



AVON

UK Tax Strategy

December 2023

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1 Introduction

1.1 Background

Avon Cosmetics Limited is the UK subsidiary of Avon Products, Inc., a company previously listed on the New York Stock Exchange. On 3rd January 2020, Avon Products Inc. merged with Natura Cosméticos S.A, resulting in Avon Products Inc. becoming a subsidiary of Natura & Co Holdings S.A, a company listed on the Brazilian (B3 – Sao Paulo) Stock Exchange and New York Stock Exchange.

The combined group consists of the Natura, Avon, The Body Shop and Aesop beauty brands.

Avon is one of the largest direct sellers worldwide, providing its independent sales representatives a unique earnings opportunity from the sale of a diverse range of beauty, fashion and home products.

1.2 Approval

This document sets out the UK Tax Strategy of Avon Cosmetics Limited and its UK subsidiaries (from herein referred to as 'ACL') and is effective for the year ending 31 December 2023.

The strategy is compliant with the UK Tax Strategy publication requirements as set out in Part 2 of Schedule 19 FA 2016 and is publicly available on the ACL website.

The UK Tax Strategy is based on Avon's internal Global Tax Policies and is led by the UK Finance Director and Head of Tax (WE & TMEA). The document has been approved by the UK Board of Directors.

As a subsidiary of a US parent, Avon Products Inc., which continues to report to the U.S. Securities and Exchange Commission, ACL is also governed by an extensive US governance framework for which there are a number of tax policies in place, which specifically includes a policy on Tax Code of Conduct¹.

1.3 Audience

The UK Tax Strategy is primarily for the benefit of the UK Board of Directors, UK Finance Director, Vice President of Global Tax, Head of Tax (WE & TMEA), UK Tax Manager and other members of ACL's Tax Department.

However, it is also available and of relevance to all finance, legal and operational personnel whose decisions have UK tax consequences.

As the UK Tax Strategy is publicly available, external stakeholders of the business are also able to review and understand ACL's approach to tax.

¹ Our Tax Code of Conduct is specified in Avon Policy # TAX 200 issued in November 2011.

1.4 Scope

Avon globally operates as a responsible tax payer. This dedication and commitment to a responsible approach to tax is reflected within the Group's Global Tax Code of Conduct Policy, which states that tax evasion is prohibited and that all tax liabilities should be paid in a timely and accurate fashion, no tax returns should be filed, which knowingly contain false or erroneous information, and all tax returns must satisfy and comply with all local laws and regulations.

This global approach has been adopted and reflected within ACL's UK Tax Strategy, and applies to the compliance, payments and reporting of all taxes relating to the UK Group. The principal taxes covered are corporate income, indirect and employment taxes.

Due to the continually developing nature of the global tax environment, ACL's tax strategy will be regularly reviewed and updated as required. Any significant changes to the strategy will be subject to review and approval by the UK Board of Directors.

2 Strategy and Values Statement

2.1 Business Strategy and Values Statement

Avon's global business strategy and values are summarised below:

- **Purpose** – Be the best beauty company for women.
- **People** – Empower our people and create a meaningful career experience.
- **Relationship Selling** – Open for all, compelling, rewarding and personalised.
- **Value** – Smart beauty with a purpose, which is customer and Representative centred.
- **Access** – High touch and high tech anywhere, anytime, omni-channel.
- **Growth Enabling** – Sustainable, lean, replicable profit and cash generating.
- **Ethical Standards** - Every associate has a personal responsibility to behave ethically and in compliance with the laws and expectations of the communities where we operate.
- **Code of Conduct** - Outlines principles of ethical behaviour, professionalism, and the responsible business practices expected of everyone that works with us.
- **Doing Business Responsibly** – We are committed to making the world a more beautiful place, which means operating responsibly in all areas of our business.
- **Supporting Women** - We plan to improve the lives of 100 million women every year; our global response to the barriers still holding women back from reaching their full potential.

2.2 Tax Strategy Statement

ACL's UK Tax Strategy is aligned with the Group's Global Business Strategy, Values and Global Tax Policies.

In line with the Tax Code of Conduct policy ACL is committed to paying the correct amount of tax at the right time. ACL achieves this commitment through compliance with all laws and regulations, as well as operating within the spirit of the laws and regulation that govern the UK.

The Global group operates within an effective internal controls framework, which is governed by and in compliance with the US Sarbanes-Oxley Act 2002. As a result ACL is also governed by this Act, which has been used as a basis to design and operate appropriate tax controls in order to identify, mitigate and manage tax risks.

As a business support and regulatory function, the tax department's principal aims are to enable the business to achieve its commercial objectives whilst adhering to all applicable tax and regulatory requirements. We also look to identify opportunities where we are qualified to claim tax incentives and/or reclaim tax through the application of relevant tax legislation and case law.

As a business we aim to fully evaluate the tax implications of commercial transactions, and where an opportunity to mitigate taxes is identified which complies with UK tax laws, whilst meeting the commercial objectives of the business, we generally pursue the most

tax efficient option available. However, we do not undertake tax planning purely for the purpose of tax avoidance.

We are committed to an open and transparent approach to our tax strategy, and apply the same approach to our relationship with the tax authorities.

3 Tax risks and management

ACL's appetite for risk is low and we minimise uncertainty and dispute when possible. Our internal policies ensure compliance with all tax reporting obligations, with procedures and escalation protocols in place to ensure timely identification, mitigation, and disclosure of tax risks.

All of our employees engage in tax related issues with diligence and care, and we seek external expertise to support our actions and decisions, when necessary. We strive to arrive at well-reasoned policy-based conclusions resulting from informed decisions and factual support.

ACL operates within a controls environment that is governed not only by UK tax laws and regulations, but also by the US Sarbanes-Oxley Act 2002. This has established a highly effective and rigorous tax controls framework that is used to manage and assess tax risk on an on-going basis.

Our tax controls are continually monitored and regularly audited to ensure that they operate effectively.

ACL aims to reduce the level of tax risk arising from its operations. This is achieved through our strong controls environment and also through a targeted recruitment policy aimed at recruiting specialists in each of the key areas of tax; corporate income, indirect and employment tax.

Processes relating to each of these taxes are allocated to the appropriate process owner, who is responsible for carrying out and documenting the day to day compliance obligations relevant to each specified tax. These individuals are also required to proactively engage with and support the wider business and form an integral part of the approval process for business proposals, ensuring all tax consequences have been fully evaluated.

The tax team's in-depth involvement in the day to day business enables effective risk management, tax policy and controls implementation, and consistent cross-functional deployment.

4 Tax planning: Our approach

ACL's primary objectives with regards to tax planning are to support the commercial ambitions of the business whilst ensuring we pay the right tax at the right time.

In line with the Global Tax Code of Conduct Policy ACL does not engage in artificial transactions, the sole purpose of which is to reduce UK tax.

As a business we fully evaluate and assess the tax implications of commercial transactions, and where a tax efficient solution is identified, which complies with UK tax legislation, and aligns to ACL's commercial objectives, we encourage the business to pursue the most tax efficient option.

ACL will not engage in tax planning that does not support the commercial objectives of the business, or if the arrangements could impact ACL's reputation, brand, corporate and social responsibilities, or future working relationships with HM Revenue and Customs ('HMRC').

ACL also seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, UK tax legislation, but only if such incentives, reliefs and exemptions are deemed to be relevant to ACL's business model.

We are committed to an open and transparent approach to tax and foster regular communication with HMRC and other governmental bodies, where possible, in order to provide advanced notice of significant tax planning transactions on a formal or informal basis.

5 Relationship with HM Revenue & Customs

ACL aims to engage with HMRC in a transparent and constructive manner through regular communication in respect of developments in ACL's business, current, future and retrospective tax risks, and interpretation of the law in relation to all relevant taxes.

ACL ensures that HMRC is kept aware of significant transactions and changes in the business. Where tax law is deemed to be unclear, or subject to interpretation, ACL generally seeks professional advice or, if available, advance clearance from HMRC in order to minimise the risk of challenge.

When submitting tax computations and returns to HMRC, ACL endeavours to disclose all relevant facts and identify transactions or issues where there might be uncertainty over the tax treatment.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

If or when information requests are made by HMRC with respect to enquiries, audits, risk reviews, etc., we take a proactive approach to providing information in order to ensure a smooth resolution of such matters. This is supported by our compliance with documentation retention requirements.

6 Summary

The tax landscape is complicated, and public scrutiny of corporate tax has intensified. As a result, we believe it is important to build trust within society with regard to our approach to tax. With this in mind, we continue to refine and enhance our Global and UK tax approach in line with evolving developments. We believe that open communication and transparency supports stable, predictable tax regimes that incentivise long-term investment and stimulate economic growth. Ethical governance, responsible implementation, and transparency serve as a foundation of ACL's tax strategy.