance of any kind of infringement in our entire network, particularly the supply chain, in line with UN Guiding Principles. The group will also enforce full traceability and/or certification by 2025. Alongside these targets, we will implement specific programs for supply chains of critical ingredients in the coming years, specifically for palm oil, mica, alcohol, cotton, paper and soy.

In 2020, Natura took an important step towards this objective by launching a Declaration of Commitment, which formalized the business's responsibility and commitment to non-tolerance of the violation of human rights. It also established what the business expects from all its employees and commercial partners in all the countries in which we operate. The document is based on the Universal Declaration of Human Rights from the United Nations (UN) and the principles related to fundamental rights established in the Declaration of the International Labour Organization (ILO).

Support for communities

Ramping up our commitment to be a group that gives back across our four businesses, we will increase investments in key causes by 20% to US\$ 600 million (approximately R\$3.2 billion) mainly in communities, breast cancer awareness, domestic violence, and education). In 2020, our businesses jointly donated and invested R\$489 million through a range of initiatives, including our engaged communities in the Amazon, Crer para Ver program, Avon's campaigning and fundraising for women's health and wellbeing, as well as initiatives to combat COVID-19.

Led by Avon, the #IsolatedNotAlone

campaign teamed up with several organizations to raise awareness of the increase in domestic violence as a consequence of isolation measures that leave survivors at home with abusers. The campaign signposted support for those at risk, reaching 200 million people via our businesses' social media channels. The Avon Foundation also committed US\$1 million to domestic violence support groups around the world that focus on direct impact, grassroots initiatives, taking Avon's total donations to tackle gender-based violence to more than US\$ 4 million in 2020.

In addition, our four business units donated essential personal care packages to shelters in their local markets. For

instance, The Body Shop donated 100,000 units of essential hygiene items and treats to women's shelters across the UK. The campaign also included an open letter to global governments to spotlight the issue and expand funding and resources to deal with the increase in violence.

We also saw important advances in the Crer Para Ver product line. The revenues from this non-cosmetic line reached new record results, totaling R\$55.9 million in Brazil and R\$23.3 million in the other countries in Latin America. The profit from these products is invested in educational projects that drive improvements in public education in Brazil and Hispanic America, led by Instituto Natura.

Embrace circularity *and regeneration*

Full packaging circularity

We value the aesthetic beauty of our products while pursuing lower environmental impact alternatives and seeking to demonstrate the importance of these more conscious choices to our consumers. Hence, we are moving towards and beyond a circular economic model to ensure packaging circularity by 2030 and guarantee that 100% of our packaging materials are either reusable, recyclable or compostable. The group also vows to use at least 20% less packaging material (in weight), and to guarantee that 50% of all plastic used is recycled material (in weight).

One of the steps in this direction is the pioneering product refill scheme which is already in operation in two of the new The Body Shop concept stores: the Bond Street store in London, and the Pacific Centre store, in Vancouver. Customers can visit one of these stores, pick up a refillable 250ml aluminum bottle, choose from one of the eight most popular shower gels and fill it up. Once finished with the bottle, the customer can give it a rinse, bring it back and refill it. With this program, The Body Shop wants to inspire and empower individuals to change the way they consume beauty products by enabling customers to become agents of change by expressing their own quest for self-improvement and fulfillment. Sales forecasts predict that this switch could save up to 25 tons of plastic in its first year.

In parallel, The Body Shop has partnered with Plastics for Change, a marketplace platform that enables businesses

to easily transition to recycled plastics. The organization sources plastic from marginalized waste pickers in India, offering a fair price, steady income and better working conditions in an informal sector that is often volatile and discriminatory. The Body Shop has increased the use of Community Fair Trade recycled plastic by 325 tons, which corresponds to 30% of the plastic use in its packaging.

By 2030, the group as a whole will increase the use of recycled plastic content to 50%. Also, in order to reach 100% responsible disposal of plastics, we will offset, through "collection and reuse" programs, the equivalent amount of packaging where recycling infrastructure does not exist. To achieve these goals, we are already taking a major step: designing out waste, using compostable, refillable or returnable materials for repurposing products.

We already have a head start regarding our packaging circularity targets in Brazil, where all of our businesses participate in the De Mão para o Futuro (DAMF) program, a sector initiative coordinated by the CFT industry association ABIHPEC, aimed at structuring waste management solutions so that associated companies can easily comply with the country's national waste management policy. DAMF invests in efficiency improvement in waste picker cooperatives by providing technical support and funding for the acquisition of specialized equipment, thus promoting environmental responsibility and social inclusion. In 2020, the program

as a whole collected more than 121,300 tons of waste with the contribution of more than 4,700 waste pickers from 150 cooperatives in Brazil.

Also in Brazil, Natura created the Elos program to foster sustainable supply chains for post-consumer recycled material (PCR) in packaging and support materials. Elos is a shared responsibility initiative involving Natura and its packaging suppliers (manufacturers, cooperatives, recycling operations). Since 2018, Elos has recovered more than 24,200 tons of post-consumer recycled material, with 10,200 tons recovered in 2020 alone, a volume 12% higher than in 2019. Even so, Natura was not able to reach its target for the year (10,776 tons) due to a reduction in the activities of the cooperatives that are part of the program, as a result of the COVID-19 pandemic restrictions. In Hispanic America, where Natura partners with 1,500 waste pickers and seven cooperatives, the amount of recovered post-consumer recycled material reached 3,700 tons.

Natura has also put together an Ecodesign Committee in order to drive packaging evolution, prioritizing recycled renewable materials and refill options. In 2020, 18% of the packaging units from Natura in Brazil and Hispanic America were eco-efficient. Kaiak Oceano, for example, a new fragrance launched in 2020, has a revolutionary package in which up to 50% of the plastic is recycled, with part of it sourced in partnership with co-operatives that collect waste along the Brazilian coastline.

Our commitments

Full packaging circularity

in 5-10 years

20% (or more) less packaging material (in weight)

50% of all plastic used to be of recycled content (in weight)

100% of all packaging material: reusable or recyclable or compostable

Offset through "collection and reuse" programs to reach 100% responsible disposal where recycling infrastructure not available

Formula circularity

in 3-5 years

100% of new formulas will have lower environmental footprint, measured by life cycle analysis (LCA)

in 5-10 years

95%+ renewable or natural ingredients

95%+ biodegradable formulas

Investment in regenerative solutions

in 3-5 years

Regenerative agriculture in deforested areas to reduce use of chemicals and create alternative to monocultures

Creation of revenue streams (new ingredients) that are more economically attractive than deforestation

in 5-10 years

Invest R\$100 million (or more) in developing regenerative solutions, such as: biotechnology, for example from waste to ingredients, plastics and so on

As for Aesop, a circular packaging trial was launched in October 2020 in its stores in Adelaide, Australia. The goal was to assess customer engagement in a packaging reuse solution for the four facial cleanser formulations in 200ml glass bottles. This trial is an instrumental first step as the business looks to scale its circular packaging solutions across other products and markets.

Formula circularity

The group will also implement formula circularity, with the use of 95% biodegradable formulas and 95% renewable natural ingredients across all four businesses by 2030. All of our new formulas will have a lower environmental footprint, measured by life cycle analysis (LCA).

Investment in regenerative solutions

Over the years, Natura has been investing in regenerative solutions, which are those that capture more carbon than they emit. This approach conserves and restores biodiversity and ecosystems, generating quality of life through means that are fair and inclusive. Through a significant investment program totaling around US\$ 100 million, Natura will further develop regenerative solutions including biotechnology and waste-to-plastic solutions by 2030. The plan is also to invest in regenerative agriculture in deforested areas

to reduce use of chemicals and create alternatives to monocultures. It will create revenue streams for communities from the cultivation of new ingredients, establishing alternatives that are more attractive than deforestation.

One of the projects with very good results is the use of organic alcohol in the Casa de Perfumaria do Brasil product range. Since 2005, Natura had been increasing the proportion of organic alcohol used to produce fragrances, reaching 100% in 2015. The first company to develop sustainable sugarcane farming in Brazil, Native (Natura's organic alcohol supplier), uses specific machinery in order not to compact the soil, which preserves its fertility and facilitates water retention and filtration. Pest control is achieved with biological processes in order to maintain environmental balance, and all organic waste goes back to the land. Native also has EcoSocial certification, which attests to the employment of robust socio-environmental criteria, from the production chain through fair trade initiatives.

In one year, Native reduces CO₂ emissions by 45,000 tons. The use of organic alcohol has contributed to the regeneration of 23,000 hectares in which more than 340 animal species live. Moreover, it promotes water savings of 30% by avoiding the need to wash the sugarcane thoroughly after burning it, as is the case with the traditional harvesting method.

Agroforestry systems: the case of palm oil

A partnership between Natura, Empresa Brasileira de Pesquisa Agropecuária (Embrapa) and the cooperative Camta (Cooperativa Agrícola Mista de Tomé-Açu), in the northern region of Brazil, resulted in a study that is revolutionary for something very material for the cosmetics industry: palm oil. The study concluded that the palm tree, when produced in agroforestry systems (AFS) in consortium with native species, is more productive and sustainable in comparison with monoculture. The research shows that these systems present high productivity and generate additional environmental services, such as the provision of food and wood, as well as helping to control water and climate.

Research started in 2008 with three farmers and 18 hectares of agroforestry system (AFS) demonstration units in Tomé-Açu, in Pará, in the north of Brazil. The idea was to bring palm farming closer to its original environment in the forest by associating it with other native species, such as manioc, açaí and cocoa, pursuing sustainable use of the soil, the preservation of natural resources and diversification of income for farmers.

Even though the number of palm trees per hectare is lower than in conventional cultivation methods, the studied AFS units achieved a much higher level of productivity than in monoculture, generating 180 kilograms of fruit per plant, compared with 139 kilograms for the conventional system. The study also demonstrated that the fruit from the AFS units yields over 57% more oil than fruit from monoculture systems.



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