



TARGET
GENDER
EQUALITY



Target Gender Equality – Case Study Series – Natura &Co

“Natura &Co invites the business community to work together to accelerate equitable pay across industries and to drive thoughtful and meaningful change that supports everyone in fulfilling their potential.”



[Read more about Natura &Co's efforts to close the Gender Pay Gap!](#)

Quick facts: Natura &Co – Brazil – Cosmetics Group – 40,000+ Employees

Targets:

- Equal representation with 50% women on board/senior team
- Equitable pay by closing the gender gap
- Living wage (or above) for associates at Natura &Co

Date Set: 2023

Progress Made: The group is committed to work towards achieving 100 per cent gender pay equity globally, across all 73 countries by the end of 2021, well ahead of the original deadline.

What is driving your company's ambition to advance gender equality?

In June 2020, in the midst of the COVID-19 pandemic, Natura &Co launched its ambitious Commitment to Life for 2030 sustainability vision. Within the plan's three pillars is a [commitment](#) to Protect Human Rights and Be Human-Kind by ensuring equality and inclusion across its network.

As patron of the UN Global Compact initiative Target Gender Equality, Natura &Co is committed to sharing best practices and learnings with the broader business community, which is why it has chosen to share its insights on how drilling down into the detail has enabled it to identify how it will close its gender gap ahead of its 2023 goal.

What are concrete actions your company is taking to reach your target and help move the needle on women's representation and leadership?

The group undertook a comprehensive in-depth study of its position on equitable pay and gender balance across 73 markets. It partnered with global HR consultancy, Mercer to ensure independent quality assurance and the adoption of best-in-class methodology.

In March, the group shared the findings of the research with its employees globally and has now shared them across all stakeholders. Findings:

- At 13%, the raw gap¹ is at the lower end of industry norms.
- Its unexplained gap² is very low at 0.9%. At Natura &Co, any unexplained gap is unacceptable. Thanks to the research, it can now take action to close its gender pay gap ahead of its 2023 goal and ensure it stays closed.
- As a beauty business, Natura &Co employs more women in its workforce, particularly in customer-facing roles, and many of whom prefer part-time or flexible working. This has an impact on the overall gender pay gap. By the nature of its business, it will likely always have a pay gap, but notably no difference in pay on a like-for-like basis.
- By undertaking this deep dive into the current state of equitable pay within its business, Natura &Co is now well-placed to deliver an action plan to reduce the raw gap as far as it can, while ensuring that the unexplained gap continues to close.

What is one lesson or pitfall to avoid that other companies could learn from?

Experience at Natura &Co has demonstrated the importance of measurement and data analytics to evaluate and track progress. Having regular reviews enables actors to set and meet their targets.

¹ The raw pay gap is the difference between the average (the mean and median) of all women's pay and the average of all men's pay irrespective of role, location and experience.

² The unexplained pay gap reflects the residual pay gap that cannot be explained by legitimate factors and may be due to pay inequities by gender or race/ethnicity.

Our pay equity commitment

Natura & Co

Long term commitment

2030 commitment to defend Human Rights and to be Human-kind



For our associates:

- Equal representation with 50% women on board/senior team by 2023
- Equitable pay by closing the gender pay gap by 2023
- Living wage or above for everyone at Natura & Co by 2023

2020 progress

June 2020: Launched Natura & Co 2023 pay equity commitment

What do we mean by pay equity? Employees who perform the same role, in the same location, with the same responsibilities, experience, performance and skills should be paid equally whatever their gender or race/ethnicity



2020: Partnered with global HR consultancy Mercer to complete an independent pay equity study, providing assurance in the quality of the methodology used:



35,401 employees (the entire global workforce)

73 countries

4 core brands (Avon, Natura, The Body Shop, and Aesop)

1 lens (gender)¹

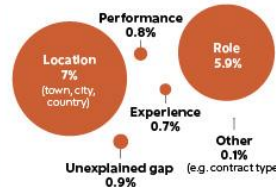
¹ Adjusted for race in Brazil and USA.

2020 pay equity review Insights

Natura & Co – The shape of our workforce



Pay gap differences that can be explained
Of our 13% raw gap, only 0.9% cannot be explained by legitimate factors:



What do we mean by raw pay gap? The raw pay gap is the difference between the average (the mean and median) of all women's pay and the average of all men's pay irrespective of role, location and experience

13%¹ raw gap

This gap is predominantly driven by women who are in most of our customer-facing roles². These roles provide flexible opportunities for women and as a beauty business we are by nature female-dominated. Therefore, we will always have a raw gap.

Pay differences that can't be explained

Our unexplained pay equity gap³ is

0.9%⁴

Although experts would say this is statistically insignificant, for us it's not good enough. We want to achieve 100% pay equity.

¹ If we exclude 11 AOS employees who are paid a fixed hourly wage rather than an hourly salary, our raw gender pay gap is 13.3%
² Store-based and in-field sales roles which tend to be lower in terms of senior level and pay
³ This gap is calculated by comparing actual pay to 'predicted' pay (gender pay for their role, adjusted to their role and the individual's unique characteristics – as set out above)
⁴ 0.9% is insignificant based on standard deviation (1.94%)

Representation of women across our business

68% of our total workforce

35% on the Board

59% in Management level and above roles

48% in Leadership roles

77% in customer-facing roles

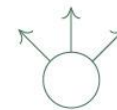
Our commitments

Achieve 100% pay equity ahead of our 2023 target

Although pay inequity of 0.9% seems insignificant, for Natura & Co any inequity is unacceptable and we are committed to closing the gap by the end of 2021 and keeping it closed.



- Monitoring the unexplained gap and keep it closed
- Conducting regular pay equity reviews to identify any unexplained gaps
- Examining bonus and incentives payments to understand any gender gaps



Ensure women can advance their careers across our whole business

- Talent mobility: Enable female leaders get exposure to both mature markets and developing markets
- Experience: Provide opportunities for female leaders to grow internally; ensure all staff have exposure to developmental opportunities; and recruit experienced female leaders
- Performance: Monitor for any bias in how we work and manage our people

Achieve 50/50 target of women in leadership by 2023

And ensure good representation of women across all roles, functions and locations, whilst not reducing women in our customer-facing roles



Achieve living wage for all by 2023

Ensure safe, flexible, fairly-paid and fulfilling roles for our hourly-paid customer-facing and manufacturing and distribution employees

Promote a culture of inclusion for all employees across all our companies

