

Creating
the best
beauty
group FOR
the world

2019 report
natura & co

natura & co



Purpose

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

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.

Aspiration

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

Natura &Co

Our businesses

Photo: Matt Anderson Photography / Getty Images

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Who we are

Natura &Co is a purpose-driven group made up of four iconic beauty companies: Avon, Natura, The Body Shop and Aesop. We are a global direct-to-consumer relationship business, present in more than 100 countries. We are united in the belief that there is a better way of living and doing business, committed to generating positive economic, social and environmental impact.

AVON

Founded in the United States in 1886, Avon joined Natura &Co in January 2020. Its products are sold primarily to women, through women. With over five million representatives in more than 55 countries, Avon supports women's empowerment, entrepreneurship and wellbeing and has donated over US\$1 billion to women's causes.



Founded over 50 years ago in Brazil, Natura today has 1.8 million direct selling consultants as well as 490 stores (owned and franchised) and a growing online platform. Known for the way it integrates sustainability into its business model, Natura was the first publicly traded company to achieve B Corp certification in 2014.



THE BODY SHOP

Founded in the UK in 1976, The Body Shop became a certified B Corp in 2019. The Body Shop seeks to make positive change in the world by offering high quality, naturally-inspired products produced ethically and sustainably. Having pioneered the philosophy that business can be a force for good, the company still has this ethos as its driving force. The Body Shop operates about 3,000 retail locations (owned and franchised) in more than 70 countries.

Aēsop®

Aesop was established in Melbourne, Australia in 1987 and is now present in 23 countries, with more than 240 unique stores worldwide. Fiercely independent from the outset, Aesop is renowned for products created with meticulous attention to detail and sensory pleasure in mind. Since the inception of the Aesop Foundation in 2016, it has supported over 30 not-for-profit literacy and storytelling initiatives in Australia.

Natura &Co in numbers

**+ 6.3
million**

consultants and
representatives

**+
3,000**

stores and
franchisees

**+
40,000**

employees and
associates

**200
million**

consumers
around the world

**+
100**

countries

**1.8 m
hectares**

of rainforest
conserved

**US\$10
billion**

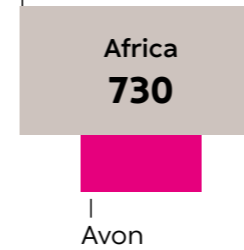
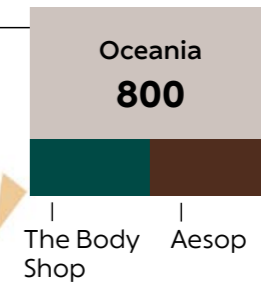
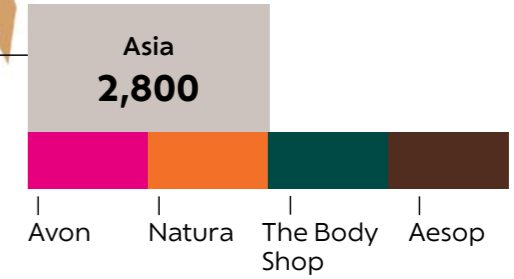
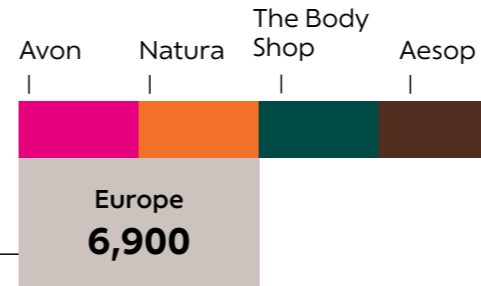
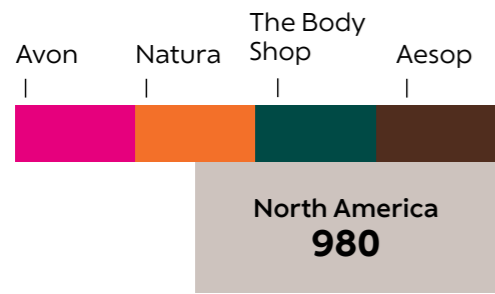
gross
revenue

**+ US\$1
billion**

donated to
women's causes



From all four corners of the world, FOR the world



From the Americas to Asia, Natura &Co employees work around the world, nurturing beauty and relationships.

It is time to care. It is time to choose!

**Antonio Luiz da Cunha Seabra,
Guilherme Peirão Leal and Pedro Luiz Barreiros Passos**
Co-chairmen

Roberto de Oliveira Marques
Executive Chairman and CEO of Natura &Co

A report such as this is, by definition, a journey through time. Bound by projects, facts, actions and results achieved during the course of 12 months, it is underpinned by the inescapable past and the future that beckons. 2019 was an unforgettable year for Natura &Co. We had cause to celebrate many achievements. The current moment, however, is complex in a way that was unthinkable a short while ago. Consequently, we will begin by examining the present.

On the eve of the publication of this message in May 2020, the pandemic caused by the new coronavirus has forced us to reflect on our role as individuals, families, companies, countries and as a civilisation. It has become even more important to be clear about our priorities and about how interdependent we all are. It is a time to take care. For the parts and for the whole. Taking care of oneself, of others and of the relations we establish with the world. It is a time to prioritize investment in public health, in supporting the economy and small businesses, in stimulating the generation of income and in meeting the needs of the more fragile, of whom there are many. The needs of the existing and the ever-growing high-risk groups. There should be no doubt about the path to be chosen. We must act rapidly in order to preserve life.

In this challenging context, we are determined to play our part. We have expanded production of personal care products essential in combating the pandemic. We have done this taking the necessary care to safeguard the health of our co-workers. For those not directly involved in production and distribution, we have encouraged and supported our associates as they work from home. We have made donations to public and medical institutions and engaged in continuous dialogue with local, national and global institutions to ensure we are in line with best practices. We have done everything possible to safeguard project stability, and we continue to generate opportunities for many.

Evidently, based on love, we have sought to remain as close as possible to our millions of independent

consultants and representatives, providing support in the challenge of maintaining their business activities and keeping their morale up, while respecting the necessary physical distancing. Through cooperation and empathy and by taking care of each and every individual, we are certain that we will overcome these turbulent times. More than ever, what motivates us is that which has united us since the beginning: "Life is a chain of relationships. Nothing stands alone, everything is interdependent".

The feeling of unity and solidarity that is emerging in this historic moment is a reminder that concerted solutions are possible, particularly in the face of another immediate challenge: the climate crisis, the full extent of which has yet to be understood.

In our origins and in our purpose, we find the strength to face challenges on this scale. Natura, built on the collaboration of millions of people, has developed by discovering meaning and disseminating purpose. With a commitment to pursuing happier individual lives and a fairer society, the preservation of the planet...In short, the creation of a better world.

Our union with Aesop and The Body Shop in recent years represented the beginning of our international expansion beyond Latin America. Under the umbrella of the Natura &Co group, we harbor different brand identities and business models, united by purpose, activism and ethical principles.

In May 2019, we announced the historical agreement for the acquisition of Avon, which was concluded in January 2020. This 134-year-old company, which created the direct selling model in cosmetics and is one of the best-known brands on the planet, is now part of Natura &Co, expanding its reach to 200 million customers in 100 countries. In addition to countless new business opportunities, we now have the chance to further extend the causes that we advocate – including the campaign against domestic violence, promoting women's rights, and celebrating the invaluable role women have in the construction of society.

Natura and Avon together represent the transformational power of the positive cultivation of human relations, the basis of direct selling. Now with over six million people, hungry for good business opportunities, personal development, knowledge and greater self-esteem – for themselves and for their personal network. It is time to care for and strengthen this network.

Now as a larger group, we have taken on the challenge of being the best FOR the world at a time when, more than ever, companies are expected to take on the role of building a more reassuring future. "The sunrise is slow, but it advances," the poet once said. And we will continue to run our companies on this hope leveraged by the growth in solidarity in the world. We have no way of knowing what the post-crisis world will be like, but we believe that this is the moment to choose who we want to be, as individuals, as companies, as countries and as a world.

The intolerable inequalities, the hunger and the many injustices in the world have gained greater exposure since the outbreak of this pandemic. Based on this transformational experience, we clearly have choices to make. This crisis has shown that the world of radical nationalism, of intolerance towards diversity and the denial of science is fragile, even for those who thought they were above it all. We at Natura &Co have always believed in the power of developing deeper relations between countries, of open immigration, of cultural interaction, of a world that creates consensus based on renewed global governance, anchored in democratic values.

We have a new social and world order to build to replace the one that is vanishing. Its nature will depend on the choices we make and on the values that will underpin this new construction. It will depend on our capacity to use our intelligence, our creativity and the technologies at our disposal as well as the ones we are yet to develop, to construct a new green economy that is sustainable and inclusive.

This choice is imposed by the crisis. And our hope resides in making generous choices.



Board of Directors
(from left to right)

Gilberto Mifano

Nancy Killefer

Roberto de
Oliveira Marques

Pedro Luiz
Barreiros Passos

Guilherme Peirão Leal

Antonio Luiz
da Cunha Seabra

Carla Schmitzberger

W. Don Cornwell

Ian Martin Bickley

Jessica DiLullo Herrin

*Those who weren't able
to be with us on this
occasion:*

Andrew George
McMaster Jr.

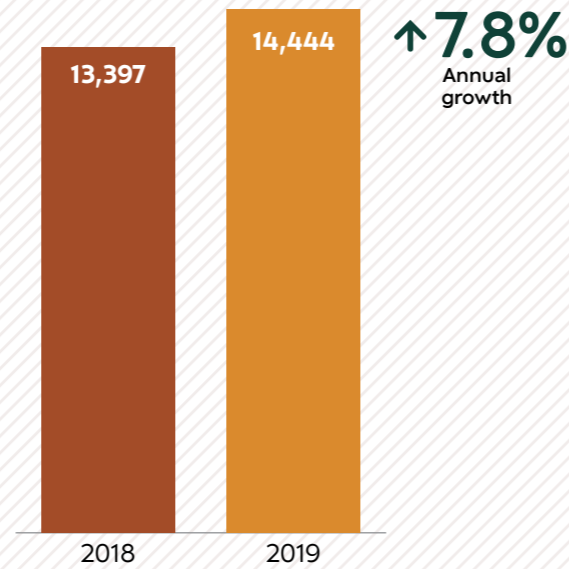
Fábio Colletti Barbosa

FINANCIAL HIGHLIGHTS

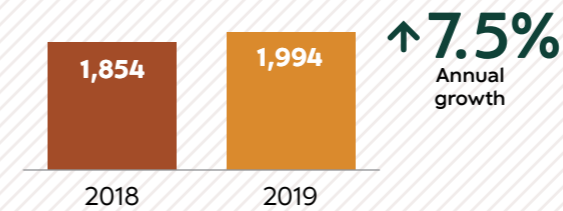
Faced with a challenging conjuncture in diverse regions in which we operate, Natura &Co achieved important results in the economic, social and environmental spheres in the course of 2019. During the year¹, both sales and adjusted operating income² performed robustly, driven by growth in all the businesses. The group's shares (NTCO3), traded on the São Paulo B3 stock exchange, appreciated 71.9% during the year.

For further information and detailed analysis of Natura &Co's financial results, access <https://ri.naturaeco.com/en/>

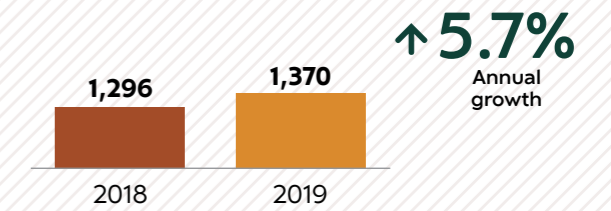
Consolidated net revenue (R\$ million)



Adjusted EBITDA (R\$ billion)³



Adjusted operating income (R\$ billion)³



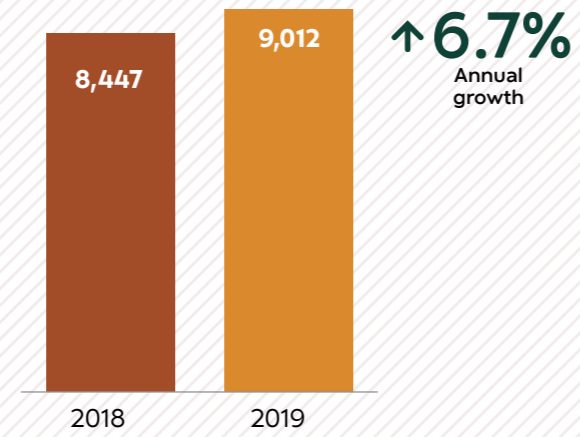
¹For purposes of comparison, the results in this document exclude the IFRS 16 new accounting standard for lease agreements. The reported results, including the impact of IFRS 16, are disclosed in the company's financial statements.

²Excludes all non-operating effects, such as the expenses related to acquisitions, transformation costs, financial earnings/expenses and Brazilian income tax rate.

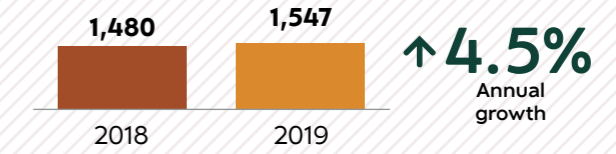
³Adjusted results exclude effects that are not considered recurring or comparable between the periods under analysis.



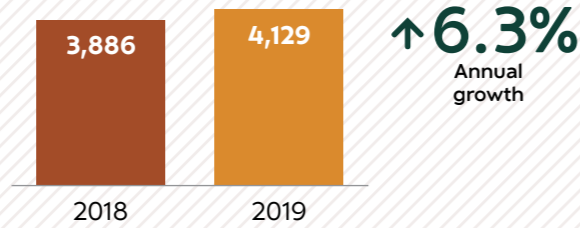
Net revenue (R\$ billion)



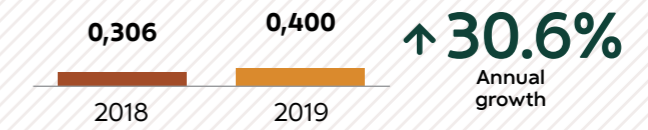
EBITDA (R\$ billion)



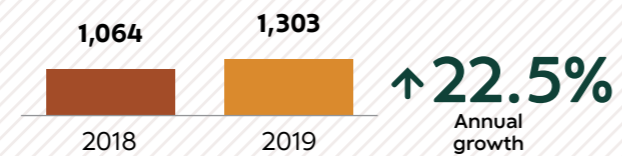
THE BODY SHOP



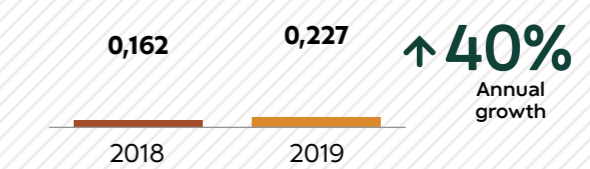
THE BODY SHOP



Aēsop.



Aēsop.



ENVIRONMENTAL HIGHLIGHTS



Commissioned by The Body Shop from artist Michael Murphy, this sculpture made of 1,500 recycled plastic items was exhibited in Borough Market, London, May 2019.

Climate commitment

Natura &Co stepped up its commitment to set a new level of climate ambition as part of The United Nations Global Compact "Business Ambition for 1.5°C: Our Only Future" campaign. As part of this commitment, Natura &Co along with 21 other companies, representing a total market capitalization of over US\$1.7 trillion, will pledge to cap its contribution to global temperature rise to 1.5°C above pre-industrial levels by no later than 2050. They also aim to reach net-zero emissions by the same date. Natura's environmental work was also recognized by the United Nations Global Climate Action Award in the Climate Neutral Now category.

9,500 tons of plastic recycled in packaging

The waste crisis is one of the major environmental challenges facing our society. Natura &Co group companies are engaged in increasing the use of recycled plastic in their production chains. The Body Shop launched its Community Fair Trade Programme in partnership with plastic waste pickers in India (further information on page 48), incorporating more than 250 tons of recycled plastic into packaging in the first year. Aesop transitioned over 70% of its plastic product packaging range to rPET (recycled polyethylene terephthalate). Meanwhile Natura reached the mark of 9,200 tons of post-consumer recycled material in its Natura Elos Programme, which develops reverse logistics chains to supply these resources for the manufacturing of packaging and other assets.

WE STRIVE TO GENERATE POSITIVE IMPACT

In 2019, The Body Shop joined Natura as a B Corp, reinforcing its commitment to uniting the generation of profit with the promoting of value for society as a whole. Natura has been part of this collective of companies committed to generating positive impact since 2014, and in 2019 was selected by the B-System as one of the Best for the World for its distinguished performance as an agent of change. Aesop is also in the process of being certified, with its B-Corp application submission planned for 2020.

SOCIAL HIGHLIGHTS



Lucimara Batista has been a Natura consultant for 18 years and a Business Leader. She created an environmental educational project which has transformed the school where she works as principal.

ENGAGED LEADERS

The environmental, social and business challenges that companies will face in the coming decade require engaged leaders. A total of 252 associates participated in The Body Shop's Purpose-Driven Leadership Programme, aimed at driving decision making based on the fundamental elements of sustainability. At Natura, the Re.conecta program took 130 participants through a four-day experience in the Amazon to reinforce the connection with the brand's causes and essence, underscoring the skills and competencies that will be required of leaders in the future. Aesop extended to 12 countries the training it provides for employees in its stores to prepare them to offer customers distinctive experiences.

Development of our network

At Natura &Co, we believe in the incredible potential of our network. Which is why we choose to invest in educational initiatives for our partners and our consultants. Since its inception in 2016, the Aesop Foundation has donated over A\$4.6m to charitable projects in Australia, promoting literacy and supporting people to tell their stories. Natura raised R\$38,7 million with its Crer Para Ver line in Brazil and R\$15 million in Latin American countries in which it operates, beating fundraising records for the third year running. These resources are invested in education projects for the consultants and for state schools under the auspices of the Instituto Natura. In partnership with Plan International, The Body Shop invested £250,000 in vocational training projects for girls in India and in Brazil, part of its Christmas "Dream Big" campaign.

A dignified income for all

One of Natura &Co's goals is to provide its entire network with not just the minimum wage but a fair income. Natura started to measure brazilian's consultants income by the living wage concept (the minimum amount necessary to live a dignified life). The base rate established for the consultants was R\$11 an hour. The Business Leaders, who are responsible for a group of consultants, have R\$1,950 a month; 95% of them have recorded average income higher than the monthly reference. The Body Shop took on the commitment to pay Real Living Wage rates to all UK store staff. The Real Living Wage is 25% higher than the National Living Wage (which was £8.21 per hour in 2019). Meanwhile, Aesop has concluded an assessment to establish a living wage in all the markets in which it operates.

Governance and strategy

The Natura &Co corporate governance structure underwent a series of alterations in 2019 following the Avon acquisition.

The all-share transaction, concluded in January 2020, resulted in the creation of the Natura &Co Holding Company, which took over full control of both Avon and Natura Cosméticos S.A., which in turn controls Aesop and The Body Shop. The incorporation of Natura Cosméticos shares was concluded on December 17, 2019, following shareholder approval in an Extraordinary General Meeting. As a result, Natura Cosméticos shareholders received shares issued by Natura &Co, under the NTCO3 ticker symbol. In January 2020, Natura &Co also began trading on the New York Stock Exchange through ADRs (American Depositary Receipts).

In line with the new group structure the composition of the Board of Directors was altered, with the appointment of three new members, formerly from the now disbanded Avon Board: Nancy Killefer, former senior associate at McKinsey & Company; Andrew G. McMaster Jr., former executive vice president of Deloitte & Touche LLP; and W. Don Cornwell, former Lead Director of the Avon Board and former CEO of Granite Broadcasting Corporation. Earlier in 2019, Ian Bickley joined the board, bringing to the group his in-depth knowledge of the dynamics of the Southeast Asian markets.

Silvia Lagnado stepped down from the Board in February 2020 following her appointment to the Group Operating Committee (GOC). Her replacement will be announced in due course.

The Board is co-chaired by Luiz Seabra, Guilherme Leal and Pedro Passos. Roberto Marques, executive



chairman of the Board, continues to lead the GOC, in addition to taking on expanded responsibilities as group CEO. The GOC is comprised of the CEOs of the business units: Angela Cretu, CEO of Avon; João Paulo Ferreira, CEO of Natura &Co Latin America (responsible for Natura, as well as operations of the four brands in Latin America); David Boynton, CEO of The Body Shop, and Michael O'Keeffe, CEO of Aesop. Representatives of key areas, such as finance, operations and legal, are also members of the GOC.

The acquisition of Avon created the fourth largest pure-play beauty group in the world. The synergies to be gained will allow us to invest in the expansion of each brand, particularly in areas such as research and development, digitization and marketing.

In Latin America, where our businesses have boasted strong performance, the new group structure will allow us to leverage our combined presence in households

through the region, while expanding the number of entrepreneurs who sell both Avon and Natura products.

During the course of 2019, Natura, The Body Shop and Aesop made significant progress in sharing expertise and know-how in experiences, processes and innovation through our Sustainability, Retail and Digital Networks of Excellence.

We also held our first group strategy retreat, during which Natura &Co's Board of Directors and company leadership met to discuss the development of the businesses as well as the global macro environment, setting integrated group goals over the coming years.

With the arrival of Avon, Natura &Co will have a louder and more powerful voice with which to advocate for our causes, including women's empowerment, climate action, the banning of animal testing in cosmetics and local community development.

Mobilization of Natura &Co against COVID-19

The union of Natura, The Body Shop and Aesop at the beginning of 2018 led to the creation of the Natura &Co group, committed to generating positive economic, social and environmental impact. Since their foundation, our companies and brands have been driven by the purpose of creating a better way of living and of doing business.

With the arrival of Avon to the family in January 2020, we gained an even greater scale and the understanding that we do not only want to be the best beauty group in the world. We also striving to create the best beauty group FOR the world. While embarking on the major integration ahead of us we were however, confronted with an even greater challenge: the pandemic caused by the new coronavirus.

Faced with this unprecedented crisis, the four companies that make up Natura &Co further reinforced their commitments made upon the creation of the group: always to place people first. We upheld our commitment to make a significant contribution to our entire network. Although this report is focused on Natura, Aesop and The Body Shop activities and highlights during the course of 2019, exceptionally we feel it is important to share the measures we have taken against COVID-19 up until the publication of this report (May 2020).

Focus on the essentials

Following the recommendations of the World Health Organization (WHO), we adopted social distancing. Across all our companies most of our co-workers in administrative functions worked from home, in accordance with the quarantine period established by local governments. Offices remained closed during the same period, as did our companies' own stores and franchises.

Industrial capacity was channelled towards manufacturing essential items for personal hygiene. Aesop, for example, focused 70% of production on its hygiene portfolio. Natura and Avon redirected their factories in Latin America to the production of soap, hand sanitizers and liquid alcohol, essential in reducing the dissemination of the virus. Concentrating production on these items enabled a considerable number of operational co-workers to remain at home; those who continued working did so under the strictest hygiene and safety standards.

We also introduced flexible credit terms for our consultants and representatives. In parallel, we implemented more digital direct selling tools and provided training to enable everyone to work from home more effectively. Moreover, our network of six million consultants and representatives played an essential role in disseminating the correct hygiene and social distancing protocols among their clients and communities.

Significant donations worldwide

We expanded the production of essential items by more than 30% to meet increased demand. In partnership with governments and non-governmental organizations we made donations to healthcare bodies,

consultants, representatives, vulnerable communities, transport workers, recycling cooperatives and, in the case of Brazil, to extractor communities in the Amazon. The Body Shop has provided hospitals and women's shelters globally with more than one million products. In Latin America, Natura and Avon, with support from partners, donated 2.8 million bars of soaps, more than 1,2 million units of liquid alcohol and over 1,6 million units of hand sanitizer.

Our overall commitment involved the contribution of over 10 million units of soap, hand sanitizer and alcohol.

#IsolatedNotAlone movement

During the pandemic, women and children already at risk of domestic violence became even more vulnerable — an unintended consequence of the isolation measures that leave survivors trapped in the home with their abusers.

For this reason, Avon, Natura, The Body Shop and Aesop partnered with UN Women and other organizations that provide support for victims of domestic violence. Through the Avon Foundation, US\$ 1 million was donated to institutions working on the front line to help women and children at risk.

The global #IsolatedNotAlone movement was launched to further raise awareness of domestic violence. The group wide campaign is aimed at reaching out and supporting female victims of violence, showing them that they are not alone and presenting means by which they can seek help. The campaign also seeks to raise awareness among neighbors, family members and friends, ensuring greater visibility of the issue.

natura & co
our
businesses



Distinct identities, a common purpose

Angela Cretu Avon,
David Boynton The Body Shop,
João Paulo Ferreira Natura
and **Michael O'Keeffe** Aesop

2019 was a year of transformation, in which we laid the foundations for our next 50 years. We established Natura &Co as a platform for companies committed to generating positive impact, through innovative business practices. We also took the first steps in welcoming Avon into our family.

We saw robust performance, demonstrating the enormous capacity this union has to generate value. We learned, throughout the year, that together we are stronger and more creative, and that we can have a louder and more powerful voice and be heard even further afield, especially when we need to act in the face of global challenges, such as the climate crisis. We also built knowledge and worked collaboratively, reinforcing the interdependencies of our businesses while still honoring their autonomy. Natura became responsible for The Body Shop's operations in Latin America, to leverage local results through its regional know-how. At the same time, through The Body Shop's global franchise model, Natura launched in Malaysia, expanding its geographical presence to 10 countries.

Natura celebrated its 50th anniversary reinforcing its essence to consumers and consultants. By inviting everyone to create beauty, it hopes to leverage the power of society as an agent of change, at a time when there is a need for dialogue in order to build the society we want for the future. Natura maintained its leadership position in the cosmetics market in Brazil and is the preferred brand for consumers in four of the six countries in which it operates directly in Latin America. Natura's Carbono Neutro Program was awarded the United Nations' Global Climate Action Award, recognizing the company as one of the world's leading players in combating climate change.

2019 was another important year for The Body Shop as it continues its transformation journey; putting its purpose to work to "fight for a fairer and more beautiful world." A highlight was joining the growing community of B-Corp companies united in driving positive change.



From left to right: Michael O'Keeffe, Angela Cretu, João Paulo Ferreira and David Boynton during Avon's closing events in January 2020.

The Body Shop's brand rejuvenation program saw its new concept store open in London, creating a much more experiential, sustainable space for customers to engage with products and learn about its activist focus. The Body Shop will strengthen our sustainability credentials by rolling out this concept more broadly in 2020, along with new refill stations. The Body Shop is continuing to scale up its Community Fair Trade recycled plastics initiative, which is designed to tackle the plastic crisis differently by helping to improve the livelihood of wastepickers in India.

Aesop ended the year in a strong position, with numerous achievements to note. Despite challenging trade conditions linked to socio-political factors, its retail and digital sales saw healthy increases and the company achieved commercial goals that were almost unimaginable just a few years ago.

2019 was a pivotal year in Aesop's transformation into a triple bottom line business. Efforts in sustainable packaging design, company-wide volunteering, community product donations, employee engagement and development of the Foundation have really moved the dial in our aim to care for each other and the world around us.

We began 2020 extremely excited about the cooperation possibilities within Natura &Co — which have grown exponentially with the arrival of Avon. However, the pandemic caused by the new coronavirus

has forced us all to reorder our priorities. We have aligned our actions and efforts and have made a shared commitment: to care for people. We have discovered new ways of working and supporting the many people who are part of our network. It is especially worth noting our beauty entrepreneurs (consultants and representatives) for whom we have worked towards providing financial relief, implementing digital tools, distributing essential items of personal hygiene and sharing information about health and hygiene.

We have made significant product donations in many countries where we operate, mainly to health-related entities and vulnerable communities. Our group has also united to fight a different, silent pandemic, which has become even more frequent in the world during these times of social distancing: home violence against women and children.

We know 2020 is a scenario of unprecedented complexity. Until recently our main challenge was related to building a new global beauty group. Now, we are also faced with questions around the uncertainties of a post-pandemic world. We know, however, this moment of collective learning has brought new life to our belief that everything is interdependent. The lessons we've learned from this chapter have been priceless and, on the upside, have considerably accelerated the integration between our companies. This is why we have every confidence that we will be capable of helping to build, together, a new way to a better future.



Tamires Ferreira (on the left with her mother Bernadete and son João Pedro) is a consultant who has created a cooperative in Bahia to help support rural smallholders to generate income.

2019 HIGHLIGHTS

THE WORLD IS MORE BEAUTIFUL WITH YOU

In its 50th year, Natura launched its new brand positioning, revisiting its essence, and emphasizing its message to consultants and consumers. "The World Is More Beautiful With You" invites people to be agents of transformation in society and reinforces the brand's principles and commitments to keep forests standing, reduce waste, share wealth and take particular care with the material of its products. This challenge gained even greater momentum with Natura's participation in the Rock in Rio festival, with a call to protect the Amazon, one of the brand's core causes.



1.6 MILLION ONLINE CONSULTANTS

Lígia Sousa,
Natura consultant

In 2019, Natura reached the milestone of 1.6 million consultants connected to the company's digital platforms, such as the Consultant App and the mobile website in Brazil and Latin America. The expansion was driven by the Convergence program, which connects both online and face to face consultants' records and their routines, further accelerating the digitalization of Relationship Selling. Natura also launched new services and tools for its network, such as the 100% digital Natura checking account, and the Minha Divulgação (My Publicity) feature, which facilitates the creation of content to promote sales via the social media networks.



Launch of Malaysia operations

Natura expanded its geographical footprint to 10 countries with the launch of its Malaysia operations, in partnership with a major franchisee of The Body Shop active in the region for 35 years. The first pop-up store, in the Sunway Pyramid mall in Kuala Lumpur, occupies an area of 100 square meters. The operation also involves online sales and direct selling, employing an omnichannel strategy.



Renewed stores

As part of its strategy to provide consumers with the best possible shopping experience, Natura launched a new concept for company-owned stores. The new model is already in operation in 20 points of sale. The new spaces underscore the brand's positioning on various levels, such as the banning of animal testing, and the enabling of a sensorial immersion into active ingredients from Brazil's biodiversity. The new architectural plan, developed in partnership with Metro, also celebrated Brazilian modernist architecture, such as the landscape designer Burle Marx.

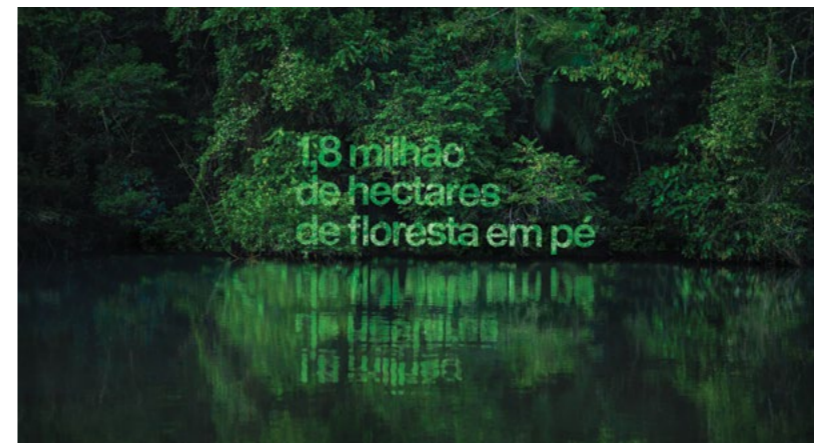
New distribution center in Mexico

Natura inaugurated the new Mexican distribution center located in the municipality of Cuautitlán Izcalli in August, occupying an area of over 20,000 square meters. Manned by 200 co-workers the distribution center has the capacity to sort 1,300 orders per hour and more than seven million a year. This is Natura's biggest ever infrastructure project outside of Brazil, involving an investment of R\$ 45 million in leading edge technologies that drive greater agility and quality in the sorting process.



Rede de Afeto (Goodwill Network)

To celebrate its five decades in business, Natura introduced the *Rede de Afeto: os 50 anos da Natura (Goodwill Network, 50 years of Natura)* exhibition, which showcases the company's story. Located in Natura's Cajamar (São Paulo) complex and open to visitors, the exhibition presents Natura's development and major milestones in an entertaining and interactive format, under the curatorship of Marcello Dantas.



1.8 million hectares conserved in the Amazon

As an integral part of a network active in the region, Natura contributes to the conservation of 1.8 million hectares in the Amazon, an area 12 times larger than the city of São Paulo. The new figure is the result of the reformulation of the methodology used to calculate the total area conserved, previously estimated at 257,000 hectares. This number represents the areas in which Natura operates directly through its social biodiversity chains, totalling 5,100 families. The metric now it incorporates other areas in which the company develops initiatives that generate positive impact for conservation.

MAJOR LAUNCHES

Tododia

The relaunch of **Tododia**, one of Natura's best-selling lines in the body category, included new packaging design and moisturizers with intelligent formulas that adapt to each person's needs. The new formula contains prebiotics that respond to the requirements of the micro-organisms that live in the skin (microbiota), keeping the skin healthy and balanced. The line is 100% vegan, and 94% of the ingredients are natural.



Chronos Acqua Bioidratante

This refreshing face moisturizer has a light texture and is rapidly absorbed. Rich in prebiotics, Chronos Acqua has introduced Natura the technology to maintain the skin's microbiota balance. The product helps strengthen the skin's natural barrier and has a formula that provides hydration in accordance with the needs of each facial zone on which it is applied. This was only made possible through the use of innovative active ingredients from Brazil's biodiversity, such as fevillea, which stimulates natural hyaluronic acid production mechanisms, boosting water levels down to even the deepest layers.



Lumina

The new haircare line contains 100% vegan ingredients and packaging made from green plastic. Lumina looked to nature for solutions that could be applied to science. This led to Natura's exclusive pro-teia (pro-web) biotechnology based on the material from which webs are made. Although a web is fine, it is more resistant than steel and more malleable than nylon. This led to the development of a protein similar to the one in webs, which acts on all layers of hair, regenerating strands from the inside out.



Ekos Alma

A *Deoparfum* inspired by the energy of the forest, Ekos Alma reflects one of Natura's main causes: *Amazônia viva* (Living Amazon). In a single fragrance, Ekos Alma boasts an unprecedented combination of five Brazilian biodiversity oils: cumaru, which represents connection with life according to Amazonian tradition; copaiba oil, with curative properties; breu branco oil, used as incense in some of the forest peoples rituals; oil from the Vitoria Regia lily, symbolizing femininity; and the pripioca essential oil, aged in Amazonian timber for a year, ensuring unique olfactory characteristics for each crop. Created by our perfumer Verônica Kato in partnership with Frenchman Yves Cassar, Ekos Alma has organic alcohol in its formulation, which is vegan, just like all the other Ekos line products. The bottle is made from recycled glass.





THE BODY SHOP



David Boynton (center) during the inauguration of The Body Shop's new headquarters, in London Bridge, London.

2019 HIGHLIGHTS



BUSINESS AS A FORCE FOR GOOD

In September 2019 The Body Shop became a certified B Corp joining a select group of companies united in their mission to drive positive change in society through ethical and sustainable business. B Corp certification is awarded to businesses that meet the highest standards of verified social and environmental performance, public transparency and legal accountability to balance profit and purpose. It is the only certification that measures a company's entire social and environmental performance, extending well beyond standard product or service-level certification. The Body Shop is also proud of the way that its teams came together to complete the certification in record time.



FIRST CONCEPT STORE

The Body Shop inaugurated its first Activist Makers' Workshop concept store on Bond Street in central London, which featured a refill station, reminiscent of the original icon launch back in 1990. Customers are able to purchase a refillable aluminium bottle to fill with their favourite shower gel and then bring this bottle back to be reused. The Refill Station is one of several new experiential elements that speak to The Body Shop's strong activist heritage and leadership in sustainability and the company is delighted by the positive reaction of customers and the media. Looking forward, The Body Shop expects to roll out this store concept across its global portfolio and accelerate the distribution of the refill concept.



Expansion around the world

In 2019, a number of new franchise markets were added to the company's international footprint with the support of head franchisees (retailers who are experts in their markets). In May and June, The Body Shop opened in Serbia and Croatia. Kazakhstan's first The Body Shop was inaugurated in August. In October, Slovakia was added to the Central European Head Franchise cluster. In November, The Body Shop launched in Cambodia and finally, in December The Body Shop opened in both Georgia and Mauritius.



Recycling program

Through the Return.Recycle.Repeat program customers can return all of their empty tubs, tubes, jars and pots which The Body Shop will then recycle and repurpose. The program currently runs in five markets (UK, Germany, France, Canada and Australia) and the company is looking at ways to expand it. More than 68% of The Body Shop's packaging can technically be recycled and by 2025 all bath, body and hair products will be fully recyclable.

Christmas campaign

As part of our Dream Big Christmas campaign, The Body Shop partnered with independent humanitarian organization Plan International to help girls 'dream big' all over the world. £1.80 from every transaction during the Christmas period contributed towards a total sum of £250,000 which was donated to Plan International to support two bespoke vocational projects in Indonesia and Brazil. The projects will provide training skills to young girls and help them find employment or start their own businesses. The projects kicked off in January 2020 and will continue for the next 12 months.



Tackling the plastics crisis differently

The Body Shop introduced its Community Fair Trade recycled plastic initiative: Plastics For Change. Through this program the company sources plastic from women who collect waste in Bangalore (India) and in doing so, helps to improve their lives with a fair price, a stable income and better working conditions. In the first year 250 tonnes of recycled plastic were purchased; by the end of 2021 this is expected to reach 900 tonnes. The Body Shop's packaging made from PET contains on average 25% of recycled plastic.



Celebrating diversity

TBS Together is an internal support system for LGBT+ individuals, friends and allies within The Body Shop employee base. It provides an opportunity for the community to come together and be part of an inclusive working environment that assists in driving positive change within the business. It was established with the support of Stonewall, a leading UK LGBT+ charity and campaigning organization and now has over 400 members across the world including both our employees and The Body Shop At Home consultants. In August 2019, the TBS Together network participated in Pride celebrations for the first time in Brighton – where the very first store opened in 1976. TBS Together has also recently worked with the charity Mind Out, providing financial support for their LGBT+ mental health service.

MAJOR LAUNCHES



The She in Shea

2019 was the year of Shea. The iconic range has grown and now includes 100% natural Shea Butter (there are 192 shea nuts in every pack) as well as our Richly Replenishing Shea Butter haircare range. All products contain Community Fair Trade Shea Butter, hand-crafted by the Tungteiya Women's Association in Ghana, helping to empower 640 women and positively impacting the lives of 49,000 people every year.



The Scents of Life

Never afraid to make a bold statement, The Body Shop celebrated freedom of expression with an innovative new fragrance range in the Middle East: The Scents of Life. This collection has been co-created by women and influencers from across the region. It is possible to design your own bespoke product with a mix and match collection of Fragrances, Essences and Spritzes – 15 cruelty-free, vegan scents and genderless. Times are changing in the Middle East: women are finding their voice and The Body Shop is right there with them.



Nicaraguan Coffee Intense Awakening Mask

The Body Shop introduced to its already popular mask range a richly textured Nicaraguan Coffee Intense Awakening Mask. Enriched with a powerful blend of coffee bean particles from Nicaragua and Community Fair Trade ingredients from around the world, this mask warms and gently exfoliates the skin to help reduce the signs of fatigue.

Juicy Pear

Christmas 2019 added a new special edition Juicy Pear – the freshest, fruitiest and juiciest festive fragrance, enriched with pear extract from Italy. Launching with a shower gel, Body Yogurt and soap, to name a few, our customers were able to fill their shower time with festivity. Although a new scent, it proved to be very popular and flew off our physical and digital shelves.





Aēsop®

Located in Amsterdam, Aēsop's first store in the Netherlands, Aēsop Utrechtsestraat, opened in 2019

2019 HIGHLIGHTS

FIRST LARGE-FORMAT STORE

2019 heralded the opening of Aesop Sydney City Aesop's first large-format store, designed by long-term partner Snøhetta. Including an amphitheatre and ensuite sinks, the space is 30% larger than any of Aesop's existing spaces. It opened with the 'Sea of Daffodils' installation, envisioned by founder Dennis Paphitis. This included 2,300 daffodils—one for each Aesop employee—as a gesture of recognition and gratitude.



Aēsop



FORAY INTO TRAVEL RETAIL

In November, Aesop opened its first permanent travel retail store at Melbourne Airport, following on from Aesop Incheon T2, a pop-up store in Korea. Located in the Duty-Free Departures precinct, the store stocks the full range of Aesop products, as well as three offerings unique to travel retail: The Melbourne Kit, a 250ml Mouthwash and an Aromatique Hand Balm Duet.



A new retail training course

2019 saw Aesop launch its new Consultant Development Course, a more holistic approach to retail training, focused on hosting. The new training empowers store-based employees to deliver exceptional experiences for every customer and to confidently command a sale. The course has now been taught in 12 countries.



Town halls to engage employees

Employees across the four regions gathered for Aesop's inaugural Town Halls. The events were aimed at connecting attendees to Aesop's purpose, values and strategic direction. Through interactive experiences related to subjects such as product development, store design and sustainability, individuals gained exposure to peers from other functions and countries.



Focus on health and wellbeing

'Aesop Life' is Aesop's employee wellbeing programme, which launched in July. Every other month, a specific focus is shared, aimed at developing and protecting the health of colleagues across the business. 2019 topics included balanced eating, stretching and mental wellness. Aesop Life offers employees complimentary access to Headspace, the mindfulness app, with 17,995 meditations completed by Aesopians in 2019.

New technology in retail

In late 2018, Aesop began installing CEGID (a new point of sale system) in its signature stores, aimed at improving both customer experience and stock management. 2019 saw the continued implementation of CEGID, and by end of the year, 1,292 staff were using CEGID in 200 locations across 11 countries.



Aesop Piccadilly Arcade opens

Close to Regent Street and facing the Royal Academy of Arts, Aesop Piccadilly Arcade opened in October in one of London's grandest and busiest locales. The store, spread over two floors, was designed in collaboration with Luca Guadagnino, who also designed the interiors of Aesop's first store in Rome.

MAJOR LAUNCHES

Aesop book

Approaching its 33rd year, Aesop released its debut volume, a 336-page, linen-bound hardback published by Rizzoli New York. The book chronicles the brand's first 33 years — from product formulation to the design of its spaces; and from its earliest years to the present day — accompanied by exquisite photographs and archival images. The volume is co-written by founder Dennis Paphitis and Jennifer Down, with photographs by Yutaka Yamamoto.



Gentle Facial Cleansing Milk

In April, Aesop launched Gentle Facial Cleansing Milk, a new format in its range of cleansers formulated to effortlessly remove surface impurities and makeup from skin. An exceptionally gentle cleanser for daily use, enhanced with botanicals renowned for their soothing properties, this product is ideal for those with sensitive, dry or fragile skin.



Seeking Silence Facial Hydrator

In September, Aesop expanded its sensitive skin offering further with the introduction of Seeking Silence Facial Hydrator. This lightweight formulation absorbs readily to deliver soothing hydration and quieten the uncomfortable sensations associated with agitated skin, bringing a sense of calm and reducing the appearance of redness.

'Of Muse and Myth' Gift Kits

2019 marked the 15th year of Aesop Gift Kits. Titled 'Of Muse and Myth', the kits took inspiration from five of the nine ancient Greek Muses — the goddesses of the arts. Each offers a curated selection of skin, body or home formulations packaged in reusable amenity cases and wrapped in recyclable sleeves featuring illustrations by artist Giovanni Garcia-Fenech. In celebration of the launch, Aesopians across the globe gathered for events inspired by the eponymous Muses, delighting one another with their artistic prowess.



A close-up photograph of three women of different ages smiling together. The woman on the left is Black with short, curly dark hair, wearing a light green sweater. The woman in the middle is a young white woman with long, wavy blonde hair, also wearing a light green sweater. The woman on the right is an older white woman with long, wavy white hair, wearing a white blouse. They are all smiling broadly, and the woman on the right has her hand on the head of the woman in the middle. The background is a solid light green color.

AVON



Avon, welcome to the family

Avon is an iconic beauty brand, recognized world-over for its strong purpose, powerful relationship selling model and heritage in bringing breakthrough innovations to the mass market.

Avon sells more fragrance than any other brand, and three lipsticks and two mascaras every second.

2019 saw Avon deliver more industry firsts through its constant innovation in its ANEW skincare, color brands and with new ranges such as the eco-conscious Distillery line. In 2019 Avon was also proud to become the first global beauty company to end animal testing everywhere that it operates in the world.

At the heart of Avon's business is the network of Avon Representatives. These millions of beauty entrepreneurs provide their customers worldwide with trusted, personal beauty advice and high-quality, innovative and keenly priced products.

Avon's founder, David H. McConnell, was a pioneer of women's empowerment, founding a business model based on female entrepreneurship long before women's rights were widely recognized. Avon continues to drive this powerful purpose today, helping women to succeed, in their own way and on their own terms.

In 2018, Avon embarked on its Open Up Avon transformation strategy, to reset the business and restore competitiveness. 2019 saw Avon start to execute the plan and lay the foundations for a more profitable and sustainable business.

This included a focus on digitizing Avon's business, achieved in part through the introduction of new digital tools, such as AvonOn an, app that allows Avon's Representatives to place orders and share content on their social networks and a digital brochure which is live in over 50 markets.

Avon also continued to transform the business to be simpler and leaner, achieving significant cost savings in 2019 and reducing inventory values by 17%.

Avon is set to accelerate its transformation further as part of the Natura &Co family.



A BETTER WORLD FOR WOMEN, THROUGH WOMEN

Standing for women, and the issues that matter most to them, is at the heart of stand4her - a global programme to help create opportunities for women to build their own success in their own way and on their own terms. Stand4her seeks to help women break down the barriers still holding them back through creating opportunities for them to earn and learn and lead safe and healthy lives.



Focused on safe and healthy lives

Avon and the Avon Foundation have donated US\$1.1 billion to the causes that matter most to women and their families. Through its Breast Cancer Promise and Promise to Help End Violence Against Women and Girls, Avon focuses on building awareness and activating change, delivering life saving information and fundraising through product sales.



Power of beauty

Avon believes in beauty for all and works to challenge stereotypes, support freedom of expression and represent a wide range of women.

In the UK, for example, Avon was the first beauty brand to sign up to charity Changing Faces' pledge to feature people with visible differences in more of its campaigns. Avon UK was also a founding member of the British Beauty Council, and shares the Council's pledge to support inclusivity, celebrate diversity and the interests of the entire industry, regardless of age, ability, gender, race, religion or culture.



Creating opportunities to earn and learn

Through its business model Avon supports women's financial independence, personal growth and well-being.

Building on this, Avon supports financial empowerment through initiatives such as a recent partnership with Bradesco bank in Brazil to provide Avon Representatives access to financial services and advice.

Beyond the business, Avon supports education and skills development through the Avon Foundation Global Scholarship Programme. The Malala Fund, for example, received US\$100,000 from Avon Foundation for Women to advance education for girls.

ICONIC PRODUCTS



Far Away

Far Away, Avon's best-selling fragrance brand, turned 25 in 2019. This unique oriental floral fragrance is Avon's number one female fragrance brand globally – 27 bottles are sold every minute.



Avon ANEW Essential Vitamin C Radiance Maximising Serum

As the first company to stabilize vitamin C, Avon was proud to introduce this supercharged serum in 2019. The formula stays active from the very first to the last drop and wakes your skin's radiance with the pure, potent vitamin C of 30 oranges in one bottle.



Distillery Purify Facial Oil

This silky 100% waterless oil from Avon's vegan, eco-conscious Distillery collection purifies and renews skin with a custom blend of pure active ingredients including Jojoba oil, Phytol, Vitamin E and Cloudberry.



Avon True Power Stay 16 Hours Matte Lip Colour

The new transfer-resistant, pigment-packed Power Stay Lip stays put all day long. It's fuss-free beauty. Avon has leveraged its innovation capabilities to offer make up that can truly keep up; life proof without any trade-offs.

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