



Name of the Company/organisation:	GRUPO CENTROFLORA - Anidro do Brasil Extrações S.A. (Unidade II)
Address:	Rodovia Eduardo Zucari, km 21,5, Botucatu, SP, CEP 18603-970
Country:	Brazil
Web Page:	www.centroflora.com.br
Contact Persons:	Paula Tavares Moura
Tel:	55 (14) 3811 3520 Ramal 4204
Email:	pmoura@centroflora.com.br

Name of the verification body:	IBD Certificações Ltda.
Web Page:	www.ibd.com.br
Dates of audit (days on site):	22 e 23 de julho (Anidro, Botucatu-SP) e 25 de julho (Tabuleiros Litorâneos, Parnaíba-PI)
Chief Auditor:	Álvaro Garcia
Version of the Union for Ethical BioTrade standard used in the audit:	UEBT STD01 - Ethical BioTrade standard - 2012-04-11
Scope of the audit (entities, processing plants, warehouses etc.)	Plant extracts processing unit (Anidro, Botucatu-São Paulo, Brazil), crop production area of Cordia, Jaborandi sp and Neem (Azadirachta indica) (Tabuleiros Litorâneos, Parnaíba-Piauí, Brazil) and Pharmaceuticals Unit (Parnaíba-Piauí, Brazil)

Statement of compliance with the Entry Indicators	
Does the organisation comply with the Entry indicators of the UEBT?	Complies

<p>Description of the company</p>	<p>Founded in 1957 in the city of São Paulo - Brazil, Centroflora Group operates worldwide in the development and trading of plant extracts for the segments of Personal Care, Nutrition and Health. The Group has technologies and processes that allow the isolation, extraction, concentration and drying of different natural substances, with quality and traceability guaranteed.</p> <p>Since January 2011, 100% of the equity shares were acquired by the Andersen family (Kladdersen) holding, considering that part of them belonged to Swarovski Foundation. A corporate restructuring started in this process with the transformation of limited company to a corporation.</p> <p>Currently, Centroflora Group has five production units linked to the company Anidro do Brasil Extrações SA; A business office; the company Phytobios Ltda. acquired in its entirety by holding Kladdersen; and two play areas for our employees, totaling 277 hectare</p> <p>Plant extracts unit (located in Botucatu-SP): This is the largest unit of the Group, which produces standardized botanical extracts. Since its construction there was concern to preserve the native forests of the property.</p> <p>Drier unit (located in Botucatu-SP): Located in the Industrial District, this was the first unit built in Botucatu, in which concentrate drying their own production and to third activities.</p> <p>Pharmaceutical unit (located in Parnaíba-PI): FDA approved and certified by ANVISA (National Health Surveillance Agency) as has Good Manufacturing Practices, this unit is prepared for production of alkaloids and currently produces pilocarpine salts mainly dedicated to the foreign market and is being structured to beginning of the quercertina production from fava d'anta (Dimorphandra mollis);</p> <p>Essential oils and agricultural production unit (located in Parnaíba-PI): Has an essential oil extraction unit, according with Good Manufacturing Practices standard audited by ANVISA. It also has a central pivot, which totals an irrigated area of 60 hectares for the production of cordia, neem and jaborandi.</p> <p>Company Phytobios Ltda. : Company focused on the development and commercialization of technologies based on biodiversity through research, licensing, regulatory support and innovation management. Has focus on the development of technologies for the pharmaceutical, cosmetics, food and natural technologies areas, working since on research activities to the development of prototypes using sustainable use products, coming from the Brazilian biodiversity and biotechnological route. Has outstanding participation in the sector forums.</p> <p>The Centroflora Group offers at the market a wide variety of extracts from several parts of the world, with special attention to those derived from Brazilian biodiversity. To be able to meet the requirements of all their customers the company adopts a strict quality and traceability management system that involves all stages of production at its production units and also its production base. Has ISO 9001, ISO 22000 and organic certification, registration by ANVISA, FDA and also is constantly audited by their clients.</p> <p>The commitment to environmental responsibility is materialized by the corporate program "Partnerships for a Better World", represented by the supply chain of raw material consisting of small farming communities. As part of its strategic plan the company wants to increase in 2014 to 80% the number of species (in 2013 the amount was 72%), and have more control over the entire production chain. This program ensures planning purchase of crops and fair payment for botanical species cultivated with organic practices and sustainable management. In this way, the company makes possible the quality supply of raw materials, traced in origin and backed by social and environmental responsibility.</p> <p>Beyond this, the company as a strategy to generate sustainability from its business, establish partnership and support initiatives for sustainable development of the involved communities. Annually, allocate a significant amount of its revenues to Floravida NGO to perform social and environmental programs and Floravida had a significant participation in the development of Jaborandi chain.</p> <p>Through a centralized financial management the company builds solid bases to ensure the sustainability of its business. Has periodic financial statements, audited by Moore Stephens company, and for this year showed significantly better results than 2013. Has periodic financial statements, audited by Moore Stephens company, and for this year showed significantly better results than 2013. Has periodic financial statements, audited by Moore Stephens company, and for this year showed significantly better results than 2013. Has periodic financial statements, audited by Moore Stephens company, and for this year showed significantly better results than 2013.</p> <p>As a strategy for guarantee more recognition from the market and visibility through transparent practices the company periodically publishes on its website a sustainability report, as well as its code of conduct established with their collaborators, partners and community.</p> <p>The Centroflora Group adopts as principles, the following commitments and responsibilities:</p> <p>MISSION Supply traceable products and services with assured quality and without harming the environment, generating added value for customers, suppliers, communities, employees and a fair return and permanent to shareholders.</p> <p>VISION Be the best sustainable biodiversity products company, with science and technology through "Partnerships Program", promoting a better world for employees, customers, suppliers, shareholders and the communities where they operate.</p> <p>VALUES Partnerships for a Better World to promote interaction between customers, consumers, farmers and the Centroflora Group in an association that seeks corporate and environmental sustainability, traceability and generate mutual benefits.</p> <p>Conduct Have moral, be impartial, honest and has coherent conduct with speeches, with the actions and thinking.</p> <p>Human enhancement Provide conditions to improve individual and collective abilities, promote professional satisfaction, value enterprise, good social interaction and form successors.</p> <p>Social and environmental responsibility Promote social and environmental programs, reuse of resources and sustainable development interacting with the community and the environment responsibly.</p> <p>Commitment Act with constant enthusiasm and be proud to be part of Centroflora Group.</p> <p>Participation Share values, knowledge and ideas, stimulating cooperation, teamwork and respect for differences among people seeking of continuous improvement.</p>
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Biodiversity Management System	
<p>Biodiversity Management System: Strengths and weaknesses</p>	<p>At the closing meeting realized on August 06th at Anidro unit II, in Botucatu – São Paulo, the Fortresses, Weaknesses, Opportunities and Threats were presented considering the result of this audit.</p> <p>a. Strengths:</p> <ul style="list-style-type: none"> i. Company History in the sector; ii. Team commitment to the company; iii. Infrastructure's company; iv. History in the Jaborandi chain; v. New business opportunities; <p>b. Weaknesses:</p> <ul style="list-style-type: none"> i. Absence of a Centroflora Group's policy to access the Biotrade; ii. Absence of procedures related with the UEBT principles (Biodiversity Conservation, Sustainable Use of Biodiversity, Fair distribution way and equitable benefit sharing, Socio-Economic Sustainability); iii. Absence of knowledge related with supply chain against criteria and indicators UEBT standard. IPA tool do not contains information related with all raw materials suppliers and is important to use IPA for the chains considered as low influence; iv. Absence of tools for definition the prices of Fava D'Anta with the supply chain; v. Absence of divulgation with employees from Parnaíba-Piauí of the Centroflora Group code of conduct; vi. Problems of harmonization of Centroflora procedures among its units. In Parnaíba-Piauí unit there are procedures with the same objective, but with different actions; vii. Problem with work safety management in the agricultural sector (no routine training and monitoring); viii. Differentiation of labor management among Centroflora Group employees. Absence of transport payment, health insurance and profit sharing for rural area employees located in Parnaíba-Piauí; <p>c. Opportunities:</p> <ul style="list-style-type: none"> i. Greater integration of the company at the market; ii. Maintaining the conquered image; iii. Structuring a solid management base for Centroflora Group;

	<p>iv. Greater engagement of all Centroflora Group units;</p> <p>d. Threats:</p> <p>i. Distancing of the productive base;</p> <p>ii. Loss of conquered image;</p> <p>iii. Actions taken by employees in disagreement with company policy;</p> <p>iv. Rise of labor claims;</p>
<p>. Development of the Biodiversity Management System since the last audit (if applicable)</p>	<p>This is the second audit UEBT held in Centroflora Group, whereas the first occurred in 2010 and was the first that was being held by UEBT in Brazil and the standard and procedures were in development at the time. On that audit, the focus was the Jaborandi supply chain, and the work plan and annual reports produced to UEBT were made based on this audit. Since then, occurred a lot of changes in the UEBT standard and procedures and part of the actions listed in the Work Plan, although important, were outdated and did not have been made. In addition, initially Farnalida-PI unit had the responsibility of certification management and the persons of the Botucatu-São Paulo unit who assumed later did not have the domain to deal with the standard, as well happened personnel changes. As an important point to emphasize that was planned in the Work Plan and was not done, was the company's code of conduct to access the ethical biotrade creation, as well procedure applied to important criteria's of the standard. It is recommended, as the next step to implement UEBT standard, occur direct contact of UEBT managers with Centroflora employees directly involved with this work. That contact will contribute to improve the understanding of UEBT objectives and better construction of the Work Plan.</p>
<p>Consultation of Pre-Inspection (stakeholders)</p>	<p>On August 1th 2014, a letter was sent to key Centroflora's stakeholders informing about the process of renewing its UEBT membership and that IBD is the certifier agency responsible for conducting the audits. The letter of engagement informs the UEBT objectives, what means being a UEBT member, clarifies IBD's work and what consists this audit and request that persons who want make any kind of manifest should make contact by email or telephone with the auditor responsible. Until the closing of this report there was no contact about.</p>
<p>Summary of the main results of the audit per UEBT Principle</p>	
<p>Principle 1 - Conservation of Biodiversity</p>	<p>The group establishes as mission "Provide products and services without harming the environment" and "Sustainable development interacting with the environment responsibly", but does not have a policy that links the necessity to establish actions for its supply chain conserve the biodiversity. There are procedures for selection and evaluation of its suppliers, but it is necessary to establish criteria related to biodiversity conservation in their questionnaires and evaluation procedures. For ingredients characterized as priority and arseinvolved in the program "Partnership for a better world" there is concern for the use and conservation of biodiversity, but the actions are more focused on the wild crop. For Jaborandi Centroflora has a long history of work and indicators shows a positive impact on biodiversity conservation. Through the partnership with Floravida NGO, the company developed tools to carry an active work with the communities involved in the supply chains considered as priority and with more environmental fragility, but it is necessary to establish a strategy to involve all Centroflora's supply chains and create tools for evaluation and monitoring these partners. The policy for biodiversity conservation must insert not only the priority chains and linked to the program "Partnership for a better world", but also involve other suppliers of natural ingredients, especially those in which the relationship is made directly with the trader, middleman or processing industry.</p>
<p>Principle 2 - Sustainable use of Biodiversity</p>	<p>Has in its integrated management system policy: Compliance with legal and regulatory requirements related to Good Manufacturing Practices and Quality system applicable to their production; Develop partnerships to ensure sustainability in the supply and security of raw materials; and promote sustainability in its activities. However, does not provide concern for sustainable management of biodiversity for their supply chain in its policy. Establish as a target the involvement of its suppliers characterized as priority in the program "Partnership for a better world" and for these suppliers the production is based on using organic principles, being part certified as such. For priority chains, adequate samples rates are established and Centroflora monitors to these rates be respected, but for other supply chains is also necessary establish measures to evaluate how the supplier monitors. Centroflora has a list of all suppliers and chains involved in the program "Future for a better world", has knowledge of producers and collectors involved, has a training program for those involved with the biodiversity sustainable use and through its professional team carries out monitoring to suppliers to ensure they comply with Centroflora requirements. For other chains not involved in the program information is restricted to the name of raw material supplier and has no detailed knowledge of the persons involved. Despite has an internal policy for purchase ingredients as organic certified is necessary to establish a policy regarding the use of agrochemicals by others suppliers. For certain customers is made pesticide monitoring of raw materials purchased (eg the acerola pulp), but it is necessary establish a program and tools to monitor the entire production base. Among the inputs used, ethanol is one of the main volume and is necessary to establish procedures for evaluating its suppliers regarding the sustainable use of biodiversity.</p>
<p>Principle 3 - Fair and equitable sharing of benefits derived from the use of biodiversity</p>	<p>Centroflora Group establishes as values: promote interaction between clients, consumers, farmers and the group to seek corporate and environmental sustainability, traceability and generate mutual benefits. Following these values it is necessary to establish a policy as the equitable and fair distribution of the benefits generated by access to biodiversity, R & D, ABS and related to patents for new products generated from the biodiversity use. To supply chains participating in the program "Partnerships for a better future" the company adopts a direct negotiation strategy with the supplier on the basis of a market rule and the peculiarities involved with activity and partner reality. The contracts are signed each season, where the company commits to purchase the production within the prices set, even if there is no market demand. In order to consolidate a long-term relationship, Centroflora promotes training for partners about Good Manufacturing Practices, proper conduct of the culture and provide technical staff for monitoring and guidance, provide inputs and, for cases where it applies, assume the costs of organic certification process. Important that also included in the actions to be taken, the training of partners to quantify the cost and prices of their production and adopt transparent tools to communicate the prices paid by the company, dynamics of costs and profits obtained from the ingredient acquired by the company. It was noted that for the specie jambu (<i>Acemella oleracea</i>), participant in the program "parcerias", the calculated price is standardized among all producers and the negotiation is done by the Botany sector, but for fava d'anta the negotiation was taken by supply sector and based on demands of each group, and has not found a standardized procedure and tools to negotiate. Phytobios company is an important branch of Centroflora with focus on R & D of new products in partnership with clients to development of new inputs. Currently, has two projects under development with species of Brazilian biodiversity, using the required legal instruments, such as prior informed consent with the responsible environmental agency and with the productive unit where the species has been identified and mutually agreed term to access and future acquisition. However, this topic needs to be entered into the discussions of the company to access the biodiversity, adopting the same policies and procedures and creating specific procedures related to the topic. As regards the inputs produced today, the company based on scientific studies already published and freely accessible. It is essentially made development of new extraction techniques to increase production efficiency and improve quality standard.</p>
<p>Principle 4 - Socio-economic sustainability (productive, financial and market management)</p>	<p>Anidro is a closed capital company SA, implements policies, procedures and actions to answer the necessary requirements. In order to evaluate the socio-economic Centroflora sustainability in accordance with UEBT criteria were verified the following information / documents: Last sustainability report published in 2011 (to be published a current); Annually has its finance and accounting audited by Moore Stephens Company; Strategic planning of 2014 made considering BSC methodology; Has a financial sector which performs monitoring of all their actions to ensure sustainability of the business; Consolidated results was presented for the years 2013 and 2014, and for this year's net profit has exceeded almost R\$ 2 million; Presented the report that shows company's donation to Floravida NGO, in 2013 represented 0.34% of total sales and in 2014, 0.42%; Presented a financial study for each sampled chain establishing costs and gain estimates with the ingredient; Has business and strategic group plan for 2014; Presented annual reports issued to UEBT related with 2011, 2012 and 2013; Presented the Work Plan related with the last UEBT audit and the results showed weaknesses in the implementation of predetermined actions; The group has a corporate integrated management policy and defines its sustainability report and its website (www.centroflora.com.br) vision, mission and values considering how the company understands that should be its relationship with its employees, customers, community; In order to comply with the requirements for its customers Anidro has ISO 9001, ISO 22000 and organic certification according to international standards; Has a quality program and traceability to ensure quality standards of its products and security for their customers;</p>
<p>Principle 5 - Compliance with national and international legislation</p>	<p>Centroflora Group has in its integrated management policy compliance with requirements of its customers and the statutory and regulatory requirements related to Good Manufacturing Practices, Food Safety and Health and Quality System applicable, but does not establish in its policy to respect the other national and international laws related to themes such as compliance with environmental and labor laws and to access the biodiversity. Although not explicit in the standard, the company has a regulatory affairs sector to manage the compliance with applicable laws related to the activities realized and more specifically Phytobios address all issues related to access the biodiversity for conduct researches. In order to evaluate its supply chain, adopts systematic evaluation through the suppliers with a questionnaire that ask about use of PPE, existence of child labor and slave labor and the company conducts audit at suppliers, aiming evaluate their Good Manufacturing Practices and Quality Control System. Considering UEBT standard to access ethical biotrade it's necessary enter this subject in the dynamic evaluation of its production base. For the chains involved in the "partnerships program" the company uses contract to purchase the harvest, and beyond clauses related to purchase, supplier assume commitment with no child and slave labor. Also it necessary to make a critical analysis to include additional questions related to the theme for access to ethical biotrade related with UEBT standard.</p>

<p>Principle 6 - Respect for the rights of actors involved in BioTrade activities</p>	<p>As principles of Centroflora Group the company establishes, as Vision: Be the best sustainable biodiversity products company, through partnerships that promote a better world for its employees, customers, suppliers, shareholders and for communities where it operates; as Values, Human Enhancement - Provide conditions to improve individual and collective abilities, promote professional satisfaction, valorize the initiatives, good social interaction and form successors; Social and environmental responsibility - Promoting social and environmental programs, reuse of resources and sustainable development interacting with the community and the environment responsibly. Company has a corporate management of human resources, a hiring policy sheltering respecting national labor legislation and through partnership with Floravida INGO the company carries out social programs to the community where operate. The Group has a code of conduct that applies to all employees at the time of their integration into the company, however for units of Piauí (farm and industry) was identified that the staff did not receive and were not instructed about it. Employees are registered under national law and receive the benefits required. For industries, as the company is linked to the drug industry sector, employees receive profit sharing, health insurance and additional benefits. Company has a collective agreement with labor union of industrial workers regarding 2013/2015. For its suppliers, the company adopts a preliminary evaluation if they have child and slave labor, but other aspects related to human rights, discrimination, dignified wages payment and adequate conditions of work are not addressed and there is no procedure for training its supply chain about. It was identified differences between the managements of the group's units, especially to the Piauí units. Important that the policy, vision and values of Centroflora Group extend to all its employees. For the agricultural production area there is no satisfactory management of health and safety, employees do not have access to the benefits received by other employees of the company, share of profits and health plan, well as the company does not provide transportation for them.</p>
<p>Principle 7 - Clarity about land tenure, right of use and access to natural resources</p>	<p>Centroflora Group has in its policy social and environmental responsibility to promote sustainable development to the communities, but does not establish a clear respect for the rights and land use. In the evaluation process of new partners related with "partnerships program" the company conducts a preliminary evaluation to verify land situation and ensure that land ownership is legal. For other supply chain actions are not carried out to evaluate whether the supplier respects the rights and land use for its production base. According to assessment of tenure titles of the areas where the company's facilities are included, was possible identify that are according to the current legislation.</p>

Summary of the main points evaluated in the work plan

Actions indicated at the Workplan are consistent and in line with the weaknesses and improvement opportunities identified in this audit. Will allow at the next UEFT audit a significant improvement of the evaluation result considering that the policy and actions implementation referenced with the Ethical BioTrade standard will be carried out. Beyond the coherent actions, those responsible identified for implementation and deadlines are consistent for the successful implementation of such actions within the prescribed period. Important to note the importance of the seniors management participation in this process and gives all the tools and conditions to those established actions to be carried out satisfactorily. Considering the Centroflora history in UEFT and that this is not the first work plan developed is important take advantage of this experience to ensure that the planned actions will be realized.