

Communication on Progress

Period covered by your Communication on Progress (COP)

From:

1 January 2020

To:

31 December 2020

1. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER

Please use the box below to include the statement of continued support signed by your company's chief executive

10 May 2021

To our stakeholders:

I am pleased to confirm that Natura &Co reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Roberto Marques

Executive Chairman of the Board of Directors and CEO of Natura &Co

DESCRIPTION OF ACTIONS

Natura &Co is a global, purpose-driven, multi-channel and multi-brand cosmetics group which includes Avon, Natura, The Body Shop and Aesop. Natura &Co posted net revenues of R\$ 36.9 billion in 2020. The four companies that form the group are committed to generating positive economic, social and environmental impact. For 130 years Avon has stood for women: providing innovative, quality beauty products which are primarily sold to women, through women. Founded in 1969, Natura is a Brazilian multinational in the cosmetics and personal care segment, leader in direct sales. Founded in 1976 in Brighton, England, by Anita Roddick, The Body Shop is a global beauty brand that seeks to make a positive difference in the world. The Australian beauty brand Aesop was established in 1987 with a quest to create a range of superlative products for skin, hair and the body.

Natura &Co Latin America includes Natura LatAm, Avon LatAm, The Body Shop LatAm, and Aesop's operations in Brazil. The synergies gained from the integration of the four brands in this region drove 2020 annual net revenue to grow 9.4%, reaching R\$20.5bn. Avon International, which consists of all Avon operations outside of Latin America, had a net revenue of R\$9.1bn in 2020. It expanded its market share in the UK and Russia, and invested in its transformation strategy. The Body Shop saw its annual net revenue increase 32.4% to R\$5.3bn in 2020, largely due to an acceleration in ecommerce and the expansion of the At Home channel. Finally, Aesop presented a net revenue growth of 50%, taking it's 2020 annual net revenue to R\$1.9bn. This was driven by online sales and high performance in Japan and South Korea.

Human rights

In 2020 Natura &Co unveiled its Commitment to Life, a sustainability vision for 2030, designed to tackle some of the world's most pressing issues. It has three central pillars, the second of which is to defend human rights and be human kind. This pillar includes the following commitments for 2030: full traceability and or/certification for critical supply chains; a robust human rights policy in line with UN Guiding Principles; measurable gains for consultants/representatives and sourcing communities; increase investments in key causes, such as education, by 20% to \$600 million; and promoting its trusted and reliable model for the future of direct selling. In addition, towards the end of 2020, Natura &Co started a materiality review to create a Natura &Co Group Rights Policy, and Human Rights and Environmental due diligence system, which is due to be completed in 2021.

In 2020 Avon continued its work in tackling domestic violence. In light of the pandemic Avon worked with partnering NGOs to support women facing increased risk of gender-based violence. Avon donated an additional \$1m through the Avon Foundation and launched the #IsolatedNotAlone campaign together with sister brands Natura, The Body Shop and Aesop, designed to raise awareness and deliver frontline services to survivors. On women's health, the company distributed \$2.4m globally to support breast cancer education and awareness, funded 27,000 free breast cancer screenings, and launched the #BoobWatch campaign in October encouraging often lifesaving early detection. When urgent need for more hygiene products became clear, Avon repurposed production lines. They developed a new hand sanitizer product, switched product capacity, and donated masks, soap, shampoo and anti-bacterial gel.

Natura launched a Declaration of Commitment, based on the Universal Declaration of Human Rights and the Declaration of the International Labour Organization. This formalized the business's responsibility and commitment to a no tolerance of human rights violations. In addition, the company

reaffirmed its commitment to the Sustainable Development Goals. It became part of the board of the World Federation of Direct Sales Associations (WFDSA), with João Paulo Ferreira, CEO of Natura &Co Latin America, becoming Ethics Chairman. Throughout the year Natura continued working with local communities in the Amazon, complying with Ethical Bio trade criteria to consolidate sustainable production chains in the region. In response to COVID-19, Natura rapidly mobilized to provide care for stakeholder groups. For society, the company switched production across all plants to manufacture items of essential hygiene, committed to processing and packaging 310,000 litres of alcohol 70% solution and 190 tons of hand sanitizers, and donated essential products to vulnerable communities and healthcare workers.

During 2020 The Body Shop maintained its status as a B-Corporation, and continued to follow the UN Guiding Principles on Business and Human Rights to. These principles, combined with the Ethical Trading Initiative's (ETI) Human Rights Due Diligence approach, underpin the company's annual modern slavery programme and public recording commitments. Through their long-standing Community Fair Trade Programme, The Body Shop worked with 18 suppliers in 14 countries across Africa, Asia, Latin America and Europe, who in turn reached over 16,000 people (74% women), often in vulnerable areas. This programme allows producer groups of farmers, smallholders and artisans to maintain sustainable livelihoods and decent working conditions. Throughout the year the company's Responsible Procurement programme continued to ensure that all those in the supply chain benefitted from decent working conditions. Finally, the Body Shop sustained its work to support communities both in small-scale localised ways and via their global business practices and campaigns. \$25,000 was donated to the Black Lives Matter Foundation, and customers were also enabled to transfer their loyalty points to benefit the foundation. The UK head office joined a scheme to donate repurposed smartphones and laptops to people in need, which resulted in their donating 60 phones to a Community Calling scheme, thereby providing people with refurbished phones, a year's data and digital skills training for free.

Finally, the Aesop Foundation, the philanthropic arm of Aesop, continued its third year of work throughout 2020. It partnered with not-for-profit organisations to strengthen literacy for communities in need and support them to tell their stories. Through this, the Foundation built literacy and storytelling skills, gives marginalised communities a platform for expression, and bringing attention to issues and people who often go unheard. Further, Aesop remained committed to supporting the communities in which they operate. Each signature store has the capacity to gift products to support charitable causes, and given the global health crisis a focus was placed on supporting local domestic violence services and health care facilities. Aesop donated to support the Black Lives Matter movement and rolled out an initiative to Aesop employees globally. The same approach was adopted for the Stop Asian Hate campaign.

Labour

Natura &Co's second pillar of its Commitment to Life, defend human rights and be humankind, also includes the following commitments: 50% women on board/senior team by 2023; closing the gender pay gap by 2023; work towards 30% inclusion of under-represented groups in management positions; and living wage (or above) for all by 2023.

At the end of 2020, Natura &Co took a number of steps to explore and address equitable pay. Natura &Co, partnered with Mercer, a leading HR consulting firm, to conduct an equitable pay study. The study was a comprehensive independent pay equity analysis embracing all four businesses, including group function associates. It studied demographic data on the 35,401 employees across 73 countries, shining

a light on areas including pay, role, grade, country, gender and race. The group unexplained gap is 0.9%, Natura &Co is just 0.9% away from what is considered to be pay equity for the same job, same location and same responsibility. While typically a gap below 1% is often considered negligible, Natura &Co believes that any gap is unacceptable and is committed to closing the gap and achieving 100% pay equity by the end of 2021. Natura &Co is also partnering with a consultancy to build its global Diversity and Inclusion (D&I) strategy. The work began with a diagnostic analysis, including sessions with the leadership team and 34 focus groups made up of colleagues globally.

In 2020, responding to the pandemic, Avon helped their representatives to continue selling safely and effectively despite changing working environments. The digital support and training available to representatives was accelerated, and the earning threshold in the UK was reduced so that representatives could earn money from their first £1 of sales. On the topic of gender-based violence, Avon implemented a protocol which provides support for any survivors working for the company, including extra paid leave. In addition, 25 volunteers were trained as part of the UK Mental Health First Aider programme, strengthening the company awareness and support network, as well as giving employees someone to talk to about their mental health within the workplace. Throughout 2020 particular focus was placed on supporting and promoting diversity and inclusion. Avon International launched an anti-racist commitment, celebrated PRIDE, looked at ways to improve the inclusivity of marketing messages and products, and sustained their support for the UN Standards of Conduct for Business on Tackling Discrimination against LGBTIA+ people. Avon International also took steps in building a more inclusive culture through employee resource groups, such as the Global Women's Network and Beauty in Colour. Finally, as part of their commitment to provide all employees with an income reflecting the real cost of living, in 2020 Avon International analysed salaries and identified where work needs to be done.

Natura continued to implement their Diversity Policy which supports diversity initiatives focused on women, the disabled, LGBTI+ and people of colour. Emphasis was placed on attracting disabled candidates and offering a consultation with an ergonomics specialist before starting work. The company also promoted ethnic-racial equality by ensuring that over 50% of the candidates selected for the *CorageN* programme, the gateway to working with Natura, were people of colour. Following a diagnosis made in conjunction with Movimento Natura and UN Women, a toll-free 0800 channel was launched in Brazil for female employees who are survivors of violence. This channel provides access to lawyers, psychologists and social workers, and provides advice on how to report cases of violence, how to find shelters and how to obtain other protective measures. Natura also opened two nurseries in Brazil for the children of male employees and continued to encourage discussion about the role of men in families.

The Body Shop worked throughout 2020 to maintain gender balance on Senior and Executive Leadership teams, and to move towards a 50:50 gender ratio on the board. This work included investment in a mentoring programme, set to launch in 2021, for women employees and as those from underrepresented groups. In addition, a global leader was appointed to drive the inclusion and belonging strategy, and a Race and Ethnicity global employee network, SEEN, was created. In the US various inclusion and diversity initiatives were carried out, including racial awareness training and a six-month anti-racism course for leaders. 2020 also saw the establishment and restructure of global employee networks to challenge existing norms and help ensure The Body Shop's workplaces are inclusive and non-exclusionary. This was complemented by steps taken to support the career

development of women, people of color, and under-represented groups. For instance, the US distribution centre piloted inclusive hiring practices, to provide access to employment for any legal workers with the right skills, no matter what their background or experience.

In addition, together with leadership the group are in the process of crafting the group diversity and inclusion policy. Finally, Aesop implemented the living wage in the United States, and resources were assigned to meet their commitment to the Global Living Wage for all.

Environment

The first and third pillar of Natura &Co's Commitment to Life are focused on the environment. The first pillar, designed to address the climate crisis and protect the Amazon, is made up of three areas. The first, addresses net zero greenhouse gas (GHG) emissions and includes the following 2030 commitments: deliver the 1.5 degree target 20 years ahead of the UN goal; and use Science Based Targets Initiative (SBTi) for all companies. The second addresses the protection of the Amazon and includes the following 2030 commitments: expand influence from 1.8m to 3m ha, and from 33 to 40 communities; increase revenue streams with 55 bio-ingredients; share at least R\$ 60million in value with communities (from R\$33million); and foster collective efforts towards zero deforestation by 2025. The third includes the following commitments: helping create Science Based Targets for Biodiversity via partnerships by 2023; and expanding Natura's 16 years payment of ABS (access and benefit sharing) to the entire Group by 2025.

The third pillar of Natura &Co's Commitment to Life, to embrace circularity and regeneration, is also made up of three areas. The first addresses packaging circularity and includes the following 2030 commitments: 20% (or more) less packaging material (in weight); 50% of all plastic used to be of recycled content; 100% of all packaging material to be reusable, recyclable or compostable; and offset through "collection and reuse" programs to reach 100% responsible disposal where recycling infrastructure not available. The second, addresses formula circularity and includes the following 2030 commitments: 95%+ renewable or natural ingredients; 95%+ biodegradable formulas; and lower environmental footprint for 100% of new formulas. The third includes investing \$100 million (or more) in developing regenerative solutions.

Across Natura &Co several existing strategies to reduce carbon continued throughout 2020. These include the use of renewable energy, projects to increase energy efficiency, and finding logistics and distributive solutions. Natura &Co is part of the cross-sector initiative, Transform to Net Zero, driving research, advocacy, and best practices for the private sector to deliver emissions reductions. In 2020 the group also began work with leading European businesses through One Planet Business for Biodiversity (OP2B). This is an action-oriented coalition on biodiversity, which focuses on agriculture and regeneration.

In 2020 Avon took action to embrace circularity. All brochures were switched to be printed on sustainably sourced paper, and the number of online brochures was increased. In addition, the packaging content of several products was reduced. Care 750ml bottles and Senses 720ml bottles both saw an 18% reduction in plastic use, equating to an 88-tonne annual reduction in packaging and a 569 tonnes annual reduction in carbon. The weight of the 500ml Bubble Bath HDPE bottles decreased by 1.5g per unit, which corresponds to a 12.9 tonnes annual reduction in plastic content and a 69 tonnes annual reduction in carbon emissions. All Advance Techniques bottles in Brazil, Colombia, Peru and

Ecuador were made using 98% renewable plastic from the sugar cane. In 2020 Avon Global, which includes Avon Latin America and Avon International, made progress on its journey to reduce carbon. Renewable energy purchasing rose by 50%, use of renewable energy generated at Avon manufacturing sites increased, and energy efficiency was improved throughout operations. Avon International also began its journey to measure scope 3 emissions with support from the environmental consultancy Carbon Trust. The commitment to never test products or ingredients on animals was maintained throughout 2020, and all regulatory-required animal testing in China ended. Finally, Avon launched Distillery, its first eco-conscious fully vegan product range, and started reformulating Clear Skin products such that five were certified as vegan in 2020.

As part of the Carbon Neutral Programme, Natura continued to monitor all emissions generated by its production chain. This allowed the company to draft GHG emissions reduction initiatives, including the adoption of lower impact logistic systems, local production to reduce impacts of product exports, the use of renewable origin and natural ingredients and organic alcohol in formulas, and the use of renewable materials. Further, Natura also offset all unavoidable emissions by contracting projects which generate climatic and socioenvironmental benefits, such as the conservation of social biodiversity. The company developed its first internal project to pay for the compensation of carbon within the company's own production chain, which involves the renumeration of families of smallholders, not only for the purchase of ingredients and benefit sharing but also for environmental conservation services. As part of its effort to increase circularity, Natura continued its work on two programs, the *Elos* Programme and the *Dê a Mão para o Futuro* (DAMF) Programme. Finally, Natura continued partnerships with supplier communities in the Amazon region for the conservation of the rainforest. So far, the company has contributed to the conservation of 2 million hectares of forest land, an area is equivalent to half the size of Holland or 12 times the size of the city of São Paulo.

The Body Shop updated its global energy policy to require the purchase of renewable energy across all company sights. In addition, a system to track company and leased vehicle milage was installed and automatic meter readers were put in 295 stores. The Body Shop also began work with the Carbon Trust to establish greenhouse gas emissions baselines for the Science Based Targets initiative. It's 1990s pioneering in-store refill scheme was reintroduced, meaning that in the London and Vancouver stores customers are now able to fill a 250ml aluminium bottle with a shower gel of their choice, and rinse and refill it when the bottle is finished. This is predicted to save up to 25 tons of plastic in the first year alone. The Body Shop additionally invested in systems to eliminate paper receipts in stores, with the goal of having all e-receipts by 2022. 2020 also saw continued investment in The Body Shop's redesign of product packaging to include fewer materials and more recycled and recyclable materials. The Global Shopfit Team also started working with an external agency to make their stores more sustainable.

In 2020 Aesop's emissions measurement and offsetting program continued to evolve. They completed their first value chain assessment, through a product centric LCI, and achieved a Climate Active carbon neutral certification in Australia & New Zealand. Given the significant shift from retail to online shopping, e-commerce multi-fulfilment increased in 2020 which reduced the distance and the need for express postage between disparate locations. Further, Aesop identified three key initiatives they will be rolling out in 2021 – the transition of cotton bags to recycled & organic material sources, the purchase of renewable energy certificates for direct electricity consumption, and an internal reduction target for freight and flights. Turning to circularity, Aesop proceeded with their transition to recycled PET, increasing it from 70% in 2019 to 80.6% in 2020. In Adelaide, where the first closed loop refill trials

began, four SKUs of their 200ml facial cleansers were made available in a returns program. Further, Aesop started removing matt cello plastic laminate on city and gift kits to increase recyclability, and improved traceability of paper stocks. Their 'replenish' offering was also expanded, by increasing capped 500ml options from 5 to 6 SKUs.

Anti-corruption

Natura &Co has several anti-corruption policies, which remained firmly in place throughout 2020. The Code of Conduct sets out widespread prohibition of bribery and corruption. The Global Policy for Prevention of Corruption and Bribery generally prohibits any corrupt activity and includes a broad range of restrictions and prohibitions. Natura &Co also has a dedicated global policy (Gift Policy) on Gifts, Presents, Entertainment, Travel and Hospitality. Pre-engagement risk based due diligence was conducted on high risk third parties using online platforms and automatic background searches. Once partnered with, these third parties then received on-going monitoring. The Natura &Co Ethics Line is available 24/7, all within our network to anonymously report violations in the local language. The Group also remained a signatory of the UN Global Compact and the Ethos Institute business movement for transparency, integrity and to fight against corruption. It also continued to support the Alliance for Integrity.

Natura &Co conducted regular training both in person and/or online. Global communications were posted on brand Intranets or sent out via emails, and then cascaded deeper into the markets through various channels following discussions with local communications partners. Anti-Corruption Policies and Procedures remained accessible in local languages via Intranets. These policies and procedures are updated periodically according to business needs and the global legislative landscape. Whilst the majority of the business already uses online pre-approval platforms, in 2020 Natura &Co began the process of developing a group-wide platform for gifts and hosting of government officials.

In 2020 Avon trained senior leaders on ethics and compliance issues, asking them to lead by example. Interviews with General Managers were shared to emphasize the importance of ethics and compliance. In addition, a further 11,500 employees were trained in ethics and compliance via online learning courses. The annual risk assessment was carried out through partnerships with data privacy, finance and procurement teams, and ethics and compliance metrics reports were provided to the management team every quarter.

In addition to the Ethics Line, Natura retained its existing channel, the Ombudsman. The company's preparation plan for the LGPD (Brazil's General Data Protection Law) moved forward, and included a review of all consent policies for the use of information. An external provider was hired to perform an evaluation of all operations involving access to data, and Natura continued to operate its Center of Excellence (COE) for data protection, located in the United Kingdom. Natura pressed ahead with annual training for employees on the Global Code of Conduct, and ensured that topics related to anti-corruption were highlighted on the internal communication agenda of the Ethics & Compliance team. Finally, Natura required all suppliers to accept the terms of the Global Supplier Code of Conduct, undergo rigorous integrity assessment, and undergo onboarding training.

MEASUREMENT OF OUTCOMES

Human rights

In 2020 combined investment in projects targeting social change, including education and rights against domestic violence, totalled R\$489m across the group. These projects saw engagement with communities in the Amazon, campaigning and fundraising for women's health and wellbeing, and the creation initiatives to help fight COVID.

In 2020, for the third year in a row, Avon International was accepted into the Bloomberg Gender-Equality Index, marking their commitment to transparency in gender reporting and advancing women's equality. The #IsolatedNotAlone campaign reached 96 million people through social media, and 200 million more widely. The additional funding given to NGOs committed to addressing gender-based violence helped 277,867 people, and Avon put the profit of over 13m product units towards addressing this issue. Turning to breast cancer, the #BoobWatch campaign reached over 5 million women worldwide. More than 272,000 were helped through NGOs funding and the profits of over 18 million products were put towards tackling this issue. Avon's pandemic related efforts resulted in their producing over 9 million units of hand sanitizer and over 4 million facemasks. More than 2.8 million units of soap were donated to local communities in Latin America, in conjunction with Natura. Finally, seven tonnes of Avon products were given to hospitals and public services in Poland.

Natura's efforts to help tackle the COVID crisis contributed to Natura &Co's combined donation of R\$60.3 million in essential products to NGOs, communities, consultants, Red Cross and health organizations across Latin America. Moreover, the company's initiatives to hire local suppliers resulted in a 18.7% increase in volume paid to suppliers in the Cajamar and Benevides regions. This figure represented 4.3% of the total R\$6 billion paid to all the company's commercial partners in 2020. Natura's work to establish relations with families in the Amazon region saw the network extend to include over 7,000. Natura's non cosmetic *Crer Para Ver* product line displayed record results, totalling R\$55.9 million in Brazil and R\$23.3 million in the other countries in Latin America. 100% of the profit from these products is invested in projects to improve public education in Brazil and Hispanic America, led by Instituto Natura.

The Body Shop's Community Fair Trade programme was externally verified by Ecocert, and its certification score increased 17% from 2019, mainly due to the strengthening of internal control systems and communications. In July The Body Shop won an award from the British Fashion magazine Vogue, a 'Lifetime Achievement Award for Empowering Women'. As part of its work in the field of modern slavery, The Body Shop secured a partnership with Hestia, the leading UK provider of support to survivors of modern slavery in London and the South East of the UK. The company supported a total of 100 London-based modern slavery survivors, mainly by contributing to their travel passes to aid their support and rehabilitation journey. The Body Shop received an award from Sedex Global for 'Best Collaborative Effort', specifically due to its partnership with Plastics for Change. Finally, RSPO (Roundtable for Sustainable Palm Oil) Credit purchases were successfully used to support a group of Indonesian smallholder farmers, providing them and their communities with vital economic support.

Throughout the year, the Aesop Foundation evaluated the grants it gave through progress reports, submitted by the not-for-profit organisations. Volunteer leave was reported on monthly to evaluate how the company is progressing towards its targets. Finally, product donations were also reported on monthly so that comparisons against future goals could be made.

Labour

In 2020, Natura &Co found a raw gender pay gap of 13% between women and men, the vast majority of which is explained by seniority, performance, role, and location. When such factors are accounted for, Natura &Co has an unexplained gender gap of less than 1%. Whilst this may appear a small gap, Natura &Co regards all inequality as unacceptable and is therefore committed to closing this gap by the end of 2021.

At Avon International, employee resource groups such as the Global Women's Network and Beauty in Colour continued to provide spaces for employees to have discussions about issues which matter to them. The broader treatment of workers during the pandemic led to a two-fold increase in the number of new representatives joining the UK business, thereby giving these representatives access to new earning opportunities and a greater degree of financial independence. In terms of representation, the percentage of female leaders at Avon International increased from 49% in 2019 to 55% in 2020, and the percentage of females in the position of VP or above increased from 29% in 2019 to 42% in 2020.

In 2020 Natura achieved 51% of women in leadership positions, which has increased from 29% over the past seven years. This was aided by the guarantee that 50% of finalists in all section processes for management and directors are women. In addition, 7.3% of Natura's network are considered disabled, which is only 0.7% below the 8% target. This represents an absolute increase from 263 to 368 over the past six years. Using data collected from 1.2 million consultants in 2019, it was found that Natura consultants experienced a 3.1% increase in overall HDI, compared with 2017. The assessment also showed that one year as a Natura consultant can result in a 1.8% increase in a person's HDI.

In 2020 The Body Shop paid employees in two thirds of their market, including the UK, the Real Living Wage. In addition, they started committing suppliers to do the same. This puts the company on track to pay all employees at least the living wage by 2023. In 2020 The Body Shop's Senior and Executive Leadership Teams were 50% female and inclusive hiring practices, which were piloted at The Body Shop's US distribution centre, were a large success. They benefited marginalised people, including some with criminal convictions and low educational skills, and improved employee satisfaction.

Environment

In 2020 Avon Global, which includes Avon Latin America and Avon International, exceeded its recycling target, with the recycling rate increasing from 93.4% in 2019 to 95.8% in 2020. In addition, Avon Global's waste was reduced by 5.9 pounds per thousand units, which equates to 21.4% less waste when compared to 2019. Water consumptions for Avon Global also decreased by 8.25 gallons, taking consumption per unit to 6.3% less than in 2019. The move to include more recycled plastic in products led to a decline in the consumption of virgin plastic. For example, the relaunched Encanto perfume and Advanced Techniques serum in Brazil saved 45 tonnes and 33.5 tonnes of virgin plastic respectively. Avon Global met its environmental target for carbon emissions and reached zero scope 2 emissions by using 100% of energy from renewable sources. Greenhouse gas location-based emissions in metric tonnes decreased for Avon Global from 51,349 in 2019 to 46,239 in 2020, and market-based emissions in metric tonnes decreased from 31,626 in 2019 to 11,883 in 2020.

In 2020 Natura achieved its commitment to collect and recycle 50% of the waste it generates, in large part through the *Elos* and *DAMF* Programmes. In particular, the *Elos* Programme recovered over 10,000 tons of post-consumer recycled material in 2020, a volume 12% higher than 2019. Natura's 2020 emissions results indicated a 11% reduction in relative emissions compared with 2012, which falls short

of the 33% target due to impaired business performance, distribution models, and innovations that didn't reach fruition. In 2020 18% of the units billed by Natura in Brazil boasted eco-efficient packaging, short of the 40% target due to the difficulty of the coloured materials recycling process. The 2020 target to have 10% post-consumer recycled material in packaging was met in Brazil, and whilst Natura fell short of its goal to have 74% of its portfolio as recycled material it nevertheless achieved 44%.

The Body Shop achieved significant progress through its Community Fair Trade Scheme in India, which sources recyclable plastic for product packaging. Over 400 tonnes of plastic bottles were collected for repurposing. This contributed to 30% of plastic in packaging and saved an estimated 725 tonnes of CO₂. More generally, the Body Shop used 68% of recyclable plastic in packaging. The success of The Body Shop's efforts in redesigning product packaging has meant that by April 2021 the new Body Butter will be packaged in recycled aluminium and 100% recycled PET.

Aesop released its first externally facing Sustainability Report (2019) outlining future targets and launched an external sustainability page on Aesop.com making it easier for customers to access information regarding sustainability ambitions and achievements. The company received B Corporation certification with a score of 87.1 points, and Choose Cruelty Free Leaping Bunny approval on all products. The entirety of Aesop's products continue to be vegan, and they received 88.69% naturality (Global Naturality Index) and 89% biodegradability (Global Biodegradability Index). An increase was seen in certified sustainable palm oil purchased versus consumed, from 33% (2019) to 40% in 2020. Regarding plastic, 4.8 tonnes of plastic were avoided through the purchase of capped products and the reuse of pumps by customers, and 70% of plastic bottles were made from at least 97% recycled plastic. Finally, operations in Australia and New Zealand achieved carbon neutral status.

Anti-corruption

In 2020 Natura &Co became world's largest certified B-Corporation which provides evidence that, among other things, the business meets standards of social and governance performance, public transparency, and legal accountability. In addition, two of Natura &Co's BUs (Natura and Avon) have been recognized as Ethisphere's 'World's Most Ethical Companies' partially due to their commitment to anti-corruption.

The extensiveness of company's approach to anti-corruption is evidenced by their compliance monitoring and internal audit. The group has an integrated E&C Monitoring program, which selected 16 markets in 2020 to conduct anti-corruption compliance monitoring. Ad hoc monitoring was conducted where issues or concerns arose, or to confidentially facilitate an investigation. These issues and concerns were remediated through closely tracked action plans, and the results were used to improve the program which is updated annually. The integrated Internal Audit function conducted 3 types of audit covering compliance: (1) dedicated compliance audits of a compliance process or control; (2) third-party audits of high-risk suppliers; and (3) integrated market audits, which cover approximately 30% compliance controls. No significant control failures related to anti-corruption were identified.

Natura was recognized as one of the most ethical companies in the world by the Ethisphere Institute for the tenth consecutive year and was the only Brazilian company to feature in the 2020 ranking. Natura was also recognized as a Pro-Ethical Company, a seal of the Comptroller General of the Union and of the Ethos Institute. To date, to the best of company's knowledge, there has not been any report of suspicions of corruption. In 2020 there were seven manifestations related to fraud. The cases were

properly investigated by the Ethics & Compliance team, with the support of the Internal Audit team. The investigations confirmed the allegations, resulting in the application of disciplinary measures according to the seriousness of the case, ranging from verbal warning to dismissal.

The Group Ethics & Compliance assessed Aesop's maturity with regards to the processes used to manage anti-corruption and developed a high level plan for 2021 to improve these processes. This includes the launch of a Group Anticorruption Policy and the implementation of a supplier due diligence process.