



THINK **POSITIVE**  
IMPACT  
*2050 sustainability vision*



# INDEX

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<b>WHO WE ARE</b>	pg. 4	<b>INTRODUCTION</b>	pg. 8
		MESSAGE FROM THE FOUNDERS	pg. 12
<b>TIMELINE</b>	pg. 6	<b>2050 POSITIVE IMPACT</b>	pg. 16
<b>PILLARS</b>			pg. 20
<b>I. BRANDS AND PRODUCTS</b>	pg. 24	<b>2. OUR NETWORK</b>	pg. 50
<b>I.1 BRAND AND PRODUCT INNOVATION</b>		2.1 CONSUMERS	
I.1.1 BRANDS		2.2 CONSULTANTS	
I.1.2 PRODUCTS		2.3 EMPLOYEES	
• FORMULATIONS		2.4 COMMUNITIES	
• PACKAGING		2.5 SUPPLIERS	
<b>I.2 PRODUCTION AND DISTRIBUTION</b>		<b>3. MANAGEMENT AND ORGANIZATION</b>	pg. 68
I.2.1 GREENHOUSE GASES		3.1 MANAGEMENT MODEL	
I.2.2 ENERGY		3.2 GOVERNMENT AND SOCIETY	
I.2.3 SOCIAL BIODIVERSITY <sup>1</sup>		3.3 STAKEHOLDER ENGAGEMENT	
I.2.4 WASTE		3.4 ETHICS AND TRANSPARENCY	
I.2.5 WATER		3.5 GOVERNANCE FOR SUSTAINABILITY	
I.2.6 SUPPLY CHAIN			
		<b>GLOSSARY</b>	pg. 82

# WHO WE ARE

Founded in

# 1969,

**Natura is the largest company in the cosmetics, fragrances and toiletries sector in Brazil and the largest in the direct selling segment\*.**

Natura Headquarters, Cajamar, São Paulo, SP



**Based in Cajamar (SP), we have a strong presence in Latin America, with operations in Argentina, Colombia, Peru, Chile and Mexico, as well as in Europe (a unit in France). Our products are also commercialized in Bolivia through distributors. In 2012 we acquired the Australian cosmetics brand Aesop \*\*, which shares our values, vision and commitment to sustainability.**



Annual net revenues of more than

R\$ **7 billion**

Around **7.000** employees\*

More than **1,7mi.** consultants\*, who spread our value proposition worldwide

**We believe in the potential of relationships and in the power of cosmetics to raise awareness, causing people to connect with their own body, with the surrounding environment and with each other.**

This mindset and behavior is expressed through our corporate behavior, aligned with the promotion of sustainable development, the creation of products and concepts that promote well being and the strong ties that Natura has with its relationship network.

In 2013, we initiated a new cycle of business expansion to leverage the potential of our relationship network and extend the reach of well being well through new product categories, brands and forms of relationship with the consumer.

\* the numbers refer to 2014. Learn more at [www.natura.com.br/relatorioanual](http://www.natura.com.br/relatorioanual)

\*\* brand present in Oceania, Ásia, North America e Europe.

# TIMELINE\*

1969

Natura is created, driven by two major passions: cosmetics and relationships.

1970s

We chose the direct sales model, believing in the power of relationship through consultants. We adopted vegetable ingredients in the product formulations.

1980s

We were the first cosmetics company in Brazil to launch products with refills. We launched the Chronos brand, expressing the idea that a woman's beauty does not depend on her age.

1990s

We launched the Mamãe e Bebê brand which strengthens the bond between mother and child. Together with the Fundação Abrinq, we created the Crer Para Ver (Believing is Seeing) product line, the profits from which are channeled into public education. We supported the foundation of the Ethos Institute, which brings companies together to drive the sustainable.

2000

We launched the Ekos brand, based on the valuation of Brazilian biodiversity.

2001

We were the first company to publish an annual report in accordance with the Global Reporting Initiative (GRI).

2004

We received ISO 14001 certification as a basis for an environmental management system.

2006

We banned animal testing in the company and created an alternative research platform of in vitro tests.

2008

We conducted the first materiality matrix, together with our stakeholders. We expanded the Believing is Seeing program internationally.

2011

We launched the Amazônia Program to foment the development of a sustainable business hub based on the region's social biodiversity.

2013

We launched the SOU line, with no-excess formulas, packaging containing 70% less plastic and producing 60% lower CO2 emissions, encouraging consumers to reflect on conscious consumption.

2003

We integrated life cycle assessment into the product development process.

2005

We launched the Natura Movement, engaging consultants in socio-environmental initiatives. We expanded the use of vegetable ingredients in our products.

2007

We implemented the Carbon Neutral Program to reduce and offset greenhouse gas emissions.

2010

We adopted a socio-environmental monetization methodology for the selection and management of suppliers. We created the Instituto Natura, expanding our support for projects to improve the quality of public education in Brazil.

2012

We created the Sustainable Relationship Network, a multi-level direct sales model in Mexico. We inaugurated NINA, Natura's Innovation Center in the Amazon, in Manaus (AM).

2014

We inaugurated the Ecoparque industrial complex in Benevides (PA). We were selected to join the Dow Jones Sustainability Index (DJSI). We launched the Natura 2050 Sustainability Vision. B Corp certification.

\*Timeline refers to Natura Sustainability. See more in [www.natura.com.br](http://www.natura.com.br)

# INTRODUCTION

## *“To design the future better, let us look at the past”*

“Alarmists”! “Pessimists”! These were some of the reactions to the warnings made by ecologists in the 70s when Natura was founded. The word ecology was little known, while the systemic implications of its meaning could scarcely be understood.

45 years have passed and the inconvenient truths\* which mankind has been facing since the beginning of the 21st century show to what extent those predictions had anticipated the impasse we are currently experiencing.

Environmental degradation, with the progressive exhaustion of natural resources; the functioning of the world depending on non-renewable energy sources; global warming; countless forms of social inequality; and the exercise of power in benefit of a few and to the detriment of many are just some examples of how our society’s civilizing process furthers the alienation of mankind.

To combat these evils, we believe that the only antidote is the progressive adoption of what we might call the Ethics of Life. It is only under the aegis of such an ethic, rather than ideologies, bias-ridden ambitions, or market-determined logic that one day we may expect to see the principles of sustainability guiding human activity on the planet.

Therefore, based on the principle that man is essentially a social being, interdependent with his surroundings, we have established a close correlation between Ethics and Sustainability as a possible path to a true catharsis of awareness that **more than just living, we live with each other, more than just existing we coexist, more than just being, we are interdependent.**

\* An Inconvenient Truth (2006): documentary and book about the campaign of former Vice President of the United States, Al Gore, to raise awareness about global warming and its harmful consequences.

Bearing these thoughts in mind let us consider the future of humanity and the planet: within a few decades 9 billion of us will **coexist** on the planet. How can we imagine continuing to develop business models based on extraction, production and disposal? How can we maintain continuous growth by promoting more and more consumption, as if resources were infinite? How can we imagine a fairer world when we have the richest countries, with less than 20% of the global population, consuming almost 80% of global resources?

The truth is that there are countless studies and overwhelming evidence that the economic and cultural models prevailing in the world are unsustainable. But it is also true that there is a growing movement of awareness and a quest for solutions to guide mankind towards a more balanced and fairer future in social, economic and environmental terms. This is the only way we can expect to have a sustainable future.

To illustrate the extent of this awareness, let us recall the words of the UN Secretary-General in Nairobi, in June 2014: *“We are now poised for the next crucial phase in human development. For this reason, a consultation to draft a new sustainable global financial system has already begun.”*

We know that we are facing highly complex equations; nevertheless, in spite of everything, there is more reason for hope now than there was 45 years ago. In the quest for solutions, we shall certainly find new meanings and values for our existence. As individuals, a reconnection with the life within us and with the life that surrounds us. Collectively, both in communities and within organizations, new forms of interaction and activism will prosper based on the evidence that we are all interconnected in the web of life.

**Overcoming egoism, we will understand that sustainability, by protecting life, protects everyone.**

Companies will have to play a key role in the Ethics of Life. More and more connected, society will consciously attribute greater value to those who exercise the role of agents of social transformation through the different means available to them. Acting transparently, they should indeed seek profit, which provides the basis for their sustainability. But this should not be the sole purpose of their existence.

Higher productivity is essential, as is a fairer distribution of wealth. And, equally fundamental in any business environment is investment in technological and institutional innovation, which should go hand in hand with a movement of continuous transformation and growth. Market share and EBITDA are important indicators for management but no more important than the social and environmental impact that a business causes.

***We are all of us - individuals, companies, cities, countries - builders of the twenty-first century: this is our privilege. Feeling, thinking and acting systemically, respecting life in all its dimensions: this is our duty. And this is Sustainability.***

## MESSAGE FROM THE FOUNDERS

Forty-five years ago, the odds were very small that Natura might have a future beyond the confines of the small shop where its adventure, its quest for a “place under the sun” had begun. However, it is impossible to exaggerate how much the spirit of that time permeated the company’s DNA, with the impetus for ruptures, innovations and new visions that characterized the 1970s.

A belief in social value, both in our particular view of cosmetics, as well as the importance of relationships for mankind and the ethical principles this belief establishes were the foundations for our vision of the world. In a nutshell, a feeling of profound reverence for life that permeates everything gave us the emotional capital needed to underpin a positioning from which we have opened spaces, hearts and minds in our forays into the world.

We started investing this emotional capital through what we consider to be the pillars of the construction of Natura: our passion for cosmetics and for relationships. Essentially, this is reflected in our Reason for Being which is to create and market products and services that promote well being and being well, which are synthesized as well being well.

Over time, our products with their inspired formulas and innovative packaging have spread principles and values that encourage reflection, ranging from the development process to the intimacy of their broader public, forming the image of a caring, socially and environmentally responsible brand. This was how we contributed to the emergence of new behaviors for a more sustainable world. Furthermore, our business model, based on cultivating quality relationships, respect and ethical principles, engages millions of people, promoting broad income distribution.

Seeking to create value for society as a whole, we pursue significant reductions in greenhouse gas emissions; we create new paradigms in our relations with extractivist communities, offering fair remuneration for their services and biodiversity assets. We also establish new measures for the development of the Amazon region, among countless other initiatives centered on principles of sustainability.

However, we are aware that we need to do much more. And we are willing to do this. The demands of our time call upon us to act: we have opportunities to expand our operations, focusing always on well being well.

We know that the ambition to grow, to boost profits, to generate value for shareholders, is inherent to the capitalist system. However, this must be done virtuously, in a way that enables the creation of wealth for society as a whole. In this regard, we have an even more important goal: we want to grow, but we want to do it sustainably, generating a positive economic, social, and environmental impact. We intend to go far beyond merely reducing or offsetting the negative effects of our activities.

Moreover, we want to boost the company's potential to generate cultural and educational change, driving ethical values and transparent behavior for the common good.

Reflecting on the future of our company and of mankind, we have built our 2050 Sustainability Vision, incorporating guidelines, ambitions, and commitments up until 2020. These include quantitative targets which we are already capable of achieving, as well as qualitative commitments which are as yet beyond our capability or control.

**Fundamentally, we want to make the principles of sustainability the foundations for alternative ways of building the business environment and society in general, based on enthusiastic human relationships, with micro and macro-economic interactions focused on generating positive economic, social and environmental impacts.**

For this new adventure, we invite everyone in our relationship network to engage in the ongoing, transparent dialogue which will be necessary to manage and improve this vision. And, over time, may this set of ideas and, why not? emotions, mold our vision to the forthcoming changes in society, the technological innovations, and the demands of the environment.

New learning cycles, relationships and discoveries await us. This will be extremely inspiring and exciting for us all. Those who lived in the 1970s felt the winds of change in the air. Today's winds are far stronger. The future we face challenges and instigates us.

**What a pleasure to be in such excellent company!**

**Luiz Seabra  
Guilherme Leal  
Pedro Passos**

NATURA FOUNDERS



# 2050 POSITIVE IMPACT

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**WE SHALL GENERATE**

**POSITIVE  
ECONOMIC,  
SOCIAL,  
ENVIRONMENTAL  
AND CULTURAL  
IMPACTS,**

**DELIVERING VALUE TO OUR ENTIRE  
RELATIONSHIP NETWORK ACROSS THE  
BUSINESSES, BRANDS AND GEOGRAPHIES  
IN WHICH WE OPERATE BY MEANS OF  
OUR PRODUCTS, SERVICES AND SALES  
CHANNELS.**

# WHAT DO WE MEAN BY POSITIVE IMPACT?

**NATURA'S EXISTENCE SHOULD HELP IMPROVE THE ENVIRONMENT AND SOCIETY.**

**THIS MEANS WE SHOULD PROMOTE SOCIAL, ENVIRONMENTAL, ECONOMIC AND CULTURAL WELL-BEING, GOING BEYOND MERELY REDUCING AND OFFSETTING THE NEGATIVE IMPACTS GENERATED BY OUR ACTIVITIES.**

# PILLARS

*Our Sustainability Vision is based on 3 interdependent pillars: Brands and Products, Our Network and Management & Organization.*

## BRANDS AND PRODUCTS



## MANAGEMENT AND ORGANIZATION



## OUR NETWORK



## BRANDS AND PRODUCTS

### Brand and product innovation

The expression of our brands and sub-brands will drive the emergence of the new values and behaviors necessary to build a more sustainable world; in parallel, we will strive to develop cutting edge innovation based on sustainable technologies.

### Production and distribution

We will work with an eco-effective<sup>3</sup> production and distribution model, focused on local development and the generation of positive socio-environmental impacts throughout our value chain.



## OUR NETWORK

We will contribute positively to the human and social development of our relationship network, fostering entrepreneurial and educational initiatives by means of collaborative platforms.



## MANAGEMENT AND ORGANIZATION

The integrated management of financial, social, environmental and cultural aspects will be incorporated into Natura's organizational culture and all its processes. We will adopt cutting edge practices that will be a source of inspiration in corporate behavior.

Our behavior, positioning and proposals will enable us to establish a dialogue with society, driving its development and valuing its diversity.

We have established strategic guidelines which will enable all our businesses to produce a positive impact by 2050. These are complemented by Natura brand ambitions and commitments for 2020.

These ambitions and commitments have 2013 as their base year. The exceptions are the Pan Amazon region<sup>4</sup>, where the base year is 2010, and the organization's greenhouse gas emission reduction targets, where it is 2012.



2020 PRIORITIES



2050 GUIDELINES

STATUS OF 2050 SUSTAINABILITY VISION INITIATIVES



Not initiated



At planning stage

analysis, technical and economic feasibility phase, awaiting approval



At execution stage

projects/initiatives at pilot-phase or undergoing operational tests



At implantation stage

projects/initiatives approved for expansion or already implemented / launched



# BRANDS AND PRODUCTS

## BRAND AND PRODUCT INNOVATION

- BRANDS
- PRODUCTS
  - FORMULATIONS
  - PACKAGING

## PRODUCTION AND DISTRIBUTION

- GREENHOUSE GASES
- ENERGY
- SOCIAL BIODIVERSITY<sup>1</sup>
- WASTE
- WATER
- SUPPLY CHAIN



## BRAND AND PRODUCT INNOVATION

The expression of our brands and sub-brands will drive the emergence of the new values and behaviors necessary for building a more sustainable world; in parallel, we will strive to develop cutting edge innovation based on sustainable technologies.

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## BRANDS

### 2050 GUIDELINES

All our brands will contribute aesthetically, technically and ethically to building the attributes that express our identity, that qualify and differentiate us.

Through their products and business models, these brands will also manifest their material topics<sup>2</sup>, contributing to the construction of our Sustainability Vision.

### 2020 PRIORITIES

Make Natura products vehicles for communication, education and engagement, by providing transparent information that helps consumers to make conscious and sustainable choices.

### 2020 AMBITIONS AND COMMITMENTS

***The environmental and social footprints of all Natura products will be disclosed, as will their commitments to improvement.***

Status



At planning stage

### WHAT WE HAVE ALREADY ACCOMPLISHED

Through its sub-brands, Natura has been encouraging and fomenting the values and behaviors needed to build a more sustainable world.

#### **Ekos – valuing social biodiversity! (2000)**

In 2000, we launched the pioneering Ekos line, implementing a new business model that drives the inclusion of agro-extractivist communities and promotes benefit sharing based on access to genetic heritage and associated traditional knowledge. Thus, the sub-brand seeks to foster a new economy based on conserving biodiversity while commercializing products and services derived from it, as well as supporting local communities.

#### **Environmental Table (2007)**

We were pioneers in implementing environmental tables for our products. The table provides six indicators related to the origin of raw materials and packaging. This was a first step, but we still have much to do to achieve full transparency in the provision of information.

#### **SOU - conscious consumption (2013)**

In addition to offering sensory and technical quality, SOU encourages smarter consumption. The product's innovation process was based on the principles of eco-efficiency<sup>5</sup> and ecodesign<sup>6</sup>, aimed at minimizing the use of materials and resources, provoking the lowest possible environmental impact.

## PRODUCTS

### 2050 GUIDELINES

Our products will be developed based on the application of the principles of ecodesign<sup>6</sup> and eco-effectiveness<sup>3</sup> throughout the value chain.

The choice of raw materials used in the development of both formulas and packaging will, in addition to functionality and safety in use, take into account their social and environmental footprints, as well as their capacity to return to the biosphere safely.

These raw materials will come from supply chains that meet rigorous traceability and environmental accountability procedures.

We will encourage the use of ingredients from renewable sources and invest in developing raw materials from social biodiversity<sup>1</sup> or technologies inspired by nature<sup>7</sup>.

We will invest in cleaner, high-yield processes for the industrial production of these inputs.

The waste generated will be returned for reuse in its own production process or will become a high quality input for other industrial or natural cycles.

## FORMULATIONS

### 2050 GUIDELINES

Our formulations will be developed in the most optimized and concentrated form, using the ideal combination of a minimum number of ingredients. They should promote functional benefits and a distinct sensory experience (tactile, olfactory, and visual) for the consumer.

They must also be safe for use by consumers and for the environment.

### 2020 PRIORITIES

For the Natura brand, the use of plant ingredients developed from Pan Amazon<sup>4</sup> social biodiversity<sup>1</sup> will be intensified.

#### 2020 AMBITIONS AND COMMITMENTS

**We will ensure that 30% of Natura Brazil's total inputs in value come from the Pan Amazon<sup>4</sup> region.**

% consumption of Amazon inputs in relation to total Natura consumption



Achieved (2014): **17%**

# PACKAGING

## 2050 GUIDELINES

Our packaging will encourage more conscious consumption and will be designed based on the principles of eco-design<sup>6</sup> and eco-effectiveness<sup>3</sup>:

- To reduce material use as much as possible;
- To progressively increase the use of post-consumer<sup>8</sup> recycled materials and / or renewable materials;
- Maximum recyclability<sup>9</sup>
- Reuse through refills for packaging and other sorts of reuse for support materials;
- Compliance with closed cycle principles.

## 2020 PRIORITIES

For the Natura brand, to increase packaging recyclability<sup>9</sup> and the use of post-consumer<sup>8</sup> recycled material, as well as to drive the development and use of more eco-efficient<sup>10</sup> packaging.

### 2020 AMBITIONS AND COMMITMENTS

**To use at least 74% recyclable material in the total mass of Natura packaging in Brazil;**

Product recyclability<sup>9</sup>  
% (g recycled mat/g pack.)



Achieved (2014): **8%**

**To use at least 10% post-consumer<sup>8</sup> recycled material in the total mass of Natura packaging in Brazil;**

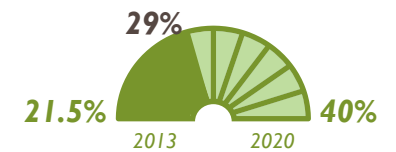
% Post-Consumer<sup>8</sup> Recycled Material



Achieved (2014): **-2.3%**

**To ensure that 40% of the units billed by Natura in Brazil have eco-efficient packaging<sup>10</sup>.**

% eco-efficient packaging<sup>10</sup>



Achieved (2014): **41%**



## PRODUCTS



### WHAT WE HAVE ALREADY ACCOMPLISHED

#### FORMULATIONS

##### Use of vegetable ingredients

With the launch of the Ekos brand in 2000, the use of vegetable ingredients from Brazilian biodiversity became a technological innovation platform for Natura.

In 2005, we took an important step towards using plant inputs in all Natura soaps, gradually extending the use of plant material to the entire portfolio, substituting non-renewable ingredients. The current rate of plant input use in our products is 82%.

#### PACKAGING

In terms of packaging development, we have sought to reduce total mass, increase recyclability<sup>9</sup> and use more sustainable alternative materials.

##### Refills (1983)

In 1983, we pioneered the launch of refills for cosmetics. Since then, we have extended the use of refills to the most diverse categories in our portfolio. In 2014, the Ekos line launched the first perfume refill in a 100% recycled bottle, reducing greenhouse gas emissions by 72%.

##### Post-consumer recycled PET<sup>8</sup> (2007)

In 2007, we started using post-consumer recycled plastic<sup>8</sup> (PET) in the Ekos sub-brand.

##### Green PE (2010)

From 2010, we began to gradually replace PE (conventional polyethylene) with Green PE (sugarcane-based) in our packaging and refills.

These were our first steps towards making our packaging more sustainable.



## PRODUCTION AND DISTRIBUTION

We will operate through an eco-effective<sup>3</sup> production and distribution model, focused on generating local development and positive social and environmental impacts throughout our value chain.

## GREENHOUSE GASES

### 2050 GUIDELINES

We will continue to pursue significant reductions in our greenhouse gas emissions throughout our value chain (scopes 1, 2 and 3)<sup>11</sup> and to offset emissions that cannot be avoided through the purchase of carbon credits.

We will seek innovative technologies and production models that enable us to grow while achieving absolute reductions in greenhouse gas emissions.

### 2020 PRIORITIES

For the Natura brand, to complete another greenhouse gas emission reduction cycle and to prioritize offsetting projects in the Pan Amazon region<sup>4</sup>.

### 2020 AMBITIONS AND COMMITMENTS

**For the Natura brand, to reduce relative greenhouse gas emissions by 33%. (scopes 1, 2 and 3)<sup>11</sup>.**

% of relative emissions year / % relative emissions 2012



Achieved (2014): **20%**

To continue to offset all emissions that cannot be avoided through initiatives that in addition to reducing and / or sequestering greenhouse gases, drive social and environmental benefits, primarily in the Pan Amazon region<sup>4</sup>.

Status



At execution stage

## GREENHOUSE GASES

### WHAT WE HAVE ALREADY ACCOMPLISHED

#### Reduction in relative emissions

In 2013, we achieved the target established in 2007 of a 33% reduction in relative greenhouse gas (GHG) emissions. This voluntary commitment was achieved through reduction measures and projects across all the processes in our value chain (from the extraction of raw materials to post-consumer product disposal).

#### Absolute Reduction

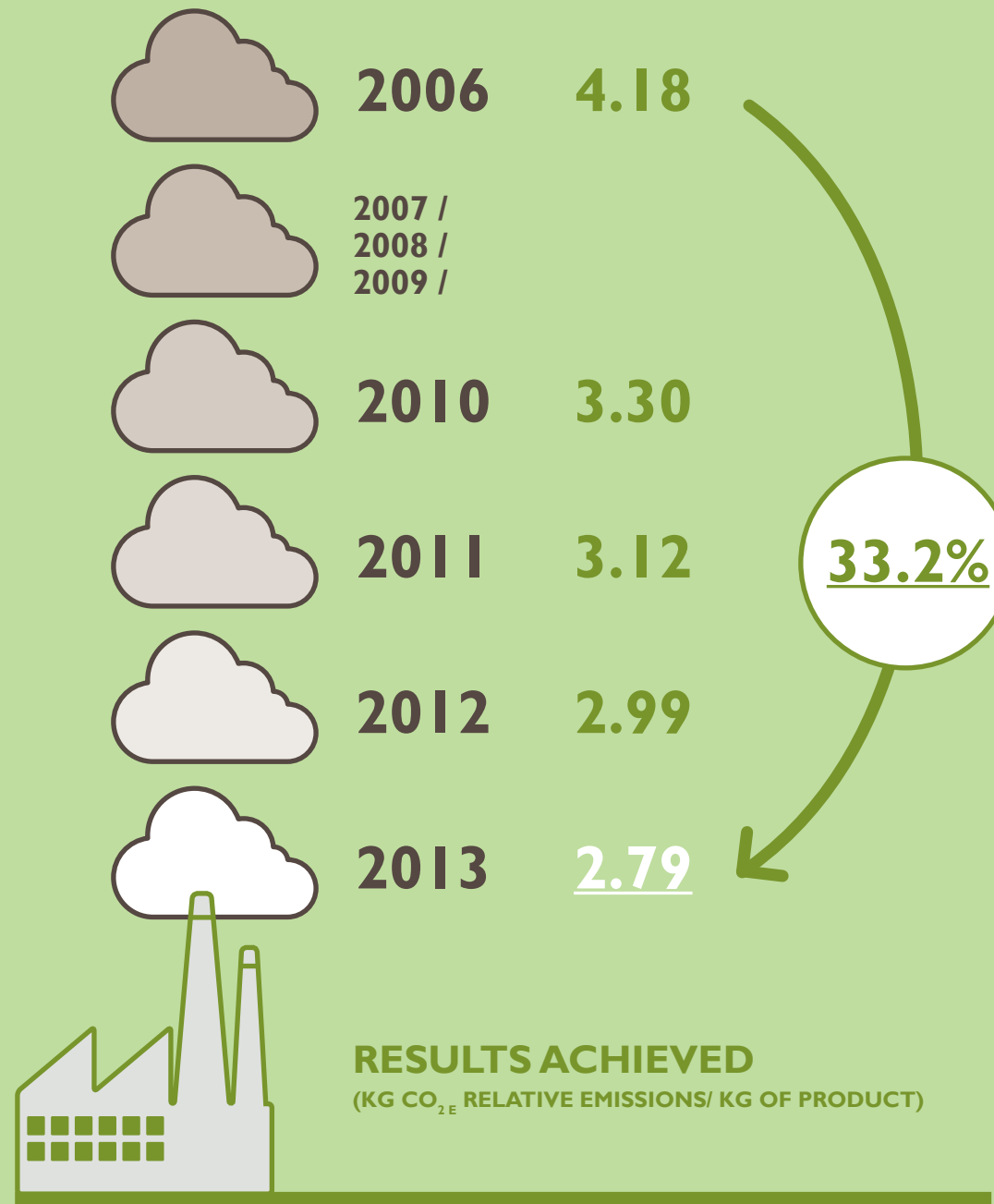
In 2009, we committed to a 10% reduction in absolute emissions (GHG Protocol Scopes 1 and 2) in the Brazilian operation by 2012. We obtained an absolute reduction of 9.6%, based on the Brazilian energy matrix at that time.

Projecting a constant emission factor for the 2008 power grid (the base year of the commitment) the total reduction in the period corresponds to 21%.

#### Carbon Neutral

Since 2007, the company has offset the greenhouse gas emissions it has been unable to avoid through the purchase of carbon credit projects which drive social and environmental benefits.

Up until 2013, Natura supported 23 projects in Latin America, ranging from forestry restoration and / or degraded area reclamation, prevention of deforestation (REDD + Reducing Emissions from Deforestation and Forest Degradation<sup>12</sup>) to energy efficiency and other initiatives.



# ENERGY

## 2050 GUIDELINES

We will seek to improve energy efficiency in our processes and use alternative sources of renewable energy across our value chain.

Our own plants will be self-sustaining in energy, based on renewable sources. Our ambition is to generate more energy than we use.

## 2020 PRIORITIES

To drive an increase in the consumption of alternative sources of renewable energy in Natura operations.

Status



Not initiated

## 2020 AMBITIONS AND COMMITMENTS

**To implement a renewable energy source diversification strategy for Natura operations in Brazil.**

## WHAT WE HAVE ALREADY ACCOMPLISHED

### Energy management

We are aware that this question is of extreme importance for sustainability and have already implemented some initiatives to reduce consumption and to use alternative renewable sources in our operations.

As of 2011, we started to use ethanol in the boilers of our factories in Cajamar. In 2012, we replaced the diesel-powered boiler in the Benevides plant in Pará with one that runs on biomass.

### Use of alternative energy sources in product distribution

Within the Natura value chain, product transportation accounts for 15% of total greenhouse gas emissions.

In 2013, we pioneered the use of alcohol in heavy vehicles in Latin America, employing two heavy goods vehicles and a chartered bus powered by ethanol. We also implemented the use of eleven electric vehicles, including bicycles, tricycles and cars to deliver orders to consultants. These initiatives are being run in partnership with our logistics providers on a trial basis. The trials will enable us to assess the infrastructure needed for these vehicles and the economic feasibility of extending the initiative.

# SOCIAL BIODIVERSITY<sup>1</sup>

## 2050 GUIDELINES

We will promote the development and management of social biodiversity<sup>1</sup> chains, fostering best social and environmental practices throughout the supply chain. Our ambition is to assist in the conservation and regeneration of biodiversity by fostering an economy based on the sustainable use of its products and services.

## 2020 PRIORITIES

To contribute to the development of the Pan Amazon<sup>4</sup> region as a hub for social biodiversity-based<sup>1</sup> technologies and sustainable businesses, in conjunction with a network of partners.

### 2020 AMBITIONS AND COMMITMENTS

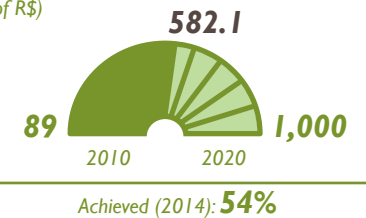
**To reach 10 thousand families in Pan Amazon<sup>4</sup> region production chains;**

*Total families in Pan Amazon<sup>4</sup> region production chains*



**To turn over R\$1 billion in the Pan Amazon<sup>4</sup> region.**

*Accumulated business volume in the Pan Amazon<sup>4</sup> region (millions of R\$)*



# SOCIAL BIODIVERSITY<sup>1</sup>

## WHAT WE HAVE ALREADY ACCOMPLISHED

### Implementation of social biodiversity<sup>1</sup> economic development models

Since the 2000 launch of the Ekos sub-brand, we have worked on building up and strengthening social biodiversity<sup>1</sup> production chains in Brazil, including extractivist communities and family smallholder farmers.

### Policy for the use of Social biodiversity<sup>1</sup>

Introduced in 2009, Natura's Policy for the Sustainable Use of Social Biodiversity<sup>1</sup> Products and Services sets forth the way we relate to our supplier communities, including our model for sharing the benefits from access to genetic heritage and / or associated traditional knowledge.

The policy establishes guidelines for the purchase of ingredients and for building relationships based on fair prices that enable these communities to do business sustainably.

### Amazônia Program

Launched by Natura in 2011, the Amazônia Program explains our commitment to helping to develop the region's enormous biodiversity potential and boosting the generation of sustainable business as an economic alternative. The program is based on three action fronts:

- 1) Science, Technology and Innovation;
- 2) Sustainable Production Chains;
- 3) Institutional Reinforcement.

In 2012, we launched NINA (which stands for the Natura Amazon Innovation Center) in Manaus, aimed at establishing a network of local and global institutions with a focus on innovation based on science, technology and social biodiversity<sup>1</sup>.

In 2014, the company launched the Ecoparque in Benevides (PA). This is an industrial complex aimed at attracting partners who share Natura's belief in the importance of generating sustainable businesses in Amazon.

By 2013, we had acquired 48 types of ingredient from local communities, both for purposes of research and product development, working with approximately 2,846 supplier families throughout Brazil.

### ECOPARQUE DIFFERENTIALS:

FILTERING GARDENS FOR WASTE TREATMENT



*Plant roots promote the decomposition of pollutants without the use of chemical products.*

ECOLOGICAL INTERNAL TRANSPORTATION



*Electric cars and bicycles.*

REUSE OF WATER FOR BUILDING MAINTENANCE



*Geothermal cooling. The air is captured and maintained at a lower temperature in underground piping; it reaches the air conditioning system cooler, thus boosting energy efficiency.*

PERMEABLE PAVING



NATURAL VENTILATION AND LIGHTING



# WASTE

## 2050 GUIDELINES

We will gradually reduce waste generation per mass of unit produced throughout our value chain.

We will produce zero waste in our own plants and in our distribution system through efficient logistics planning and innovative solutions for marketing, packaging and delivering products.

We will generate a positive impact on waste, with a reverse logistics system that collects and recycles more post-consumer<sup>8</sup> waste material than the amount generated by our product packaging.

## 2020 PRIORITIES

Implement a reverse logistics system for Natura products in Latin America.

Status:



Em planejamento

## 2020 AMBITIONS AND COMMITMENTS

**Collect and recycle 50% (in metric tons equivalent) of the amount of waste generated by Natura product packaging in Brazil.**

## WHAT WE HAVE ALREADY ACCOMPLISHED

### Waste management

In 2011, we developed a waste generation inventory methodology to quantify the volume generated in three main stages of our chain: internal processes, product distribution and packaging disposal by the consumer. Based on this inventory, we designed a strategy that meets the requirements of Brazil's national solid waste policy, aimed at reducing the generation of waste and dejects in our chain and increasing the use of post-consumer recycled material<sup>8</sup> in our processes and products.

### Policy for using post-consumer recycled material<sup>8</sup> (PCR)

Created in 2013, our policy for sustainable PCR use sets forth the guidelines for the use of post-consumer materials in different Natura processes. This policy also addresses the inclusion of recyclable waste picker cooperatives in the company value chain, establishing guidelines for building relationships based on fair prices that enable sustainable business opportunities for these organizations.

# WATER

## 2050 GUIDELINES

We will strive to achieve a relative reduction in water consumption and pollution throughout our value chain. Our aspiration is to see the water leaving our premises as clean as or cleaner than when it entered.

## 2020 PRIORITIES

In 2015, to finalize Natura's water footprint throughout the value chain in Brazil. Based on this inventory, we will develop strategies to reduce and offset the impact of water consumption and pollution throughout the chain.

### 2020 AMBITIONS AND COMMITMENTS

***For the Natura brand in Brazil, to implement a strategy to reduce and offset impacts based on measurement of the company's water footprint throughout the value chain.***

Status



Not initiated

## WHAT WE HAVE ALREADY ACCOMPLISHED

### Management of water resources

We monitor water consumption in all our operations and in those of third-party manufacturers of Natura products. Effluent treatment has always been a priority in company operations. With the inauguration of our Cajamar plant in 2000, we implemented innovative wastewater treatment technologies that have progressively increased the quality and quantity of water reused.

In the Ecoparque, located in Benevides (PA), there are filtering gardens which treat wastewater without using chemicals. The system uses plants whose roots have bacteria that decompose pollutants, improving water quality.

### Water Footprint

Over recent years, we have studied a number of methodologies to measure the company's water footprint throughout the value chain. The methodology that was chosen in 2013 and will be implemented from 2015 will enable Natura to measure ecotoxicity, that is, the effects our products have on living organisms when they are released into the environment.



## SUPPLY CHAINS

### 2050 GUIDELINES

Together with our supplier network, we must ensure the quality and traceability of our entire value chain.

The company will monitor the origin of all raw materials used in its formulations, packaging, support materials and end products and will ensure that the chains supplying these materials are subject to rigorous traceability and socio-environmental verification processes.

### 2020 PRIORITIES

For the Natura brand, to engage our suppliers regarding the joint construction of a traceability process.

#### 2020 AMBITIONS AND COMMITMENTS

***By 2015, to ensure the traceability of 100% of the inputs produced by the direct manufacturers (last link) and, by 2020, implement a traceability program\* for the remaining links in the Natura brand value chain.***

Status



*At planning stage*

*\*Scope of traceability plan yet to be defined.*



# OUR NETWORK

- CONSUMERS
- CONSULTANTS
- EMPLOYEES
- COMMUNITIES
- SUPPLIERS



*Rosimeire Mendes and Luana Pinheiro de Melo, Natura Employees.*

We will contribute positively to the human and social development of our relationship network and foster educational and entrepreneurial initiatives by means of collaborative platforms.

We believe we are part of an ecosystem of relationships. If this network is kept in balance, it will contribute to the evolution of society and boost sustainable development. Our goal is to focus on five stakeholder groups: consumers; consultants; employees; communities and suppliers.

## CONSUMERS

### 2050 GUIDELINES

Our brands will engage consumers on relevant issues for the common good, contributing to building a more sustainable society.

### 2020 PRIORITIES

To engage the consumer in actions that relate to the priorities in our Sustainability Vision and that drive more sustainable behaviors.

#### 2020 AMBITIONS AND COMMITMENTS

**To define priorities and implement a strategy that mobilizes the Natura brand consumer.**

Status



At planning stage

### WHAT WE HAVE ALREADY ACCOMPLISHED

#### Stakeholder engagement (2009)

To strengthen our relations and include the voices of stakeholders in developing strategic topics for the company and society, we implemented the stakeholder engagement process in 2009. Face-to-face and virtual meetings have involved over 3,000 people in the discussion and co-creation of some 50 issues and projects in recent years.

#### Co-creating (2013)

In order to boost our networked innovation process, in 2013 we initiated Cocriando Natura or Co-creating Natura, a network open to everyone who identifies with the brand and wants to contribute ideas and insights to the concept and product development process .

Interaction occurs virtually on the platform [www.natura.com.br/cocriando](http://www.natura.com.br/cocriando) and in face-to-face meetings. An example is the creation of the Radical Transparency Project (Transparência Radical). Through the Cocriando platform, Natura listened to its consumers opinions on the positioning the company should adopt regarding the disclosure of information about its products.

# CONSULTANTS

## 2050 GUIDELINES

We will foment the human and social development of our consultants based on three pillars:

- Support for their continuous professional development;
- Promoting their personal development by encouraging the pursuit of education and engagement as agents of social transformation;
- Forming a collaborative network to promote socio-environmental initiatives and business opportunities that drive entrepreneurship.

## 2020 PRIORITIES

To boost the socio-economic development of our consultants and nurture a collaborative and entrepreneurial network in the Natura marketplace<sup>13</sup>.

### 2020 AMBITIONS AND COMMITMENTS

**To expand the collaboration network, supporting entrepreneurial socio-environmental initiatives;**

**To significantly increase the average real income of Natura consultants in Brazil;**

Status



At implantation stage

Status



At execution stage

**To create an indicator that measures the human development of this group and to build a strategy that promotes significant improvement;**

**To drive interest in ongoing learning and to provide a wide range of educational offerings that meet consultants' needs.**

Status



At execution stage

Status



At execution stage

## CONSULTANTS

### WHAT WE HAVE ALREADY ACCOMPLISHED

#### **Natura Movement**

2005 saw the start of the Natura Movement, dedicated to engaging our consultants in socio-environmental initiatives.

The movement seeks to make consultants aware of their power to transform the reality in which we live. In 2013 the movement engaged more than 209,000 consultants. One of the Movement's programs, "Acolher", was created in 2010 to support projects and initiatives centered on social enterprise. Since the program began, more than 3,000 projects have been submitted, 36 of which have received support.

In 2014, we launched the Natura 2.0 Movement, a collaborative digital platform that that will connect and facilitate contacts between people organizing socio-environmental initiatives and volunteers interested in working in them.

Learn more at <http://www.movimentonatura.com.br>

#### **Believing is Seeing**

In 1995, we created the Natura Crer Para Ver (Believing is Seeing) line of non-cosmetic products. The income from the sale of this product line is invested entirely in educational projects involving the voluntary participation of our consultants. In 2010, management of the funds from the product line was assumed by the Instituto Natura, an independent non-profit organization. In 2013, the product line generated net income of over R\$ 17 million, benefiting more than 3 million people.



Sandra Hidaka, Relationship Manager and Erica Santos, Employee and Natura Consultant.

# EMPLOYEES

## 2050 GUIDELINES

We will build a culture based on engagement, trust and collaboration, which incorporates diversity and stimulates collective, innovative creation.

We intend to develop employees who think systemically, who connect their life plan with the Natura value proposition, people who are motivated by sustainable development and who will act as agents of social transformation.

We will pursue equality of gender and race, cultural diversity and the inclusion of the disabled through a program that fosters the development of a culture that allows the expression of diversity in all its forms.

## 2020 PRIORITIES

To promote equality of opportunity and diversity in Natura's workforce.

To boost the connection of the company's value proposition with the life plans of its workforce.

### 2020 AMBITIONS AND COMMITMENTS

**For the Natura brand, to achieve a 50% rate of women in leadership positions (director level and above);**

Rate of women in leadership positions (director level and above)



Achieved (2014): 5%

**To implement a strategy to boost employees' potential through engagement in the Natura culture.**

Status



At execution stage

**For the Natura brand in Brazil, to have a work force in which 8% have some kind of disability;**

Rate of Natura employees with disabilities



Achieved (2014): 19%

## EMPLOYEES



### WHAT WE HAVE ALREADY ACCOMPLISHED

#### Education and leadership development

We have invested in training our employees so that they may exercise their roles in the organization effectively and act as agents of change in their respective contexts. We have an internal leadership development program which more than 67% of our managers in Brazil had taken by 2013.

#### Inclusion and equality

Our progress has been driven by a series of initiatives: in 2012 the advent of the new São Paulo distribution center created the opportunity to include disabled people in the order picking lines; this involved adapting both management and infrastructure.

Regarding gender equality, we have worked on establishing a fair and supportive environment, especially for mothers-to-be, providing a nursery for children up to the age of three.

In 2013 the breakdown of women in the workforce by functional level was:

- OPERATIONAL – 42%
- ADMINISTRATIVE – 81%
- MANAGEMENT – 57%
- DIRECTOR LEVEL AND ABOVE – 29%
- TOTAL NATURA – 64%

# COMMUNITIES

## 2050 GUIDELINES

We will create an extensive network involving partnering communities (agro-extractivist, recycling cooperatives and the local ones around our operations), enterprises and other sectors of society, with the objective of promoting new development models based on quality relationships and collaborative initiatives.

Our initiatives involving extractivist communities, family smallholders and recycling cooperatives will focus on developing managers and leaders and on building supply chains using a socio-economic development model based on fair and inclusive trade<sup>14</sup>

Regarding the communities surrounding our main operations and the sustainable territories in the Amazon, our contribution will be to promote local development, mainly by means of:

- strengthening local leadership;
- strengthening both civil society and public authorities;
- the joint development of collective measures;
- support for the development and implementation of public policies.

## 2020 PRIORITIES

To contribute towards boosting the socio-economic development of our supplier communities (agro-extractivist producers in the sustainable territories of the Pan-Amazon region) and the communities surrounding our main operations in Brazil.

### 2020 AMBITIONS AND COMMITMENTS

**To improve human and social development indicators in our communities and develop a plan to drive significant improvement;**

Status



At execution stage

**To develop a strategy for the social-biodiversity<sup>1</sup> territories in the Pan Amazon<sup>4</sup> region and the communities surrounding our main operations in Brazil, through dialogue and collaborative construction with local populations and actors.**

Status



At execution stage



# COMMUNITIES

## WHAT WE HAVE ALREADY ACCOMPLISHED

### Development of agro-extractivist communities

In addition to acquiring plant ingredients and sharing the benefits for access to genetic heritage and traditional knowledge, the business model based on the use of social biodiversity<sup>1</sup> products and services also promotes the social development of the agro-extractivist communities with whom we do business.

Since 2004, we have invested almost R\$62 million in support and infrastructure, studies and technical services, supply, training, benefit sharing and image rights.

To generate further synergy and boost the positive impacts of the initiatives underway in the region, we have established five priority territories ranging over 57 municipalities in the Brazilian Amazon region for the period up until 2020. These are: Manaus North-South, Northeast Pará, Xingu-Tapajós, Acre - Purus and Mid-Jurua.

### Relations with surrounding communities

The focus of Natura's investments and its effective participation in local development occur primarily in the communities of Cajamar (SP), the city of São Paulo (the Lapa district) and Benevides (PA), areas in which we have a significant local presence.

In Cajamar, the district with which we have had the longest relationship, we have supported initiatives such as the local Agenda 21 process, the development of the municipal steering plan, the drafting of a management plan for a local park and a learning assessment program for the municipal school network.

### NATURA SUPPLIER COMMUNITIES AND RELATIONSHIPS IN 2013



32 communities and 3,117 supplier families and social biodiversity relationships.

# SUPPLIERS

## 2050 GUIDELINES

We will engage our entire supplier network in implanting and developing our Sustainability Vision. We intend to drive sustainable development through every link of the value chain.

In selecting and contracting key suppliers and partners, we will develop our management process further integrating the assessment of financial and socio-environmental criteria.

## 2020 PRIORITIES

To engage Natura suppliers in the challenges posed by our Sustainability Vision.

### AMBITIONS AND COMMITMENTS 2020

**To develop our supplier selection and management process, integrating financial and socio-environmental criteria.**

Status



Not initiated

## WHAT WE HAVE ALREADY ACCOMPLISHED

### Supplier engagement

Since 2004, Natura has had a supplier development program (QLICAR - which stands for Quality, Logistics, Innovation, Competitiveness, Environmental, Social and Relationship) to strengthen relations and boost the performance of our supply chain by monitoring economic, social and environmental indicators and establishing action plans. The program fosters exchanges focused on social and environmental practices between the companies.

### Strategic Triple Bottom Line Sourcing<sup>16</sup> (2011)

In 2011, we initiated a pilot project aimed at the valuation<sup>15</sup> of social-environmental externalities<sup>17</sup> in the selection and development of some of our key suppliers.



# MANAGEMENT AND ORGANIZATION

- MANAGEMENT MODEL
- GOVERNMENT AND SOCIETY
- STAKEHOLDER ENGAGEMENT
- ETHICS AND TRANSPARENCY
- GOVERNANCE FOR SUSTAINABILITY



The integrated management of financial, social, environmental and cultural aspects of the business will be incorporated into Natura's organizational culture and processes. We will adopt cutting-edge practices that will serve as inspiration for corporate behavior.

We wish to engage with society through our behavior, positioning and proposals, contributing to development and valuing diversity

## MANAGEMENT MODEL

### 2050 GUIDELINES

Our management model will be more horizontal, enabling more effective participation and better income distribution for all stakeholders.

We will ensure that sustainability guidelines are incorporated into all processes, driving the constant evolution of our management model.

All our employees will comprehend and incorporate the concepts and directives of sustainability, understanding them as a distinct differential that adds value and drives innovation, in addition to ensuring business continuity.

We will pursue integrated management by adopting innovative methodologies for the valuation<sup>15</sup> of the positive and negative financial, environmental, social and cultural impacts of our extended value chain. We want to stimulate the development of a new economy in which the real value of products and services incorporates all dimensions of their impacts.

### 2020 PRIORITIES

To expand the integrated management of financial, social and environmental aspects of the business.

#### 2020 AMBITIONS AND COMMITMENTS

***For the Natura brand, to implement the valuation<sup>15</sup> of social and environmental externalities<sup>17</sup> encompassing the positive and negative impacts of our extended value chain (from the extraction of raw materials to product disposal).***

Status



At execution stage

### WHAT WE HAVE ALREADY ACCOMPLISHED

#### Integrated management

To monitor our progress in sustainability, we have included socio-environmental indicators in our performance management model. This encompasses the establishment of targets and commitments for each material topic<sup>2</sup> and the regular monitoring of performance. Some of these indicators have determined employees' variable remuneration since 2009.

Since 2010, we have evolved in the construction of valuation indicators for the positive and negative impacts caused by a number of our suppliers. (Strategic Triple Bottom Line Sourcing Program<sup>16</sup>).

In 2011, we engaged in the TEEB Brazil for business project (The Economics of Ecosystems and Biodiversity) with the valuation<sup>15</sup> of a specific case in our raw materials chain, and in 2014 we began developing our ESP&L (Environmental and Social Profit and Loss<sup>18</sup>).

## GOVERNMENT AND SOCIETY

### 2050 GUIDELINES

We will play a leading role in the public debate on the transformation of both the Brazilian reality and that of the other countries in which we have operations, contributing to discussions on how sustainable development should be shaped.

We will observe and participate in the formulation of public policies, pursuing the integration of questions under discussion by public authorities with those advocated in this Vision. We will favor collective solutions aimed at promoting the common good above the development of our own business, driving advances for the company, the community and society as a whole.

It is our understanding that political participation is a fundamental element in social transformation. Therefore, the company should be party to the development of agendas, decision making and policy changes involving government authorities. This involvement will take place through clear, transparent and nonpartisan dialogue.

To ensure greater legitimacy in the defense of collective interests, we will preferably opt to work together with industry and sector associations that represent our interests.

### 2020 PRIORITIES

#### 2020 AMBITIONS AND COMMITMENTS

***We will encourage discussion and public debate around the material topics<sup>2</sup> highlighted in the review of our materiality matrix in 2014.***

Status



*At implantation stage*

## GOVERNMENT AND SOCIETY



### WHAT WE HAVE ALREADY ACCOMPLISHED

#### Dialogue with society

Historically, Natura has founded and participated in the creation of important institutions for Brazilian civil society.

In 1998, we supported the foundation of the Instituto Ethos, whose mission is to raise corporate awareness and to help companies adopt responsible management practices. Since its foundation, the institute has contributed to the formulation of public policies, promoting dialogue with the business sector and society both in Brazil and other countries in Latin America.

Today we liaise with and support a number of national and international institutions and organizations involved in promoting sustainability, such as the GRI (Global Reporting Initiative), CEBDS (Brazilian Business Council for Sustainable Development), WBCSD (World Business Council for Sustainable Development), IIRC (International Integrated Reporting Council) and UEBT (Union for Ethical BioTrade) among others.

#### Collaboration with public policies

Natura believes that permanent, respectful and nonpartisan communication between enterprises, governments and civil society is important for building fair and sustainable development, no matter who the legitimately selected rulers are.

Since 2004 we have supported the development of Brazil's Biodiversity Regulatory Framework, which regulates access to genetic heritage and associated traditional knowledge, and advocates a review of legislation to reduce bureaucracy in the system, leveraging the sustainable use of the country's social biodiversity to drive technological innovation and improve the distribution of wealth.

In 2012, in partnership with CEDAC (Comunidade Educativa), the Instituto Natura, developed the project "Trilhas" (Trails) - a social technology to support teachers working on literacy skills with first year elementary school students. The project was transformed into public policy by the Ministry of Education, benefiting some 3 million public school students and 72 thousand institutions.



Students of EMEB Pedro Augusto Gomes Cardim, São Bernardo do Campo, SP.  
Beneficiaries of Institute of Natura Trails project.

# STAKEHOLDER ENGAGEMENT

## 2050 GUIDELINES

We will reinforce our relations with Brazilian and international institutions and organizations that stimulate us to innovate systematically in our priority topics<sup>2</sup>.

Our challenge is to leverage connections and trust within our relationship network, intensifying links based on common goals.

We understand that this movement is only possible with the establishment of a culture based on listening, dialogue, respect for the diversity of opinions, and collective creation.

## 2020 PRIORITIES

We will engage our relationship network in a process of ongoing, open dialogue to define priority topics<sup>2</sup> and to refine our Sustainability Vision.

### 2020 AMBITIONS AND COMMITMENTS

***To institutionalize a governance model that incorporates external engagement in the evolution of our management and sustainability strategy.***

Status



At execution stage

## WHAT WE HAVE ALREADY ACCOMPLISHED

### Quality of relationships

Since 2010, we have created annual relationship plans for our priority stakeholders. When we reviewed our stakeholder matrix in 2012, we concentrated on five stakeholder groups: Natura consultants (NCs), Natura Consultant Advisers (NCAs), consumers, employees and suppliers.

In 2013, we organized face-to-face and virtual meetings with these stakeholder groups, discussing subjects such as ethics, technology and relationships, in addition to the new Code of Conduct, which was released the same year.

We have an open communication channel, the Ombudsman service, through which employees and resident third-parties in Brazil and in the International Operations, as well as suppliers

and supplier communities in Brazil, can resolve their doubts, ask questions, praise, criticize or report breaches of conduct to Natura.

### Materiality matrix

In 2007, we began the process of defining materiality. This involved dialogue between senior company management and some stakeholder groups - employees, suppliers, consultants, specialists in specific areas, the press, government agencies and non-governmental organizations. In 2011 we implemented our matrix including other Latin America operations. In 2014, after the intersection of internal and external views regarding our Sustainability Vision, was defined as material themes<sup>2</sup>: climate change, waste, water, social biodiversity<sup>1</sup>, education and transparency.

## ETHICS AND TRANSPARENCY

### 2050 GUIDELINES

We will have challenging long-term targets and public commitments tied to the priority topics<sup>2</sup>, aimed both at the sustainability of the business and society in general.

We will report clearly and transparently on company practices and choices, integrating financial, social and environmental results.

We believe that transparency is what sustains trust over time; it is what allows us to overcome the natural challenges that all relationships are subject to.

### 2020 PRIORITIES

For the Natura brand, to boost the visibility and transparency of management practices and to ensure integrated reporting of results and impacts.

#### 2020 AMBITIONS AND COMMITMENTS

**For the Natura brand, to implement full transparency in providing information about our products and the evolution of our Sustainability Vision.**

Status



At planning stage

### 2020 AMBITIONS AND COMMITMENTS

#### Transparency

We released our first GRI (Global Reporting Initiative) report in 2001 and have been discussing integrated reporting as part of the IIRC (International Integrated Reporting Council). Since our first reports, we have disclosed the commitments we have assumed and the continuous evolution in our targets.

#### Recognition in ethics

In 2014, Natura was once again recognized as one of the most ethical companies in the world in the World's Most Ethical Company award. The purpose of this award is to recognize companies that are able to align their discourse and their actions regarding ethical conduct in business, translating their principles into concrete actions. In the ranking since 2011, in 2013 Natura was the only Brazilian representative, a fact that reinforces our conviction that we are on the right course.



## GOVERNANCE FOR SUSTAINABILITY

### 2050 GUIDELINES

To ensure decentralized governance of sustainability across the entire company.

To build a collaborative process ensuring the voice of our stakeholders is heard in governance.

### 2020 PRIORITIES

All company areas and processes will be responsible for driving the projects, initiatives and commitments necessary to achieve Natura's Sustainability Vision at all levels of the organization, overseen by the Executive Committee and the Board of Directors.

There will be greater external participation in the monitoring, management and evolution of the Sustainability Vision.

### 2020 AMBITIONS AND COMMITMENTS

**To implement an Advisory Board comprising outside specialists, who will assess our progress and help us evolve in our strategy.**

Status



At planning stage

### WHAT WE HAVE ALREADY ACCOMPLISHED

#### Sustainability in processes

In 2005 we created a sustainability area to develop a unified strategy for the whole company and to hone our performance in this field. All Natura's sustainable development commitments and indicators are managed through the company's regular structures, forums and committees and are overseen at the highest levels, that is the Executive Committee and the Board of Directors.

We monitor Natura sustainability indicators with the same frequency as the financial information that the company reports to the CVM (the Brazilian Securities Commission).

# GLOSSARY

## 1. SOCIAL BIODIVERSITY

Since 2011, we have adopted the term social biodiversity, an evolution in the concept of biodiversity that better reflects our work with supplier communities (extractivist or family smallholders from whom we acquire the natural biodiversity active ingredients used in our products). The expression involves not only the relationship between goods and services developed based on natural resources, but also the value of the knowledge of traditional peoples and the development of local production chains using genetic heritage.

## 2. MATERIAL TOPICS

Topics considered important because they reflect an organization's economic, environmental and social impacts from the standpoint of both internal and external interests. They are established by engaging key stakeholder groups.

## 3. ECO-EFFECTIVE

Eco-effectiveness is a principle determining the importance of reusing all types of materials consumed in manufacturing a product in its own production process and in consumption. Furthermore, this methodology addresses not only environmental impacts but also the social and economic impacts linked with the value chain.

## 4. PAN AMAZON

A territory that includes the Brazilian Legal Amazon\* region, as well as the legal definition of the Amazon region for Peru, Bolivia, Colombia, the Guyanas, Ecuador and Venezuela.

\* Brazilian Legal Amazon: a specific economic development area encompassing the Amazon biome and including some additional areas. This territory was demarcated by a Brazilian law passed in 1953. It includes the states of Rondônia, Acre, Amazonas, Amapá, Pará, Roraima, Tocantins, Mato Grosso and western Maranhão.

## 5. ECO-EFFICIENT

Eco-efficiency is achieved through competitive products and services that satisfy human needs and promote quality of life, while progressively reducing negative environmental impacts and the consumption of resources throughout the product life cycle.

## 6. ECODESIGN

Ecodesign is a product development approach aimed at minimizing environmental impacts across the product life cycle.

## 7. INSPIRED BY NATURE – BIOMIMICRY

Biomimicry involves seeking inspiration in the natural world to solve human problems. It means looking at nature not only as a source of materials, but also of knowledge.

## 8. POST-CONSUMER RECYCLED MATERIAL

Material transformed from waste generated and collected after use in households or commercial establishments.

## 9. RECYCLABILITY

The potential to recycle material taking into account the local recycling infrastructure.

## 10. ECO-EFFICIENT PACKAGING INDICATOR

For Natura, packaging is considered eco-efficient if it has a minimum 50% weight reduction compared with regular / similar packaging; or if it consists of 50% PCR (Post-Consumer Recycled) material and / or renewable material, as long as there is no increase in mass.

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## 11. SCOPES 123

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Greenhouse gas emissions are measured using a validated international methodology, the GHG Protocol. According to this protocol, emissions are divided into three scopes: The first refers to a company's direct emissions, such as from boilers or company vehicles. The second refers to the energy consumed by the company. Scope 3 encompasses all a company's indirect emissions, such as energy used in the production of raw materials, transportation of finished products and product disposal. Reporting scope 3 emissions is optional in accordance with GHG methodology.

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## 12. REDD (REDUCING EMISSIONS FROM DEFORESTATION AND FOREST DEGRADATION)

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Reducing emissions from deforestation and forest degradation, including conservation, sustainable forest management and the increase of forest carbon stocks.

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## 13. NATURA MARKET PLACE

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The marketplace is the meeting point for 3 areas: business, content and the creative economy. A new selection of refined products and services in the beauty, decoration, fashion and clothing segments, which may be purchased in person or over the Internet, giving life more meaning for those who like to live well and to buy the best for themselves and for the planet.

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## 14. FAIR TRADE

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Fair Trade is a commercial partnership based on dialogue, transparency and respect, promoting greater equality in international trade. It contributes to sustainable development by offering better commercial terms, and ensuring the rights of marginalized producers and workers.

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## 15. VALUATION

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Quantification of economic or monetary worth.

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## 16. STRATEGIC TRIPLE SOURCING BOTTOM LINE

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The Natura management model that measures the "Triple Bottom Line" results (social, economic and environmental impacts) of all direct input suppliers as well as those of key service providers. This work began in 2010 in partnership with the suppliers themselves and an international consultancy. The indicators selected for the valuation of supply chain impacts included water use, CO2 emissions and investment in employee education, among others. From 2011 to 2012, we applied this model to third-party manufacturers, packaging, raw material and logistics suppliers, as well as service and indirect input providers, representing 87% of our spending. In 2011, its first year, the program generated benefits of around R\$1 million, increasing to R\$1.8 million in 2012.

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## 17. EXTERNALITY

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The consequence of a production, consumption and/or service activity which affects third-parties where the causal agent is neither rewarded nor penalized for the consequences of its activity.

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## 18. ESP&L (ENVIRONMENTAL AND SOCIAL PROFIT AND LOSS)

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The calculation of ESP&L attributes a monetary value to environmental impacts along a business's value chain, considering not only the positive impacts (profit) but also the negative (losses) ones for the environment and society. The ESP&L calculation seeks to monetize social impacts for stakeholders.



