

ANNUAL REPORT 2009-11-06

Member organization's name:	Natura Cosméticos SA
Main address:	Cajamar SP Brasil
Webpage:	www.natura.net



COMPANY DESCRIPTION

Over 40 years, we have built a cosmetics, fragrances, and personal hygiene company that is recognized by a different value proposal: from a direct selling model, which generates income and creates opportunities for more than 1 million consultants, our sales representatives, we deliver to our costumers products that promote well-being-well, awaken the senses and awareness, and establish new connections between individuals and their own selves, with others and with the world. To this end, we try to keep our corporate behavior focused on the creation of sustainable value, by developing quality relationships with society, and we have a commitment to the balance among the economic, social, and environmental impacts of our businesses.

Natura believes that a company's values and longevity can be measured by its ability to promote sustainable development of society. Driven by this belief, we continually invest in identifying and understanding the social and environmental challenges of our time, so that they become business opportunities that create and distribute benefits for everyone.

By using ingredients from biodiversity sustainably while appreciating traditional regional and local cultures in our technological platform, we are contributing to the balanced use of these natural resources. We understand that generating income to the supplier communities and encouraging the adoption of sustainable practices allow us to evolve in our commitment to sustainable development. During 2009, we internally disseminated our Policy for the Sustainable Use of Biodiversity and Cultural Heritage.

UEBT MEMBERSHIP OBLIGATIONS

Steps	Dates <i>Historical/expected</i>	Verification Body
UEBT audit 1	2009-03-12 to 2009-09-19	Imaflora
Provisional Membership, if applicable		
Work-plan approval	2010-08-30	Imaflora
Membership status granted	2007-05-08	
Annual report 1	2010-11-06	
Annual report 2		
Audit 2		
Annual report 3		
Audit 3		

Impact measurement indicators submitted to UEBT? Yes No
 Implementation indicators submitted to UEBT? Yes No
 Narrative report submitted to UEBT? Yes No
 Documents annexed for public use? Yes No
 If so, number of annexes: 1
 Description of the annexed documents:
 e.g. 1. Annual and Sustainability Report

PROGRESS IN IMPLEMENTATION OF UEBT WORK-PLAN

Percentage of the work-plan implemented

Around 15% of the total work-plan of Natura has been implemented in 2010.

Progress in the implementation of the UEBT work-plan

Principle 1. Conservation of biodiversity

Management system	
Supply chain	Environmental indicators of BioQlicar Program, applied in 2010, brought information on local ecosystems and species that are being managed. Action plans in the long term are being developed, from these results.

Principle 2. Sustainable use of biodiversity

Management system	A new traceability tool is being developed to the productive chains of Ekos. Actions to ensure that the demands of volume of raw material are carried out within the harvest period and in accordance with field capacity of the areas are also being developed.
Supply chain	Indicators of BioQlicar Program applied in 2010 brought informations about the sustainability of production. From these results, action plans in long term are being developed. The traceability chain in the communities was also assessed in the program. In most of the chains that we have direct relationship with the supplier community, the determination of volume is being held in conjunction with the community and the benefactor company.



Principle 3. Fair and equitable sharing of benefits

Management system	Natura's Policy on Sustainable Use of Biodiversity and Traditional Knowledge was published and disseminated internally and externally. Is being built a version of the policy for the supplier communities in order to facilitate understanding on the issue and make the relationship more transparent. Furthermore, it was held earlier this year the the Relationship Quality Assessment, where the supplier communities, the processing companies and Natura, have been heard. This research will be conducted annually and brings results on the degree of stakeholder satisfaction with the productive chain.
Supply chain	The competitiveness of supplying communities was evaluated in the program, considering the structure of cost of raw materials and execution of contracts with processors and producers. Action plans are being drawn in order to increase the competitive capacity of communities. Local development actions are also being developed in four communities. These actions involve capacity building, leadership training, mapping areas of production, among others. The positive and negative impacts of Natura's actions in some communities are being documented through studies by outside consultants. The program BioQlicar can also be used as a tool for measuring impacts, since it monitors the annual production environment and supply chains developed in communities. The year 2010 can be considered as the initial time to assess the evolution of indicators.

Principle 4. Socio-economic sustainability

Management system	
Supply chain	

Principle 5. Compliance with national and international legislation

Management system	
Supply chain	Indicators of Social and Human parameters of the BioQlicar Program brought informations about land tenure and labor on supplier communities. From these results, action plans in the long term are being developed. In addition, contracts with benefactor companies are being made to ensure that these companies do not make business with organizations that do not respect human rights and labor laws. Three studies on the involvement of children and youth in the production process are being developed in three communities by anthropologists not linked to the company, seeking to obtain a diagnosis of the issue and create action plans on top of the results. Those studies should be completed next semester.

Principle 6. Respect for the right of actors

Management system	Natura's Relationship Principles were developed and disseminated. These principles guide the internal and external relationships of the company, ensuring the well being of all involved.
Supply chain	The Standards of Quality of the BioQlicar Program evaluated the working conditions, the use of protective equipment and risk prevention in supplier communities. From these results, action plans in the short and medium term are being developed. Three studies on the involvement of children and youth in the production process are being developed in three communities by anthropologists not linked to the company, seeking to obtain a diagnosis of the issue and create action plans on top of the results. Those studies should be completed next semester.

Principle 7. Clarity about land tenure, right of use and access to natural resources

Management system	
Supply chain	Indicators of Social parameter of BioQlicar Program brought informations about the land situation of the supplier communities. From these results, action plans in the long term are being developed.

Changes in UEBT work-plan

So far, none changes were made on UEBT work-plan.

ADDITIONAL INFORMATION

The BioQlicar Program has the main purpose of guiding the development actions to be implemented in partnership with rural suppliers and other local partners. This program was originally created inspired by the Biotrade principles, so the indicators and action plans from both have many similarities. Natura's work-plan for Biotrade mentions the BioQlicar Program in several items, and therefore we believe it is important to describe its structure.

Natura believes that the best way to promote the sustainable use of natural resources is to make our relationship with supplier communities increasingly transparent. For this goal to be achieved, Natura implements every year the BioQlicar program, which monitors the entire supply chain concerning biodiversity inputs. With this program, we expect to promote an objective dialogue, strengthen our partnerships and our business model. Many Biotrade indicators are related with indicators monitored every year on the BioQlicar program. Such indicators help Natura to guide its investments for the development of its supplier communities, through plans that are prepared and built in a participative manner with each community we work with.

BioQlicar is divided into two parts:

BIO: Sustainability indicators from communities that look to economic, physical, environmental, social and human resources they have to promote their development. The perspective of this set of indicators is to generate a discussion in supplier communities about the path of their development, building together, according to the possibilities of each relationship, potential ways for improvement and construction of partnerships.

QLICAR: Indicators for monitoring the productive performance of rural suppliers. The indicators are organized in order to monitor the quality of production (Q), logistics (L), competitiveness (C), achievement (A) and relationship (R). The perspective is to create a dialogue environment and work plans so that the supply performance of these partners is increasingly better.

The BioQlicar Program was implemented in 2010. Earlier this year, 23 supplier communities were evaluated. Thus, more than 23 chains of raw material from Brazilian biodiversity were analyzed.

From this diagnosis, work-plans are being developed to improve the indicators in the communities. These action plans will be implemented between 2010 and 2014.

Early next year, a new assessment will be conducted in communities to assess the evolution of indicators. And from those results, new action plans will be drawn.

The program is annual and there are targets to be met by 2014.