

Aēsop.

Sustainability Report 2020

Acknowledgement to country

We acknowledge the traditional custodians of the lands on which Aesop is located and where we conduct our business. We pay our respects to ancestors and elders past, present and emerging. Sovereignty has never been ceded.

Aesop is committed to acknowledging and honouring all First Nation peoples' unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to our society.

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A message from Michael O’Keeffe

2020 will be a year that the world will remember for a long time. As well as the global COVID-19 pandemic, the Black Lives Matter movement has caused significant and hopefully lasting social change. Never before has it been more important for businesses of all sizes to be positive enablers of change and help create a fairer and more just society.

Reading through this report, I’m proud of the efforts that everyone at Aesop was able to make during 2020. It was a tough year and one in which we had to adjust to the new reality of home working, social distancing and very little travel. However, the commitment of the organisation to our environmental and social projects and goals was real and enabled much to be done under difficult circumstances. Thank you to the entire Aesop community and our network of partners across the globe.

At the same time, we understand that we are just at the start of our journey to create a truly diverse and inclusive business that supports what needs to become a circular and regenerative business model. This is the ‘North Star’ for both our commercial and sustainability plans and, although we currently don’t have all the answers as to how to get there, I’m confident that together we can design and implement the necessary solutions.

Again, thank you to everyone at Aesop on what you’ve achieved in 2020 across all of our environmental and social work and projects.



Michael O’Keeffe
CEO Aesop



Sustainability at Aesop

For over thirty years Aesop has adhered to a fiercely independent approach to skin care, marked by an unwavering commitment to quality.

Our company has evolved from operating one store in St Kilda, Melbourne, to having a retail presence in over twenty countries around the world. We began with just four products in 1987 and now the Aesop range comprises almost 100 products, with skin care accounting for almost half of those. We started with just a handful of passionate individuals, but now employ more than 2,000 people globally.

While Aesop has always sought to tread lightly on the environment—for example eschewing outer packaging of individual products, where not legally required—we are now on a more deliberate journey towards having a positive effect on the environment by becoming a fully regenerative company.

Despite the immense challenges of 2020, we continued to progress our sustainability objectives, which included increasing our recycled polyethylene terephthalate (PET) plastic packaging to over 80%; responding to racial injustice; ensuring our people were supported through COVID-19; and achieving B Corp® certification. This certification confirms that we meet the highest verified standards of social and environmental performance, transparency and accountability—balancing purpose and profit to a greater end. Achieving B Corp® certification is but one step along our sustainability journey, as our approach to design continues to evolve, along with our ethical and sustainable sourcing of materials, and our adoption of circular principles.

Aesop, since its inception and now as part of the Natura &Co group, has a longstanding commitment to protecting the natural environment and supporting the communities with which we engage. The purpose of this report is to provide an annual update on our sustainability progress, framed through the Natura &Co 2030 Sustainability Vision Commitment to Life. The report was developed internally through consultation with global and regional business functions, unless stated otherwise.

We remain committed to achieving our 2030 sustainability objectives with honesty and sincerity, while advocating for change in the areas where we can have the greatest impact for our people, communities, customers and the environment.

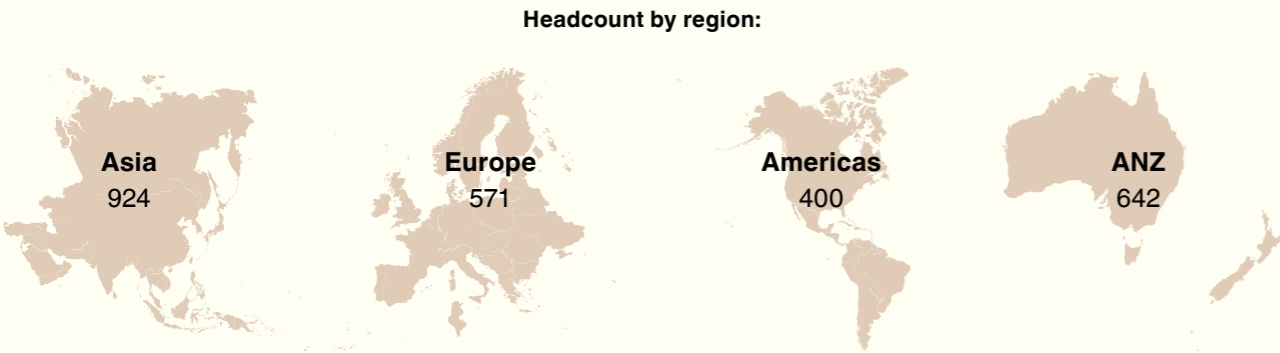


Our business

- Summary of our business

Our business

Summary of our business

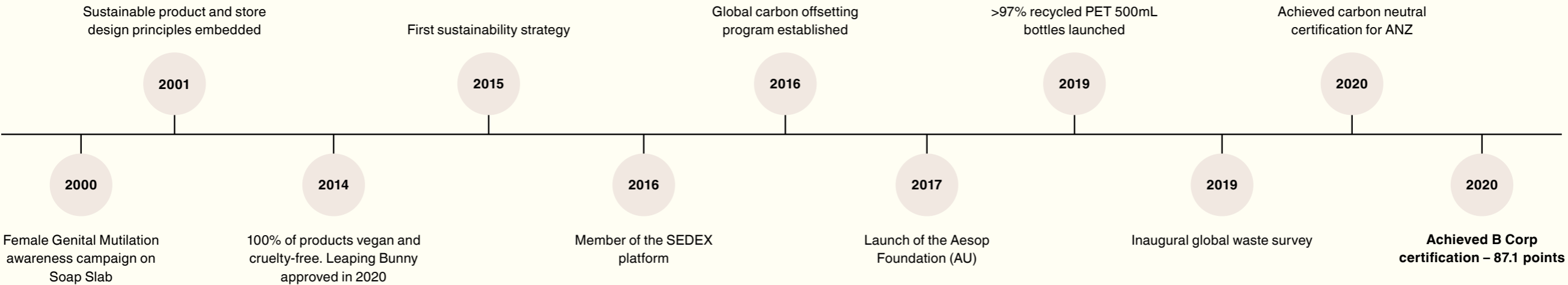


Our commitments and achievements

- [Our sustainability heritage](#)
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Our commitments and achievements

Our sustainability heritage



Our Commitment to Life and the United Nations’ Sustainable Development Goals

In June 2020, in partnership with the Natura &Co group, we released our 2030 Sustainability Vision Commitment to Life. This roadmap established our commitments and actions over the next ten years to appropriately address the global issues of climate crisis and Amazon deforestation, ensure equity and inclusion and transform our business model from a linear to a circular system.

The three key pillars are:

- To address the Climate Crisis and protect the Amazon
- To defend Human Rights and be Human-Kind
- To embrace Circularity and Regeneration.

Our Natura &Co commitments and Aesop’s additional Sustainability Strategies align to the United Nations Sustainable Development Goals. Developed and adopted by all United Nations Member States at the 2015 Paris Agreement on Climate Change, these 17 SDGs provide a framework for tackling complex environmental and social challenges, including ending poverty and tackling climate change.

Acknowledging the interconnectedness of these goals, below we have mapped our Commitment to Life pillars and Aesop’s Sustainability Strategies to the UN SDGs where we can make the most significant social and environmental impacts.

Commitment to Life	Aesop’s Sustainability Strategy	Relevant UN SDG	Our Commitment to the SDG
To address the Climate Crisis and protect the Amazon .	Take Climate Action and influence positive social and environmental change within our network.	<div>13 CLIMATE ACTION</div> <div>15 LIFE ON LAND</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>	<p>Our global Climate Action program, along with measurement, prioritises reduction activities and offsets remaining emissions from our operations—including raw materials and packaging end-of-life.</p> <p>During 2021 we are setting a science-based reduction target and developing a Climate Action Plan as part of our commitment to reaching net-zero emissions by 2030.</p>
To defend Human Rights and be Human-Kind .	Nurture an inclusive, engaged culture , where all employees are empowered to contribute to strategy, develop and thrive.	<div>1 NO POVERTY</div> <div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>10 REDUCED INEQUALITIES</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>	<p>We provide generous benefits to our staff around the world, and target living-wage-or-above compensation for all of our people. We aim to foster a diverse and inclusive workforce.</p>
	Be outstanding corporate citizens in all communities in which we operate.		<p>The Aesop Foundation was established in 2017 as the philanthropic arm of Aesop, providing support to Australian not-for-profit organisations in order to strengthen literacy among communities in need, and to support them to tell their stories.</p>
	Build a network of sustainable partners that share our values.		<p>Aesop's Ethical Sourcing Programme aims to rigorously ensure that all our suppliers use environmentally responsible processes, enforce safe working conditions and treat all workers with dignity—ensuring that human rights are held paramount throughout the supply chain.</p>
To embrace Circularity and Regeneration .	Evolve our approach to design, applying circular principles to transform our products, packaging and operations.	<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> <div>14 LIFE BELOW WATER</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>	<p>Our packaging ethos has always been utilitarian: vessels must be functional, modest and have minimal environmental impact.</p>

2020: a year in review



Launched circularity / refill trials in Adelaide, Australia and expanded Rinse and Return to Taiwan.

Transitioned over 80% of Aesop PET plastic bottles to a minimum of 97% recycled PET.

Introduction of 100% recycled-content and 100% recyclable packaging for the seasonal Gift Kits.

Further removed single-use plastics and expanded screw-cap alternatives across 4 products in our 500mL range, promoting reuse of non-recyclable pumps—a 12g saving of material per product; total savings in 2020: 4.8 tonnes of single-use plastic.



Avoided COVID-19-related job losses or redundancies.

Donated over A\$4.326 million of product to communities, medical staff and services supporting family violence survivors.

The Aesop Foundation committed over A\$1.6 million to community organisations to assist through challenges including COVID-19 and bushfire relief.

Enabled our staff to support charities globally, contributing over 10,000 hours in virtual and actual volunteering time with local community organisations; committed A\$100,000 to address racial injustice.



Achieved B Corp™ certification with 87.1 points.

Achieved carbon neutrality for our global operations and offset emissions associated with raw materials and products' end-of-life.

Achieved Cruelty Free International Leaping Bunny approval on all product formulations.



Established Aesop's first Diversity, Equity and Inclusion (DE&I) strategy and roadmap.

Supported our people with the launch of a global parental leave policy, a dedicated health and wellbeing program.

Updated *Modern Workplace Policy*; granted additional leave to support home childcare during lockdowns; launched *Bounce Back* e-Learning globally; and provided *Working From Home Policy* to support staff working remotely during COVID-19.



Produced UK and Australia 2020 Modern Slavery Statements addressing modern slavery risks in our supply chain.

Worked with sandalwood raw material providers to facilitate culturally relevant and locally produced hand sanitiser for indigenous communities.



Our commitments and achievements

Our response to COVID-19 and the events of 2020

2020 presented the world with disruptive challenges that remain relevant in 2021. These events have starkly highlighted the complex interconnectedness of our modern, global society. They have also acutely reinforced how crucial it is for businesses to make choices driven by values so as to bring about a more sustainable and equitable future for all.

To meet the collective urgency to protect and support not only our staff, but also the communities in which we operate, Aesop took several actions to address the persistent difficulties facing our societies in 2020, which are further outlined in this report.

For our customers, Aesop has always strived to deliver exceptional service, and while the events of 2020 have challenged our approach to hosting, they have also created opportunities for us to connect with our customers through new avenues. During this time, we began to offer Live Assistance and Virtual Consultations via our website, as well as Click & Collect and Call & Collect services as a safer way for our customers to experience our retail locations, while maintaining our commitment to impeccable service. This offering will only expand in the future, allowing our customers to engage with us in whichever way is most convenient and agreeable to them, ultimately strengthening our bond.

Key highlights addressing the events of 2020 are identified below:

- Despite significant retail closures and business disruptions due to lockdowns, no staff lost their jobs or were made redundant as a result of COVID-19.
- The *Leave Policy* was updated to accommodate family / childcare requirements during lockdowns, with schools closed or increased caring responsibilities.
- Hybrid working and a work-from-home equipment allowance were put in place across all regions.
- Personal Protection Equipment was provided to our retail and office staff globally.
- Production of hand and body cleansing products increased to meet personal hygiene demands, including the release of Geranium Leaf Rinse-Free Hand Wash.
- Over A\$1.1 million in funds were disbursed to support our nine Aesop Foundation partners during COVID-19 through the 2020 Support Fund, including A\$100,000 to Red Cross Australia to support Australian Bushfire recovery.
- US\$100,000 were donated to support racial-justice campaigns and activities, in addition to staff donations to racial-justice organisations being matched.
- Several initiatives were implemented to ensure ongoing support and wellbeing of staff during lockdowns, including global access to the Headspace app, local virtual wellbeing and team building events, Bounce Back training to help staff explore their personal resilience and recognise opportunities for growth.

Our commitments and achievements

B Corp™ certification

Despite the myriad challenges of 2020, in late October, through concerted efforts from countless staff globally, Aesop achieved B Corp certification with a score of **87.1**.

Certified B Corporations are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. The B Corp movement is rapidly growing with a community of over 3,500 B Corp companies spanning over 70 countries. These include our fellow Natura &Co sister brands, Natura and The Body Shop. We took our own first steps towards becoming a B Corp in 2018, when we assessed our certification requirements, with inspiration from our parent company Natura &Co. Becoming a Certified B Corporation is the result of steadfast determination from many Aesopians across the business—from General Managers to Retail Consultants, Digital Designers to Marketers.

Whilst we are proud of having achieved B Corp certification in 2020, we acknowledge that this is but a milestone on our journey to becoming a truly regenerative and triple-bottom-line company.

Aesop’s B Corp certification score for each impact area:

Governance	Workers	Community	Environment	Customers
18.4	21.8	24	18.8	3.9

‘We have an inherent desire to be part of something bigger than ourselves. Through our commitments to People, Profit, Planet, we can see the impact we are having on another person, another community, or the world—that carries a lot of weight.’

Amanda Gosling, Head of Talent Development



Our performance

- Tracking to Natura &Co 2030 Sustainability Vision Commitment to Life targets

Our performance

Our Sustainability Strategy

Aesop’s sustainability strategy areas of *Our People*, *Our Partners* and *Our Planet* overlap with the three Natura &Co Commitment to Life objectives below.

Natura &Co 2030 Visions

To address the Climate Crisis and protect the Amazon

To defend Human Rights and Be Human-Kind

To embrace Circularity and Regeneration

Aesop’s Sustainability Strategy

Our People

Care for each other and our communities.

Our Colleagues

Nurture an inclusive, diverse and engaged culture where all employees are empowered to contribute to strategy, develop and thrive.

Our Communities

Be outstanding corporate citizens in all communities in which we operate.

Our Partners

Build a network of sustainability partners that share our values.

Our Planet

Our Systems

Take Climate Action and influence positive social and environmental change with our network of customers, colleagues and partners.

Our Designs (Products, Packaging, Operations)

Evolve our approach to design, applying sustainable principles to transform our business.



Tracking to Natura &Co 2030 Sustainability
Vision Commitment to Life targets

Commitment	Relevant UN SDG	Goals	Targets	2020 Status
To address the Climate Crisis and protect the Amazon .	<div><div>13 CLIMATE ACTION</div><div>15 LIFE ON LAND</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>	Reduce our greenhouse gas emissions: become net zero.	Implement a Science-Based Targets initiative (SBT) for all companies; for Scope 1, 2 and 3.	Work in progress through Natura &Co.
			Become Net Zero—delivering a 1.5 degree reduction 20 years ahead of the UN (2050 Commitment).	Achieved global Scope 2 Net Zero through purchase of renewable electricity credits (RECs). Obtained carbon neutrality with Climate Active certification for ANZ operations and South Pole Climate Neutral label. Joined Transform to Net Zero initiative with Natura &Co.
		Amazon: zero deforestation.	Expand influence on forest preservation from 1.8m to 3m ha, and from 33 to 40 communities.	Work in progress through Natura &Co.
			Increase revenue streams with 55 bio-ingredients.	Work in progress through Natura &Co.
			Share at least R\$ 60 million in value with communities (up from R\$ 33 million).	Work in progress through Natura &Co.
			Foster collective efforts towards zero deforestation by 2025.	Over 3 ha Australian vegetation permanently protected during 2020.
		Establish Science-Based Targets for Biodiversity; enforce the Nagoya Protocol.	Help create targets by 2023 with a network of partnerships, including: - Union for Ethical Biotrade - Science-Based Targets Network - Business for Nature Coalition.	Work in progress through Natura &Co.
			Expand from Natura's 16-year payment of ABS (access and benefit sharing) to the Group by 2025—as per UN Convention on Biological Diversity (CBD) / Nagoya Protocol.	Work in progress through Natura &Co.

Tracking to Natura &Co 2030 Sustainability
Vision Commitment to Life targets

Commitment	Relevant UN SDG	Goals	Targets	2020 Status
To defend Human Rights and be Human-Kind .	<div><div><div>1 NO POVERTY</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>10 REDUCED INEQUALITIES</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div></div>	For our associates: gender equality, inclusion of underrepresented groups, and living wage for all.	Achieve gender balance: from 35% women on board/senior team to 50% by 2023.	46% women on senior team at Aesop.
			Enforce equitable pay, closing the gender gap by 2023.	Natura &Co gender pay gap analysis complete. A 0.9% pay gap remains unexplained at the group level.
			Work towards 30% inclusion, in management, of under-represented groups—in terms of racial or ethnic origins, sexual orientation or gender identity (LGBTQI+), socio-economic background, physical or mental disability.	Capability for demographic baseline testing being assessed.
			Ensure living wage (or above) for all by 2023.	Living Wage Methodology approved to identify gaps globally.
			Make measurable gains for consultants/ representatives and sourcing communities' earnings, education, health and digital inclusion.	Work in progress through Natura &Co.
		For our wider network: measured increases in earnings, education and health.	Increase investments in key causes by 20% to \$600 million (mainly in communities, breast cancer awareness, domestic violence and education).	The Aesop Foundation committed A\$1.6 million to the Australian Red Cross (for Australian bushfire relief) and our existing network of partners to help them continue their work during COVID. Aesop donated A\$4.3 million of product to communities, medical staff and services supporting family violence survivors.
			Promote our trusted and reliable model for the future of direct sales.	Work in progress through Natura &Co.
			Ensure full traceability and/or certification for critical supply chains by 2025: Palm Oil, Mica, Paper, Alcohol, Soy, Cotton.	32% of palm oil and derivatives obtained from Roundtable for Sustainable Palm Oil (RSPO) certified source, a further 18% is offset through purchases of Independent Smallholder RSPO palm oil credits from Riau Provenance in Indonesia. Work in progress on Mica (Mica is not used in Aesop products), Alcohol, Soy and Cotton in partnership with Natura &Co.
		Intolerance to human rights infringement in our supply chain.	Adopt robust Human Rights policy in line with UN Guiding Principles by 2023.	>90% of Direct Suppliers signed Code of Conduct. >95% of Direct suppliers on SEDEX. Produced UK and Australian Modern Slavery Statements. Human Rights Policy & Due Diligence check in development with Natura &Co.

Tracking to Natura &Co 2030 Sustainability
Vision Commitment to Life targets

Commitment	Relevant UN SDG	Goals	Targets	2020 Status
To embrace Circularity and Regeneration .	<div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>14 LIFE BELOW WATER</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>	Full Circularity of Packaging.	20% (or more) reduction in packaging material (by weight).	3% reduction in overall Aesop packaging material, achieved through recycled PET light-weighting and screw-cap offering.
			50% of all plastic to be of recycled content (by weight).	49% of all Aesop plastic packaging manufactured in 2020 was made from recycled content.
			100% of all packaging material to be reusable, recyclable or compostable.	>83% of Aesop packaging material is reusable or recyclable.
			Offset through 'collection and reuse' programs to reach 100% responsible disposal of product packaging where recycling infrastructure not available.	A Rinse and Return program has been in place in Hong Kong since late 2018 and launched in Taiwan in 2020. Total Aesop packaging collected and diverted from landfill: 4.59 tonnes.
		95%+ Renewable or Natural ingredients, 95%+ Biodegradable formulations.	95%+ Renewable or Natural ingredients.	86.69% of Aesop's ingredients, according to ISO16128 standard, a globally harmonised standard providing guidelines on definitions and criteria for natural-origin ingredients.
			95%+ Biodegradable formulations for rinse-off formulations.	89% biodegradability of rinse-off formulations.
			100% of new formulations will have lower environmental footprint, measured by life cycle analysis (LCA).	23 formulations completed in 2020.
		Investments and collaborative actions in Regenerative Solutions.	Invest U\$100 million (or more) in developing regenerative solutions.	Work in progress through Natura &Co.

Our people

- Supporting our People through COVID-19 and the events of 2020
- A diverse, inclusive and engaged culture

Our people

Supporting our People through COVID-19 and the events of 2020

Recognising the significant stress COVID-19 has had on our staff globally, we implemented several initiatives to support our staff through the COVID-19 pandemic.

These included:

- Updates to the *Modern Workplace Policy*, offering flexible working arrangements
- Establishment of a *Working From Home Support Policy*
- Launch of a weekly publication, *Together*, to communicate business updates.
- Provision of Bounce Back e-Learning in 6 languages
- Piloting of Mental Health First Aider training with UK-based HR Team.

Acknowledging the ongoing burden of COVID-19 on our people globally, we are continuing to provide support and adapt existing assistance based on the needs of our staff in each region.

Response to racial injustice

In a small but necessary step to fight systemic racism in 2020, Aesop committed US\$50,000 directly to Black Lives Matter and a further US\$50,000 to The Okra Project, The Innocence Project and GrassROOTS Community Foundation collectively. Responding to the racial justice events of 2020, a group of Aesop employees formed the Anti-Racism Committee to find appropriate solutions and support organisations in their work against racial injustice.

In 2020 we extended our Matched Giving program globally and matched over A\$17,000 of donations from 70 employees to organisations responding to racial injustice and promoting opportunities for the Black community. These included Black Lives Matter, the NAACP Legal Defense and Education Fund, and Campaign Zero.



Our people

A diverse, inclusive and engaged culture

We are continuing our journey towards becoming a truly diverse, equitable and inclusive company and place to work. We have a *Diversity, Equity & Inclusion Strategy* in place that was designed to provide clearer vision, greater structure and a roadmap of programmes, processes and policies that we need to evolve and develop to allow us to achieve our ambitions over the next three years and beyond.

We are also proud to be part of the Natura &Co family of companies and are working hand in hand with these sister brands to reach our *Commitment to Life* objectives regarding equality, diversity and inclusion. A core focus of this is gender equality, where our targets include having 50% of women in positions at the board level and closing the gender gap by 2025. Furthermore, we are focused on achieving 30% inclusion in management of under-represented groups based on racial or ethnic background, sexual orientation or gender identity.

Aesop has employees in over 26 countries and offers employment benefits that are most relevant to each location. We also offer paid volunteering time for all employees to work with local communities. We aim to be outstanding global citizens in all our markets.

We remain committed to exposing staff to different cultures and beliefs, establishing enduring relationships between Aesop employees around the world. We believe in always striving to understand the perspectives of others, increase our knowledge and enlarge our worldview.

In Australia, we have worked with local non-profit organisations to provide employment opportunities to underrepresented groups. We continue to nurture these relationships and are committed to providing similar opportunities in other markets where we operate.

Our commitments		Our 2020 progress		Forward to 2030 Our 2021 priorities	
At a minimum, a living wage for all our people, along with meaningful health and wellbeing programs.		Commenced Diversity, Equity and Inclusion (DE&I) training and strategy development.		Roll out Mental Health First Aider training to HR teams globally	
Gender balance of 50% women at the board level by 2025 (up from 35%).		Senior leadership team and their direct reports completed externally run DE&I awareness coaching sessions, including Unconscious Bias training to people managers and DE&I sessions to HR leaders. We will continue doing so regularly as part of a planned DE&I program.		Continue to support organisations acting against racial injustice.	
Equitable pay, closing the gender gap by 2023.		Initiated our DE&I roadmap with external DE&I Consultants.		Finalise our Living Wage for Two Adults and Two Children strategy and start to implement it.	
30% inclusion in management of under-represented groups based on racial or ethnic origins, sexual orientation or gender identity (LGBTQI+), socio-economic background, physical or mental disability by 2030.		Conducted 34 Culture Conversations with employees across our regions and markets.		Continue to work towards 30% inclusion in management of under-represented groups based on racial or ethnic origins, sexual orientation or gender identity (LGBTQI+), socio-economic background, physical or mental disability.	
		Introduced pronouns on email signatures with accompanying gender pronoun user guide.		Deliver external DE&I awareness coaching sessions and training to leadership team and HR functions.	
		Established an Anti-Racism Committee (currently based in the Americas) to act on racial injustice and make donation decisions related to racial justice campaigns, such as the recent donation to Black Lives Matter and related organisations. This was paired with an employee matched-giving program.		Roll out Aesop’s first DE&I strategy and roadmap.	



Our people

Living wage across our markets

Providing employees with a living wage¹ lifts people out of poverty and reduces inequality. To ensure that our people globally are paid a living wage, in 2020 we undertook a review of wages across our markets, according to the following living wage indices: the Fair Wage Network, the Wage Indicator Foundation and relevant government rates and local living wage rates.

The review forms part of the Natura &Co ambition to achieve the recognised living wage where available or the highest rate between the indices listed above. Our 2020 review has enabled us to identify those markets with living wage gaps. We are working with the relevant teams to ensure that all Aesop employees globally are receiving a living wage for single persons according to the Natura &Co objective of living wage or above by 2023.

Addressing these living wage gaps is our focus for 2021, with further analysis and strategy developments scheduled to ensure all our employees will be compensated appropriately, in line with the living wage for two adults with two children.

Addressing the pay gap

In the final quarter of 2020, a Pay Equity Review was performed with a leading vendor in HR Analytics across all brands of Natura &Co. A very small unexplained pay gap, of 0.9%, for Natura &Co was identified—in the case of Aesop, no systemic pay gap was identified.

As part of our Commitment to Life targets, the Natura & Co group is aiming to reduce and eliminate the ‘unexplained’ Gender Pay Equity gap by 2023.

¹ A living wage is commonly defined as being higher than a minimum wage, and is usually relative to another measure of living standards such as weekly earnings and costs of living. A minimum wage corresponds to the *bare minimum* required to live, while a living wage aspires to be a *socially acceptable minimum* and is usually seen as a level of pay required to keep workers out of poverty.

Our partners

- Supporting our communities
- Ethical and sustainable sourcing

Supporting our communities

Aesop has a strong legacy of supporting our communities, with humility and discretion. Through our stores, counters and offices, we intersect with our neighbours. Our expressions of generosity extend beyond the physical touch of our retail consultants to all facets of the company.

Aesop has committed to a meaningful community engagement strategy, which includes gestures of support through the Aesop Foundation, staff volunteering, and product donations.

The global crisis that emerged in 2020 presented an opportunity for our staff and our business to assist those most impacted.

Supporting communities through COVID-19

It is clear there was much need to support our communities during COVID-19. In support of medical staff, we worked with healthcare facilities globally to provide workers with personal care products.

Among the pandemic's more insidious effects was the increase in family violence, of which we extend our support and profound compassion to survivors. Through Natura &Co, we worked with national and international organisations to deliver frontline services to family violence survivors, and help those at risk via a campaign titled #IsolatedNotAlone.

In 2020, Aesop donated over A\$4.2 million of product to communities, medical staff and services supporting family violence survivors.

Virtual volunteering

In 2020, ensuring the continued protection and safety of our employees during COVID-19 was our top priority. However, we also wanted to preserve the opportunity for them to contribute to our local communities. As a result, Aesop volunteering adapted to virtual volunteering opportunities.

Our 2020 progress

Moved to virtual staff volunteering.

Staff globally completed over 10,000 virtual volunteering hours.

Through our signature stores, Aesop donated over A\$4.2 million of product (based on RRP) to charitable causes.

Forward to 2030 | Our 2021 priorities

Staff volunteering target: 25,575 hours.

Our commitments

All staff commit 1% of their working hours to charitable causes.

Aesop staff to contribute 80,000+ volunteering days by 2030.

Through donations from our signature stores, contribute over A\$14 million of product (based on RRP) to support charitable causes by 2030.



Our partners

the Aēsop Foundation

Established in 2017, Aesop's philanthropic arm, the Aesop Foundation, partners with not-for-profit organisations to strengthen literacy within communities in need, and supports them to tell their stories across Australia.

The Aesop Foundation focuses on helping to build literacy and storytelling skills in order to give marginalised people more opportunities in life, and a stronger voice in our society.

Acknowledging the events of 2020 provided an especially challenging year for many in the not-for-profit sector, the Aesop Foundation committed over A\$1.5 million to a select group of our existing partners to further support and strengthen them, so as to ensure their continued contribution to our communities.

A small group of the 2020 recipients share their respective benefits from the Aesop Foundation funding below.

Our 2020 progress

Committed over A\$1.5 million to nine of our existing community organisations.

Committed A\$100,000 to Australian bushfire relief through the Australian Red Cross.

Updated the Aesop Foundation Giving Strategy.

Our commitments

The Aesop Foundation will continue to support literacy and storytelling initiatives in marginalised communities with over A\$40 million in donations by 2030.

Forward to 2030 | Our 2021 priorities

Expansion of the Aesop Foundation globally.



Our partners

Foundation Partner – Stars Foundation

Stars Foundation provides a holistic program that supports First Nations girls and young women to remain engaged at school, complete Year 12 and move successfully into full-time work or further study.

‘The funding received from Aesop during 2020 enabled us to continue providing the best possible support to the girls and young women in our programs across Australia, in what was a very challenging and unsettling year.’

Stars Foundation



Image provided by Stars Foundation

Foundation Partner – The Arts Foundation

Arts Project Australia is a creative social enterprise that supports artists with intellectual disabilities, promotes their work and advocates for inclusion within the contemporary art sector.

‘Aesop’s funding helped us thrive and grow in 2020 with funding to support our:

Zine Program: helping artists produce, promote and present comics, graphic novels and blog scrolls in a digital online setting.

Satellite Arts Remote Studio Program: entire research and development part of the project.

Art et al.: Art et al. is an inclusive curated international art platform that commissions and presents collaborations between artists from supported studios, artist peers, and arts professionals.

Website upgrades: to continue functioning with an increased digital presence during COVID-19.’

The Arts Foundation



Image provided by The Art Foundation

Foundation Partner – Melbourne Fringe

Melbourne Fringe democratises the arts. Their vision is cultural democracy—empowering anyone to realise their right to creative expression. They support the development and presentation of artworks by, with and for Melbourne’s people, run the annual Melbourne Fringe Festival as well as the year-round venue Common Rooms, and conduct a range of arts sector leadership programs. They believe that access to the arts and creative expression are fundamental rights of our citizenship and vital to a creative, cohesive, optimistic and empathetic society.

‘Funding from Aesop during 2020 COVID-19 enabled us to support First Nations artists, producers and arts workers, with bursaries, microgrants, commissions and paid employment positions, as well as supporting capacity building by employing a Development Manager and supporting artist residencies in our venue Common Rooms.

Aesop funding was also directed to vital marketing and promotion, including our new digital platform Digital Fringe, which allowed us to present the Festival digitally, bringing together artists and audiences in a time of lockdowns and isolation.’

Melbourne Fringe



Church of Burt, Melbourne Fringe Festival 2019. Photo by Duncan Jacob

Ethical and sustainable sourcing

Despite the unforeseen challenges of 2020, our Ethical Sourcing Program continued to focus on ensuring environmental responsibility, safe working conditions and fair and humane treatment of workers within our supply chain through the implementation of our *Ethical Sourcing Policy* and Program to onboard new and existing partners and suppliers.

Our concern for our suppliers and their workers’ health and safety only increased as a result of COVID-19. No efforts were spared, and extensive sourcing took place, to support PPE requirements for both Aesop employees and our suppliers.

Travel restrictions initially limited the number of Supplier Ethical Data Exchange (SEDEX) members Ethical Trade Audits (SMETA 4-pillar audits) for medium- and high-risk suppliers that could be undertaken. However, over the course of the year these audits transitioned to virtual audits.

With the publication of 2020 Modern Slavery Statements for both Australia and the UK, we will continue to work with our partners and suppliers to identify and address issues of modern slavery within our supply chains.

Our commitments

Assess all suppliers against Aesop’s social and environmental selection criteria.
Ensure traceability and certification (where applicable) of critical supply-chain ingredients by 2025: essential oils, palm oil, soy, cotton, paper, alcohol, and corn.
Have all significant and high-risk partners independently reviewed or audited
Adopt a robust Human Rights policy in line with the UN’s Guiding Principles by 2023.
Invest in long-term partnerships with shared values.

Our 2020 progress

Achieved 50% of palm oil and palm oil derivatives from Roundtable for Sustainable Palm Oil (RSPO) certified sources.
Maintained over 95% of our direct suppliers ² by spend active members of SEDEX.
>90% of direct Tier 1 suppliers ³ by count signed our Code of Conduct.
Completed UK and Australian Modern Slavery Statements.
Extended internal training on Ethical Trade Initiative and modern slavery risks to relevant staff.
Completed initial environmental practices survey of suppliers.
Completed virtual SMETA audits of certain high-risk suppliers.
Completed preliminary analysis of critical supply chains, including essential oils.

Forward to 2030 | Our 2021 priorities

Completed initial review of essential oils across product range to establish comprehensive ethical sourcing risk analysis in 2021

² **Direct suppliers** are those suppliers that provide a good or service that is directly involved or included within our products. By contrast, our indirect suppliers are those that contribute to our business through other means such as the provision of cleaning services or consulting.

³ A **Tier 1 supplier** is a primary or immediate supplier of a product or service. By contrast, a **Tier 2 or Tier 3 supplier** provides products and / or services to a Tier 1 supplier, that in turn provides that product or service to us.

Our partners

Supporting our partners and Indigenous communities through COVID-19

Unchecked infections of COVID-19 would have had devastating impacts on Australian Indigenous communities—particularly Elders—that, due to high rates of cardio-vascular disease, experience compromised immune systems making them more vulnerable to infection.

Access to Indigenous communities, including those communities in Western Australia, has been severely restricted during COVID-19 to protect the health of these communities and their people. Unfortunately, this also made access to personal care products, such as soap and hand sanitiser, challenging due to the remoteness of these communities.

In April 2020, our sandalwood provider, Dutjahn Sandalwood Oils (DSO) reached out to Aesop for assistance to provide urgently needed soap and hand sanitisers to remote Indigenous communities of Western Australia. Aesop donated \$121,500 (AUS\$) worth of cleansing and sanitiser product that contains DSO's Sandalwood oil, providing cultural relevance for the communities.

In addition to these product donations, Aesop worked with DSO to provide culturally relevant communication materials to educate the communities on the importance of hand washing and the use of hand sanitiser.

Thanks to the quick and proactive partnership with DSO, Government and other private organisations, Aesop is grateful to have contributed to making Western Australia, in particular the isolated Sandalwood Gibson Desert, a safe place in the world from COVID-19.



Image provided by Dutjahn Sandalwood Oils

Palm Oil

Palm oil and its derivatives are used across the food and cosmetic industries. Although palm oil has the highest yield per hectare of any oil or oil seed crop, there are deeply complex ethical, social and environmental issues associated with its production and consumption, and significant impacts on biodiversity.

Though it may seem that the immediate best solution is to replace palm oil with other types of vegetable oil, this can lead to further social and environmental impact. Alternative crops such as coconut can have lower yields which could lead to more extensive land clearing and biodiversity loss⁴.

Our commitment to sustainable palm oil

We support the Roundtable on Sustainable Palm Oil (RSPO) and use RSPO-certified ingredients in our formulations. In 2020, 50% of our total consumption of palm derivatives was either physically certified (32% mass-balance-certified) or offset through purchases of Independent Smallholder RSPO palm oil credits (18%) from Riau Provenance in Indonesia. Due to a lack of availability of credits for palm-kernel-oil-based derivatives, we commit to purchasing credits for the remaining portion when they become available later this year.

We agree that this is just one step on our path towards sustainable palm, and we are actively working towards 100% of our palm-derived ingredients being certified to a minimum of mass balance and traceable back to individual processing mill by 2025. In 2021 we will participate in *Action for Sustainable Derivatives* to aid in building transparency.

In parallel to transitioning to the highest standard of RSPO-certified ingredients available, we are also exploring alternatives to traditional derivatives from renewable and unconventional sources that do not have any direct impact on land use.

⁴ Source: <https://www.wwf.org.uk/10-myths-about-deforestation>

Our planet

- Climate Action
- Embracing Circularity and Regeneration
- Packaging Circularity
- Product and Formula Circularity
- Retail Operations
- Store Design

Climate Action

Aesop has a long history of treading lightly and supporting our communities. The COVID-19 pandemic demonstrated the potential impacts of a changing climate on our communities and the need for real and immediate climate action. The pace of climate change requires every organisation to do more.

To progress towards our goal of net zero emissions by 2030, in 2020 we intensified our climate action program, embedding reduction initiatives across our global business and setting an interim internal reduction target. Work began on setting our Science-Based Reduction target, aligned with a 1.5-degree Celsius warming scenario. We are on track to set this target by the end of 2021.

Our 2030 ambitions

- Set a science-based emission reduction target aligned to a 1.5 degree warming scenario and validated by the Science Based Targets initiative.
- Achieve net-zero emissions across value chain by 2030.
- Protect Australian biodiversity.

Our 2020 progress

- Achieved carbon neutrality for our global operations and offset emissions associated with raw materials and products' end-of-life.
- Began our science-based target setting project. On track to achieve by end of 2021.
- Achieved 100% of electricity for our direct global operations from renewable energy sources, up from 19% in 2019.
- Continue to offset emissions through the Kariba REDD+ project in Zimbabwe and worked to protect Australian biodiversity.
- Obtained carbon neutral certification for our ANZ operations from the Australian Government's Climate Active program.

Forward to 2030 | Our 2021 priorities

- Set Science-Based Targets across our value chain, including Scope 1, 2 and 3 emissions.
- Continue to embed reduction projects within our business.
- Develop and launch our Climate Action Plan.

Addressing our immediate impact

Currently we offset all operational emissions across our global business. Our Australian and New Zealand operations are certified carbon neutral under the Australian Government's Climate Active scheme, and have been since 2018. More recently we reached carbon neutrality for the remainder of our global business, obtaining South Pole's *Climate Neutral Company* label. In addition to these labels, our offsetting program was expanded to include emissions from raw materials and our products' end-of-life.

However, we recognise offsetting is not enough and aim to reach net zero emissions with an emphasis on emissions reduction and removal.



Driving decarbonisation

A key focus of our emission reduction strategy to date has been to reach net zero on Scope 1 and 2 emissions ahead of 2030.

To reach net zero in Scope 1 emissions by 2030, no new Aesop store or office from 2024 onwards will use gas as a source of energy. All energy will be electricity-derived to enable our renewable energy transition. Any remaining emissions from gas and fugitive emissions will continue to be offset annually.

Purchasing green energy creates demand for renewable energy and a future free from fossil fuels. To help bring about this sustainable future, 100% of our direct global operations (Scope 2) now operate on renewable electricity; this was achieved 3 years ahead of our target.

During 2021 we have implemented an internal reduction target for flights and freight—two historically significant areas of impact, representing 55% of our operations when excluding product use. We are working to develop an internal Climate Action Plan, detailing reduction initiatives to address Scope 3 emissions in our value chain.



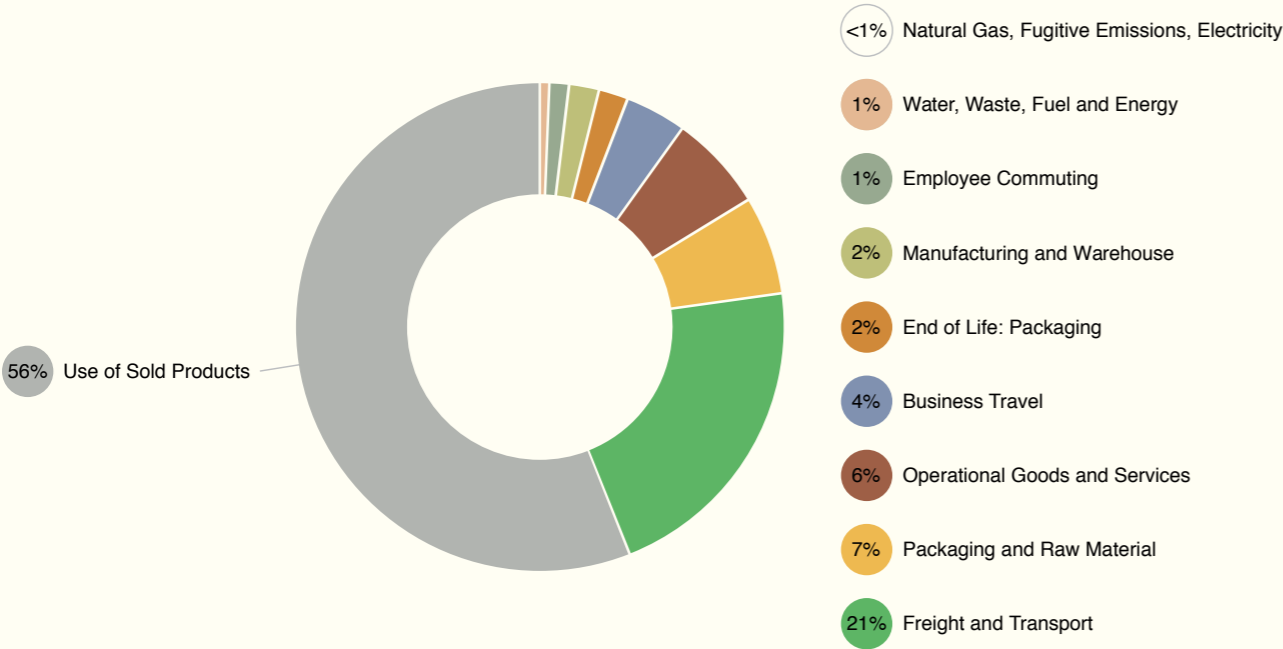
Global emissions reporting | Aesop value chain

Since 2015, we have recorded and offset direct operational emissions. We recognise this approach accounts for only part of our impact. To address our total impact, we expanded our annual emissions reporting to include a full value chain inventory. This data will be used to set our science-based reduction target and guide our transition to net zero.

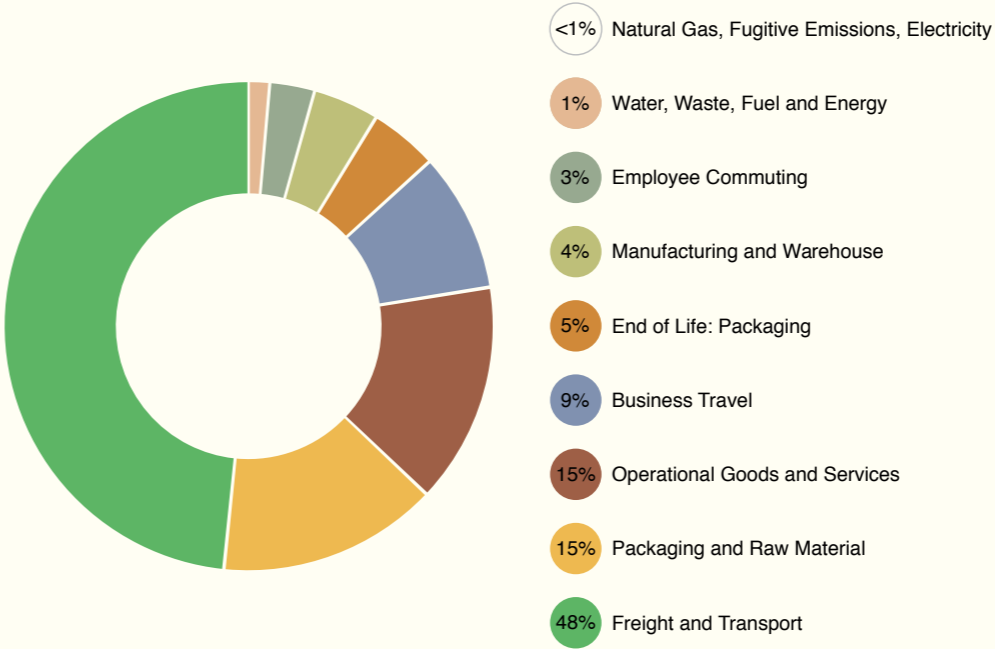
In 2020 our emission sources shifted significantly from 2019, with absolute emissions from corporate travel, energy consumption and employee commuting decreasing. Conversely, we saw an increase in emissions associated with product use, e-commerce and freight.

In addition to informing our climate action journey, our packaging circularity and refills program that seeks to develop an offering that is beneficial to our customers and the planet, will be guided by our value chain analysis.

Our 2020 greenhouse gas value chain inventory



Our 2020 greenhouse gas inventory excluding the impacts of sold product use



Industry Collaboration

Natura &Co are co-founders and members of the *Transform to Net Zero Initiative*, joining forces to align on a global definition of net zero and proactively form partnerships to deliver Scope 3 emission reductions.

Product use represents the majority of our value chain emissions. Reductions in this category can only be realised through cooperation and partnership. We will continue to work with our colleagues in Natura &Co and look for innovative opportunities to drive decarbonisation and create a renewable energy future.

Limiting global warming to 1.5°C and achieving net zero is only possible through collaborative partnerships. We will continue to embrace and be guided by the UN’s SDG number 17 ‘Partnerships for the Goals’, to support technological innovation that builds a better world for all.

Case study: our offsetting projects

Our offsetting strategy supports projects that also generate environmental and social benefits—recognising the inequalities of climate change.

We have been supporting the **Kariba REDD+** project, located in Northern Zimbabwe near the Zambian border, since 2017. In addition to biodiversity benefits, the project supports regional sustainable development and independence through the **Chikova School Garden Project**.

At the end of 2019 we began working with the in-country project team to improve water security. After exhaustive geotechnical investigations conducted in 2020 failed to find water, it was decided in consultation with the community that water tanks and guttering would be installed. These are due for installation in 2021.

We have been supporting the **Myamyn Biodiversity Project** since 2018. Located on private land within the Annya State Forest in South-West Victoria, Australia, the Myamyn project supports reforestation of land historically subject to illegal logging and protects the land in perpetuity.

In 2020 we began our support of **Mount Sandy Conservation**. Located on the traditional lands of the Ngarrindjeri people, Traditional Custodians of the Coorong, Mount Sandy is a rare pocket of intact native vegetation in a region now dominated by farmlands. The Mount Sandy project ensures permanent protection for a regionally and culturally important pocket of biodiversity-rich land, in partnership with its Traditional Owners.



Packaging Circularity

Our packaging ethos has always been utilitarian: vessels must be functional, modest and have minimal environmental impact. However, to ensure our packaging developments meet the targets of our 2030 commitments, we are focusing on three strategic packaging approaches:

- Transitioning to the highest possible recycled content;
- Light-weighting packaging material;
- Evolving our products and packaging to align with circular design principles.

In 2020, our packaging initiatives resulted in an improved environmental outcome. This included the development and launch of our packaging targets, an internal environmental assessment framework to review our packaging developed from the Australian Packaging Covenant’s Sustainable Packaging Guidelines, ongoing removal of single-use plastics, and increased use of recycled materials.

We are committed to demonstrating leadership in the sustainable packaging space and ensuring that our customers’ experience with packaging is one that mirrors our commitments to both quality and the environment.

Our commitments	Our 2020 progress
Source >90% of our PET plastic packaging from recycled PET by 2021.	Launched our internal Sustainable Packaging Roadmap.
All packaging to be reusable, recyclable or compostable by 2025.	Increased percentage of recycled content in plastic packaging from 39% (2019) to 49%. Reached 80.6% of our PET plastic packaging made from recycled PET sourced in Australia.
Use an average of 50% recycled content across our packaging range by 2025.	Launched our first closed-loop refill trial in Adelaide, Australia.
Deliver a refill or closed-loop solution for 50% of our packaging range by 2030.	Expansion of Rinse and Return program to Taiwan. Over 4.5 tonnes of packaging material diverted from landfill during 2020.
20% (or more) reduction in packaging material (by weight) by 2030.	Progressed towards our 20% light-weighting target, achieved a 3% reduction on a 2019 baseline through screw-cap offering and packaging design.
Offset through ‘collection and reuse’ programs to reach 100% responsible disposal of product packaging where recycling infrastructure is not available by 2030.	Progressed towards our 100% goal of packaging to be reusable, recyclable or compostable, achieving >83%.

2020 Gift Kits

Our 2020 Gift Kits saw a purposeful shift away from reusable amenity cases—many of which are thought to ultimately end up in landfill—towards less impactful outer packaging. Each kit, made from 100% recycled paper pulp, exemplifies Aesop’s understated approach to design, balancing functionality and aesthetics. Elevating the everyday material that is recycled paper, the packaging is first and foremost functional, with moulded trays providing support for the products inside, ensuring they are not damaged during transit. The sleeve on the Gift Kits is also made from 100% recycled paper content, has no plastic laminate and is recyclable.

Forward to 2030 Our 2021 priorities
Develop Aesop’s Circular Strategy and Roadmap.
Develop and trial circular packaging formats and dispensers to support refills.
Continue our progress towards all packaging being reusable, recyclable or compostable; and increase recycled content.
Transition Aesop cotton bags to a blend of 60% pre-consumer recycled cotton and 40% virgin organic cotton.



Circular Packaging Solution Trial

We seek to establish packaging design practices that eliminate material waste and support the continued use of our packaging. To this end, our Packaging team are continuing to research refill and circular solutions that demonstrate a tangible environmental benefit while also maintaining product quality.

As part of this research, we employed a Design Thinking Innovation toolkit to explore an in-store circular packaging solution. This resulted in a trial involving four facial cleansers housed in 200 mL glass bottles across our stores in Adelaide, Australia. This trial commenced in October 2020 and focused on confirming our customers’ desire for an Aesop circular solution.

The trial allowed customers to bring back a select number of products once depleted. Each returned bottle was collected from store, then transported to our laboratory in Melbourne where it was cleaned, filled and re-labelled. It was then returned to store, becoming available for purchase anew. The key purpose of the trial was to understand customers’ desires, with next trials to focus on scalability. The robust properties of glass make it particularly suitable for a circular packaging solution. The trial allowed us to collect valuable data that will help us understand how we can introduce circular packaging solutions across our other packaging formats, including products housed in 500mL recycled plastic.

This trial was an instrumental first step as we look to scale our circular packaging solutions across other products and markets.

Further to this work, a replenishment option for the majority of our 500mL hand and body care cleansing products, featuring a screw-cap in place of a pump, is available globally. Each time a customer reuses a pump when replenishing a product results in a 12-gram reduction in plastic.



Product and Formula Circularity

Our objective has always been to formulate skin, hair and body care products of the finest quality, utilising only ingredients with consistent safety and efficacy records. Product innovation is crucial to Aesop’s future success and our evolution towards becoming a truly regenerative business.

We are fascinated by the benefits that plant-based products can offer to the skin and hair; however we also appreciate the remarkable results that science can deliver. Accordingly, we choose to incorporate high-quality, scientifically validated and skin-friendly ingredients in our products to perform specific functions, from a selection of reputable sources.

Our 2020 progress

Our commitments

Collect and review information regarding the social and environmental impact of all our ingredients.
95%+ renewable or natural ingredients (across our entire ingredient portfolio) by 2030.
95%+ biodegradable formulations among our rinse-off products by 2030.
100% of new formulations will have a lower environmental footprint, as measured by lifecycle analysis (LCA).

Since 2019, all Aesop cleansing products have been tested to comply with the ‘ultimate biodegradability’ status of the EU Detergents Directive.
Product portfolio scored 86.69% Natural Origin Content according to the ISO standard.
Our rinse-off product portfolio has been calculated to be 89% biodegradable.

Forward to 2030 | Our 2021 priorities

Continue to collect information from our raw-material suppliers on their environmental performance—including natural origin content; energy, water and land use; and biodegradability.
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Our planet

Leaping Bunny approval

We have been ardently opposed to animal testing since our inception. We have never tested any of our formulations on animals, nor do we permit third parties to test them on animals on our behalf.

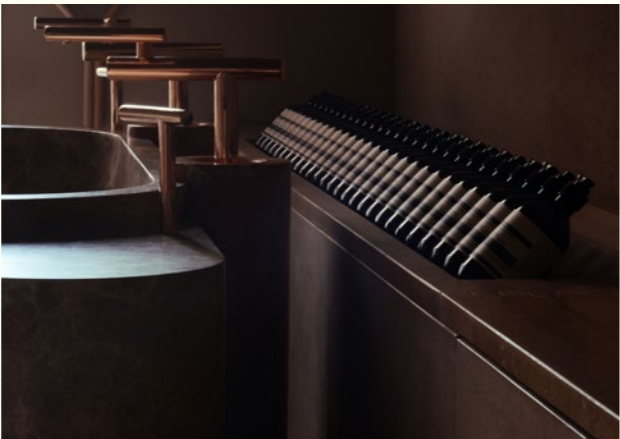
Many of our customers also feel strongly against animal testing, and it has become important for us to substantiate our stance on the matter with a third-party verification.

The Leaping Bunny program is run by Cruelty Free International, and is considered the global gold standard for cruelty-free personal care and household products.

Being approved by Leaping Bunny requires more than a simple declaration; it involves annual auditing of every ingredient, to continually ensure that every supplier continues to uphold Leaping Bunny standards of conduct and traceability.

We became formally approved as a Leaping Bunny brand in March 2020.

Further to our Leaping Bunny approval, no Aesop products contains any animal-derived substance. Our Vegan status has been confirmed by PETA.



Naturality

We are also seeking to apply the principles of circular economy to our ingredients. However, because an ingredient cannot be re-captured after use, the life cycle can look markedly different from that of packaging.

To begin a circular journey, ingredients must be sourced from materials that are renewable. Furthermore, we must ensure that these ingredients can safely re-enter the natural world and become embedded back into the environment.

To determine if our ingredients follow this journey end-to-end, we have begun assessing them for natural origin content and for biodegradability, according to ISO 16128 and to Organisation for Economic Co-operation and Development (OECD) guidelines respectively. ISO 16128 is a globally harmonised guide and method for categorising and quantifying ingredients according to their origin, namely whether they are generated from a renewable source. The OECD standard for biodegradability is used to establish if an ingredient will degrade (break down) in the environment. In order to be considered 'readily biodegradable', a substance must degrade by at least 70% within 28 days.

We conducted our first audit of natural and renewable origin content and biodegradability in 2020, across our entire ingredient portfolio. We have also begun testing our rinse-off and leave-on products in a laboratory setting



Retail Operations

In 2020 our retail environments experienced significant disruption and frequent closures due to COVID-19 lockdowns and social unrest. During this time, ensuring the safety and wellbeing of staff and customers alike was our highest priority.

To help stores offer a safe and hygienic environment, we rolled out the use of latex gloves, isopropanol alcohol, and both disposable and reusable face masks. To minimize environmental impacts while abiding by health requirements, where possible reusable personal protective equipment was used.

In keeping with the heightened focus on safety and health globally in 2020, we launched the Aesop on Health & Safety program, which provided resources and training for pragmatic and empowering implementation, and invited retail consultants to proactively manage Health & Safety matters daily. The purpose of the program was to ensure all retail employees are trained and confident in how we manage Health & Safety, which is now demonstrated through training completion rates, incident reporting and the recently launched Retail Health & Safety Review.

Our commitments

Ensure our retail sites are safe environments for all staff and customers.
Continue to measure, understand, and reduce our waste and water impacts across our value chain.
Work towards zero-waste, implementing reduction and recycling initiatives where possible, such as increasing organics recovery across direct operations

In 2021 we seek to further reinforce and improve the initiatives launched in 2020 and build capacity and awareness globally.

Despite numerous disruptions to retail in 2020 we were able to continue with some waste reduction activities and our annual waste audit program to measure progress. In 2020, we saw an improved resource recovery rate globally of our retail sites to 57% from 55% (2019), with 94% of our retail sites having at least one recycling service available, up from 88% in 2019.

Our 2020 progress

Launched Aesop on Health & Safety program.
Improved recycling rates across all our retail and office sites.

Forward to 2030 | Our 2021 priorities

Continue to reinforce and improve Health & Safety across our retail environment.
Continue to reduce our waste generation.
Commission an external review of our waste audit methodology to detect possible improvements.

Store Design

It is always our intention to be grounded by an approach of architectural restraint and modesty. Our design has a domestic quality and aesthetic, favouring quality over opulence. Restraint is demonstrated through a robust and modest selection of materials which are used in intelligent and unexpected ways—a marriage of wit, ergonomics and aesthetics.

Building on foundational work our Store & Retail Design team completed in 2019 to develop a sustainability scorecard measuring the social and environmental impacts of our stores from construction to decommission, in 2020 the business committed to Retail Design sustainability targets through to 2023, highlighted below.

Our 2020 progress

Establishment of Global Store Design Sustainability Strategy and Initiatives.
Development of internal sustainability review process for all new stores and counters.
Use of sustainable lighting solutions at all locations, such as LED lights and dimmers where applicable.
Encouraging the use of water-efficient tapware and flow regulators.
A focus on the reuse/repurpose of closed or refurbished locations’ fit-outs in new builds.

Forward to 2030 | Our 2021 priorities

Trialling of sustainable store design initiatives for future development.
Development of a digital sustainability platform for internal use and housing existing sustainability tools and region-specific dashboards.
Development of an emissions calculator based on modes of transport and distances travelled.

Store Design and Development Sustainability Initiatives to 2022

	2020	2021	2022
Materials	<p>All timber to be 100% Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC) certified.</p> <p>Source 50% of all steel from responsible steel manufacturers.</p> <p>Research the effects of essential oils evaporated in stores to determine safe dosages and impact on air quality.</p>	<p>Develop an Aesop-specific list of banned materials which aligns with the organisation's ethos, operations and design strategy.</p> <p>Set minimum requirement for green certifications on certain key materials or overall proportions of materials.</p> <p>Establish a hierarchy of product certifications that align with Aesop's strategies and evaluation of relative impact to other Retail Design strategies.</p>	<p>Use Environmental Product Declarations if and where available as evidence of product-specific embodied impact in lieu of industry averages.</p> <p>Set maximum concentrations for VOCs and formaldehyde in all materials.</p>
Circular Economy	<p>Evaluate successful past experiences for disassembled fit-out construction.</p> <p>Develop the Retail Design Asset Register.</p> <p>Stock-pile materials for future reuse and document in the Retail Design Asset Register.</p> <p>Minimise waste across all Retail Design operations to reduce consumption.</p>	<p>Mandate 100% recycled content in certain materials for construction.</p> <p>Create a target for diverting waste from landfill in all construction and decommissioning.</p> <p>Build relationships with partner organisations to facilitate circular strategies.</p>	<p>Material passports for construction materials, allowing for more streamlined disassembly processes.</p>
Transport	<p>Develop a database of locally available materials for each region.</p> <p>Minimum of 60% of materials to be locally sourced.</p> <p>Ban all air freight.</p> <p>Prioritise low-emission transport and sea freight.</p>	<p>Incorporate a calculator of emissions for each material based on the mode of transport utilised and distance travelled.</p>	<p>Require Environmental Product Declarations for materials to encourage transparency in assumed transport distances.</p>
Embodied Energy	<p>Develop a strategy for banning materials to replace high-impact materials with lower-impact substitutes where possible.</p> <p>Minimum of 30% recycled content in all metals.</p>	<p>Gather emission intensity data.</p>	<p>Implement Aesop store embodied carbon calculator. Set minimum targets for stores and counters (kgCO₂ e /sqm).</p>
Social Procurement	<p>Develop a sensitive materials list to ensure materials are procured through fair trade suppliers or suppliers with appropriate and effective policies.</p>	<p>Prioritise contractors and sub-contractors from businesses majority-owned by people from disadvantaged backgrounds.</p> <p>Build relationships with social enterprise networks available across regions and align tender and procurement strategies with these networks.</p>	<p>Target % of project CAPEX spend to be procured from businesses with a social focus, for example:</p> <ul style="list-style-type: none">- Businesses owned by Indigenous people or communities- Social enterprises- Disability-focused organisations

Our challenges

In our attempts to react to the challenging and unexpected global events of 2020, while balancing the requirements of operating a business, we—regrettably—did not always act in ways that resulted in long-term sustainable outcomes.

An example is the use of single-use personal protective equipment (PPE) to enable us to continue to operate our retail sites and to ensure staff and customers had reduced risk of COVID-19 exposure in our stores. Over the course of the year, we were able to reduce our use of single-use PPE in many markets by transitioning to reusable PPE, such as washable masks, to minimise our COVID-19-related waste generation. However, we must acknowledge that when the impact of COVID-19 was first felt, the health and safety of our teams and communities was our paramount concern.

Another business response to COVID-19 was our increased use of air freight globally to meet the significant consumer shift towards personal care and hygiene products, such as hand cleansers and sanitisers. Our preferred method to transport our products globally is sea freight, which is significantly less emissions-intensive than air freight. Therefore, our higher use of air freight due to COVID-19 demand and supply chain pressures increased relative emissions from freight in 2020. This is not the environmental impact we intended; however the decision to air-freight goods was required in the short term to ensure business continuity and to meet the sudden increase in demand for cleansing products due to the global pandemic. To ensure our heavy reliance on air freight practices does not endure, we have set reduced emissions targets for our freight operations in 2021.

A further example of where we could have acted with more consideration is the wax material initially selected for our long-requested Aesop candles. In keeping with our commitment to producing vegan products, the candles were initially produced using paraffin wax. However, following feedback from both staff and customers regarding environmental concerns related to this material, we have commenced reformulating our candles to utilise a wax option that is both vegan and less environmentally impactful than paraffin.

Throughout 2020, every Aesopian had to act and learn extremely quickly to adapt to the emerging public health crisis. With the benefit of hindsight, we acknowledge that our actions did not always result in a positive impact matching the high standards we have set for ourselves in terms of people, profit and planet.

We will seek to learn from these mistakes and continually improve our practices to better sustain not only our business, but also our communities and our environment.



‘We are all visitors of this time, this place. We are just passing through. Our purpose here is to observe, to learn, to grow, to love, and then we return home.’ **Australian Aboriginal Proverb**



For more information on our sustainability practices, please contact us at sustainability@aesop.com

Illustrations by Ruby Martin and Katie Scott