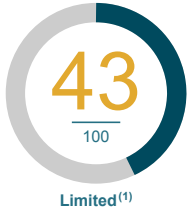


## Company and Sector Performance

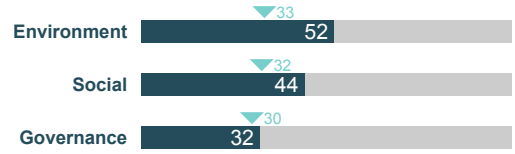
### ESG OVERALL SCORE



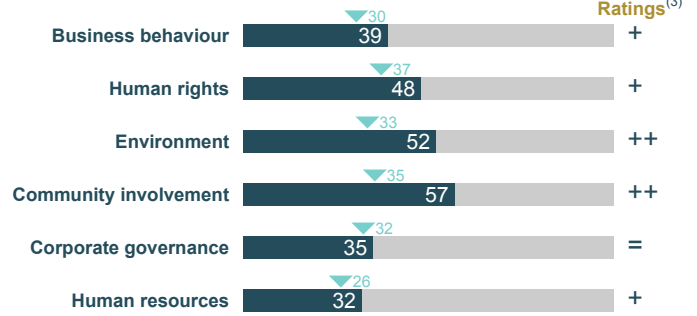
Information rate	69%
sector average	57%
Cooperation level <sup>(2)</sup>	Not responsive
High severity controversies	No
Rank in Sector	2/11
Rank in Region	52/890
Rank in Universe	570/4453



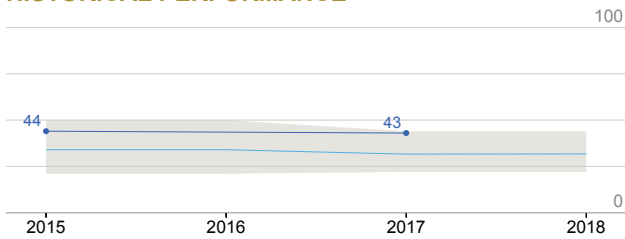
### ESG PERFORMANCE (/100)



### 6 DOMAINS PERFORMANCE (/100)



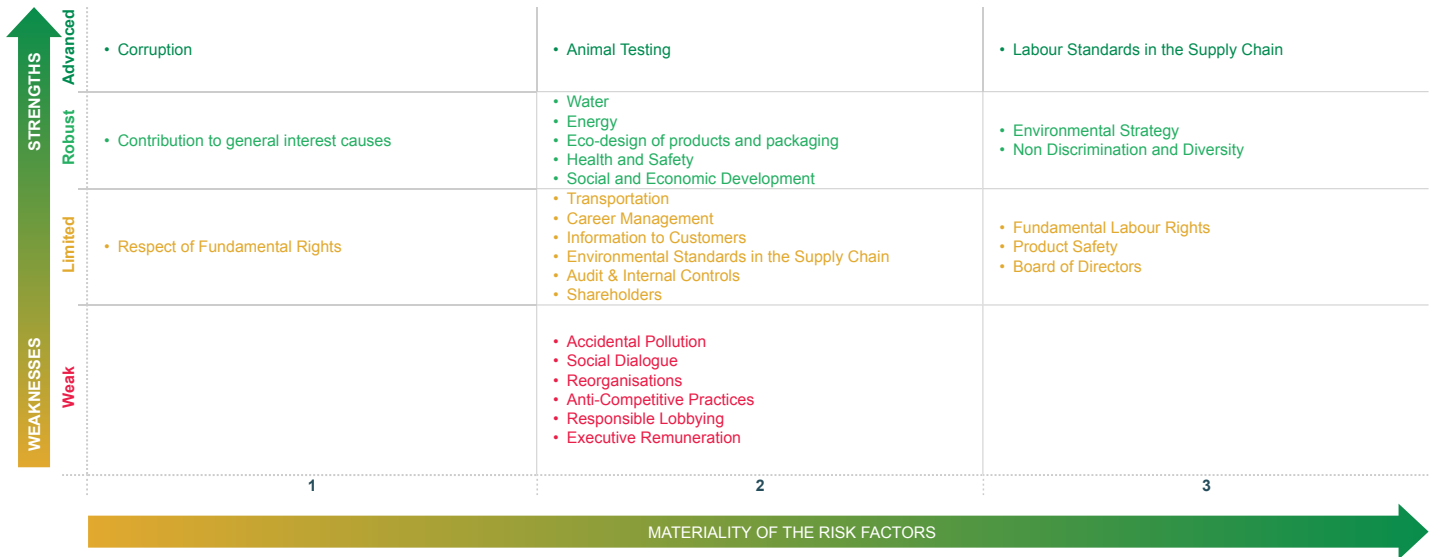
### HISTORICAL PERFORMANCE



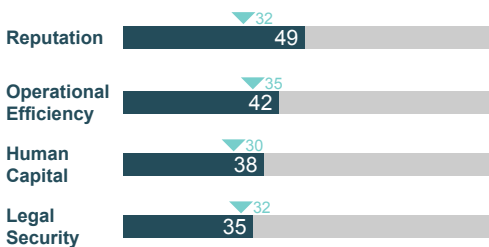
Company inclusion in Vigeo Eiris indices<sup>(4)</sup>: No

## Management of risks and opportunities

### MATERIALITY & PERFORMANCE MATRIX



### RISK MITIGATION INDEX (/100)



### ANALYST FOCUS

Analyst Focus is not available at this time

## Carbon Footprint and Energy Transition\*

"The Carbon Footprint & Energy Transition research provides an assessment of a company's carbon footprint combined with the strategy to manage risks and opportunities related to the transition to a low carbon economy. NI (No Info) is used to indicate that the information is not available."

### CARBON FOOTPRINT



SCALE	EMISSIONS (T CO2 EQ)	CATEGORIES
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

### ENERGY TRANSITION SCORE



ENERGY TRANSITION SCORE	CATEGORIES
60-100	Advanced
50-59	Robust
30-49	Limited
0-29	Weak

## Goods and services contributing to sustainable development\*

"Sustainable Goods & Services research provides a positive screening on companies to identify business activities devoted to sustainable solutions."



INVOLVEMENT	CATEGORIES
>=50%	Major
20-49%	Significant
0-19%	Minor
0%	None

## Involvement in controversial activities\*

"The Controversial Activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs."

Involvement in controversial activities: Not available in this version

### Screened Areas:

- Alcohol
- Animal welfare
- Chemicals of concern
- Civilian firearms
- Fossil fuels
- Gambling
- Genetic engineering
- High interest rate lending
- Military
- Nuclear power
- Pornography
- Reproductive medicine
- Tobacco

For more information please contact us at [customer.service@vigeo-eiris.com](mailto:customer.service@vigeo-eiris.com)

(1) Performance level: weak (0-29/100), limited (30-49/100), robust (50-59/100), advanced (60-100/100)  
 (2) Cooperation level on a 4-level scale: proactive, responsive, partially responsive, not responsive  
 (3) Ratings outline companies' benchmarked domain performance within a sector, on a 5-level scale: "-", "=", "+", "++", "+++" (4) Indices: based on the most recent indices at the date of publication. More details on vigeo-eiris.com.

Company performance in all the Sustainability Drivers

Weight		Overall score 43/100				Trend	Score	Leadership	Implementation	Results
		<b>Environment</b>				→	52	59	52	34
E	ENV1.1	3	Environmental Strategy			↘	57	91	23	N/A
E	ENV1.2	2	Accidental Pollution			↗	18	0	0	53
E	ENV1.4	2	Animal Testing			↗	95	100	100	85
E	ENV2.1	2	Water			→	50	48	86	15
E	ENV2.2	2	Energy			→	50	48	86	15
E	ENV2.7	2	Transportation			↗	40	30	30	60
E	ENV3.1	2	Eco-design of products and packaging			↗	55	83	51	30
		<b>Human Resources</b>				↘	32	28	34	33
S	HRS1.1	2	Social Dialogue			↗	9	0	6	22
S	HRS2.3	2	Reorganisations			→	12	0	0	35
S	HRS2.4	2	Career Management			→	47	48	74	18
S	HRS3.2	2	Health and Safety			→	58	65	55	55
		<b>Human Rights</b>				→	48	41	50	53
S	HRT2.1	3	Fundamental Labour Rights			→	42	18	42	65
S	HRT2.4	3	Non Discrimination and Diversity			→	58	72	65	38
S	HRT1.1	1	Respect of Fundamental Rights			→	38	18	30	65
		<b>Community Involvement</b>				↗	57	42	58	73
S	CIN1.1	2	Social and Economic Development			↗	57	48	65	59
S	CIN2.2	1	Contribution to general interest causes			↗	58	30	44	100
		<b>Business Behaviour (C&amp;S)</b>				↘	39	31	30	58
S	C&S1.1	3	Product Safety			→	38	37	42	35
S	C&S2.4	3	Labour Standards in the Supply Chain			→	63	48	59	82
S	C&S1.2	2	Information to Customers			↗	34	30	6	65
E	C&S2.3	2	Environmental Standards in the Supply Chain			↗	48	39	41	65
G	C&S3.2	2	Anti-Competitive Practices			↗	18	0	0	53
G	C&S3.3	2	Responsible Lobbying			↗	12	0	0	35
G	C&S3.1	1	Corruption			→	65	65	53	77
		<b>Corporate Governance</b>				→	35	41	15	50
G	CGV1.1	3	Board of Directors			↗	35	29	14	62
G	CGV2.1	2	Audit & Internal Controls			→	47	46	30	65
G	CGV3.1	2	Shareholders			↘	46	77	18	44
G	CGV4.1	2	Executive Remuneration			↗	14	20	0	22

■ Weak (0-29/100)   ■ Limited (30-49/100)   ■ Robust (50-59/100)   ■ Advanced (60-100/100)



Involvement in allegations



Involvement in allegations with evidence of corrective measures

Benchmark  
Position versus sector peers

Position versus sector peers		Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance	Overall Score
ID1000095706	Unilever Indonesia	+	++	+	=	++	=	44
<b>BRNATUACNOR6</b>	<b>Natura Cosmetics</b>	<b>++</b>	<b>+</b>	<b>+</b>	<b>++</b>	<b>+</b>	<b>=</b>	<b>43</b>
VIGEIRIS0388	Grupo Boticario	+	=	+	-	=	--	33
INE030A01027	Hindustan Unilever	=	=	-	+	=	+	31
MXP606941179	Kimberly-Clark de Mexico	=	+	=	-	=	=	31
KR7051901007	LG Household & Health Care	=	=	=	=	=	-	31
INE016A01026	Dabur India	=	=	=	=	-	=	30
INE196A01026	Marico	-	+	=	+	=	+	29
KR7090431008	Amorepacific	=	-	=	=	-	--	28
INE102D01028	Godrej Consumer Products	=	-	--	-	-	+	27
KYG211461085	Chow Tai Fook Jewellery Group	--	--	-	-	=	=	22

Copyright Vigeo Eiris 2018. Reproduction of this content (documents, graphs and images) in whole or in part are prohibited without the express written authorization of Vigeo Eiris and is protected by the provision of the French Intellectual Property Code

## General information

Headquartered in Sao Paulo, Brazil, Natura Cosmetics (Natura), engages in the manufacture of cosmetics, fragrances, and toiletries. In June 2017, Natura

Cosmetics agreed to acquire The Body Shop from L'Oréal.

## Selected financial data

Key data	Revenues	EBIT	Employees
2016	BRL 7,913m	BRL 1,083m	6,397
2015	BRL 7,899m	BRL 1,257m	6,591
2014	BRL 7,408m	BRL 1,365m	6,591
2013	BRL 7,010m	BRL 1,416m	6,655
2012	BRL 6,346m	BRL 1,370m	6,683

Main shareholders	2017
Antonio Luiz da Cunha Seabra	23.1%
Estate of Anizio E Pinotti	5.4%
Westwood Global Investments LLC	5%
Lazard Asset Management LLC	5%
First State Investment Management (UK) Ltd.	4.9%
Pedro Luiz Barreiros Passos	4.4%
Norma Regina Pinotti	4.1%

Geographical Breakdown	Turnover 2016	Employees
Brazil	N/A	76.7%
Argentina	N/A	9.3%
Colombia	N/A	5.3%
Peru	N/A	3.5%
Chile	N/A	2.9%

Geographical Breakdown	Turnover 2016	Employees
Mexico	N/A	1.9%
France	N/A	0.3%

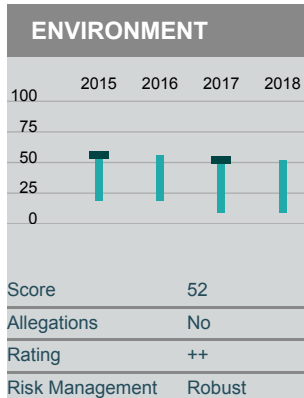
Main economic segment	Turnover 2016
Cosmetics, Fragrances, Toiletry and Direct Sales	100%

## Selected ESG Indicators

	2016	2015
Non-executive Board member(s) responsible for CSR issues	No Info	No Info
Executive remuneration linked to CSR performance	No Info	No Info
3-year energy consumption trend (normalized to turnover)	↘	N/A
Percentage of independent Board members	N/A	N/A
Percentage of women on Board	22	N/A
Percentage of women in Executive team	25	N/A
Percentage of women in workforce	63.5	63.3
Transparency on lobbying budget	No	N/A
Percentage of employees covered by collective agreements on working conditions	N/A	N/A
3 year trend for safety at work	↘	N/A
Involvement in armament	No	No
Management of social risks in supply chain	N/A	N/A

CSR performance per domain

■ Sector performance  
■ Company performance  
Rating : min- / max ++

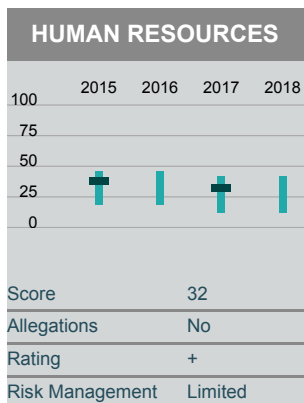


**Key issues**

The impact of cosmetics and toiletries companies on the environment stems mainly from the production processes of products, during which energy (ENV2.2) and water (ENV2.1) are consumed, the later also constituting one of the most-used ingredients. The use of chemicals to manufacture such products increases the risks of accidental pollution (ENV1.2). The development of comprehensive approaches to eco-design to reduce both the impact from packaging' disposal and from the use of care products (ENV3.1) is also increasingly seen as a way to reduce product costs whilst enhancing the reputation of company. Finally companies must continue to further reduce their involvement in animal testing (ENV1.4).

**Company performance**

- The Company's performance in the Environment domain is robust in absolute terms in line with the previous review.
- Natura continues disclose a comprehensive environmental strategy, including targets. However, overall, disclosed key performance indicators exhibit mixed trends. Significant resources are reportedly allocated to (no) animal testing, energy, water and packaging. The prevention of pollution appears to be unaddressed.

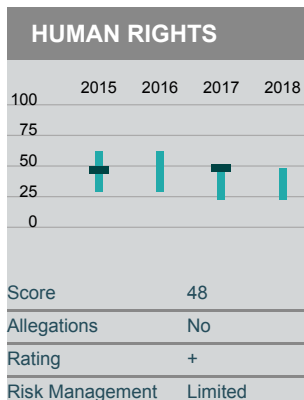


**Key issues**

A central issue for sector is the continual promotion of career development and the provision of training for employees. Such actions help ensure the continuity of both traditional skills based know-how as well and ensures the progressive development of talent within an organisation (HRS2.4). The sector overall is also subject to ongoing, mergers and acquisitions which regularly leads to restructurings (HRS2.3). Moreover, given the absence of a global sector-specific trade union, good labour relations (HRS1.1) are required to provide employees with good working conditions. Finally, measures to ensure the health and safety conditions of workers in the sector is analysed (HRS3.2).

**Company performance**

- The Company's performance in the Human Resources domain remains limited in absolute terms.
- Natura still discloses strong commitments to career management (performance reviews are reportedly conducted for a majority of employees) and to improve health and safety conditions (including on stress). Key performance indicators show positive results for the latter issue. The Company still does not appear to address social dialogue and reorganisations.



**Key issues**

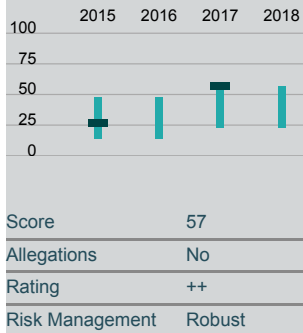
In the current market context for the sector, companies are expanding their presence in terms of both shops and production facilities to developing economies where fundamental labour rights are considered to be at risk (HRT 2.1). With no sector specific global union in place and with the long term trend indicating that operations in these regions will continue to grow, this is a central issue for the sector to address. Women remain a core demographic in terms of both the workforce and consumers. From a human capital perspective, ensuring their integration and professional development of women to upper management levels is central to the long term sustainability of the business model for the sector. Some cosmetics companies are engaged in sourcing of raw material and from indigenous peoples where respect of fundamental human rights in bioprospection activities (HRT1.1) is vital.

**Company performance**

- The Company's performance in the Human Rights domain is limited in absolute terms, stable compared to the previous review.
- Natura discloses commitments to all issues under review. To promote diversity, the Company has set ambitious targets linked to equal pay and gender representation. Some measures are reported to ensure the respect of indigenous rights. The Company reports to conduct risk mappings with regard to fundamental labour rights.

Copyright Vigeo Eiris 2018. Reproduction of this content (documents, graphs and images) in whole or in part are prohibited without the express written authorization of Vigeo Eiris and is protected by the provision of the French Intellectual Property Code

COMMUNITY INVOLVEMENT



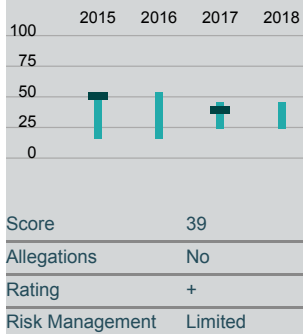
Key issues

Through their own activities, their network of stores and through their supply chain, companies in the cosmetics and luxury goods sector can have a wide ranging impact on the social and economic development of territories in which they are present (CIN1.1). By promoting the training and employment of local personnel, companies can ensure the transfer of their strategic skills to communities securing the longer term continuity of traditional know-how and in turn, the long term continuity of their business operations in such areas. Companies in the sector can also contribute through their products and services to the United Nations Sustainable Development Goals particularly those related to the empowerment of women in communities, reducing infant mortality, improving maternal health and combating HIV/AIDS.

Company performance

- The Company's performance in the Community Involvement domain is robust in absolute terms, an increase compared to the previous review.
- Natura now discloses a more detailed commitment to promote social and economic development and reports an extensive number of key performance indicators showing positive results. The Company's reported contributions to general interest causes have also increased over time.

BUSINESS BEHAVIOUR (C&S)



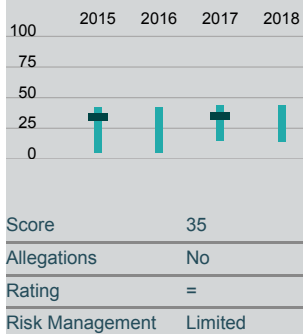
Key issues

The safety of cosmetics and toiletry products (C&S1.1) represents one of the sector's priorities. When undertaking marketing campaigns to promote products, companies should do so in a responsible manner and following best practice codes for defining the content (C&S 1.2). With public debates at top levels taking place over regulations governing issues like nanotechnologies, product content, marketing practices and more, companies should be transparent on their lobbying practices (C&S3.3). Cosmetics companies tend to outsource parts of their production in developing economies where labour standards can be less effectively protected by national regulation. As such, the integration of labour standards in supply chains (C&S2.4) is another challenge. How companies manage the environmental impacts related to their supply chain is also analysed (C&S2.3). Finally, due to fierce competition, cosmetics firms can be tempted to bypass the rules of the market in order to preserve their margins and gain access to new markets (C&S 3.2).

Company performance

- The Company's performance in the Business Behaviour domain is limited in absolute terms.
- The Company discloses commitments and information on measures for all issues under review except for responsible lobbying and the prevention of anti-competitive practices. The best addressed topics are the integration of labour standards into supply chain management and the prevention of corruption. It is worth to note that the Company reports transparently on a number of relevant key performance indicators regarding its supply chain management, product safety and compliance.

CORPORATE GOVERNANCE



Key issues

Sound corporate governance is required to oversee a company's strategic direction, including the CSR strategy. Vigeo Eiris' framework has been adapted to capture the level of integration of CSR topics at Board-level, supplementing traditional signals on efficient governance practices. Directors are notably evaluated on their level of diversity and experience with operational, financial, and CSR topics (CGV1.1). The audit and internal controls system is examined regarding the efficiency and reach of its risk management (CGV2.1). Shareholders are expected to have fair voting rights and access to all relevant information on material CSR issues (CGV3.1). Executive remuneration is assessed for transparency and alignment with the interests of company's shareholders and other stakeholders (CGV4.1).

Company performance

- The Company's performance in the Corporate Governance domain is limited in absolute terms, in line with the previous review.
- The roles of CEO and chairman are separated, however, the level of independence of the board could not be assessed due to an insufficient level of information disclosed. The Company's CSR reporting is audited by a third party, and internal controls appear to cover some CSR topics. The Company respects the "one share - one vote" principle and shareholders have been presented the Company's CSR strategy. There is a lack of disclosure on executive remuneration.

## CSR performance per criterion



### Detailed Analysis

<b>Environment</b>		<b>10</b>
ENV1.1	Environmental strategy	10
ENV1.2	Pollution prevention and control (soil, accident)	12
ENV1.4	Reducing Animal testing	13
ENV2.1	Protection of water resources	14
ENV2.2	Minimising environmental impacts from energy use	16
ENV2.7	Management of environmental impacts from transportation	18
ENV3.1	Management of environmental impacts from products and packaging	20
<b>Human resources</b>		<b>22</b>
HRS1.1	Promotion of labour relations	22
HRS2.3	Responsible management of reorganisations	24
HRS2.4	Career management and promotion of employability	25
HRS3.2	Improvement of health and safety conditions	27
<b>Human rights</b>		<b>29</b>
HRT1.1	Respect for human rights standards and prevention of violations	29
HRT2.1	Respect for freedom of association and the right to collective bargaining	31
HRT2.4	Non-discrimination	33
<b>Community involvement</b>		<b>35</b>
CIN1.1	Promotion of the social and economic development	35
CIN2.2	Contribution to general interest causes	38
<b>Business behaviour (C&amp;S)</b>		<b>39</b>
C&S1.1	Product Safety (process and use)	39
C&S1.2	Information to customers	41
C&S2.3	Integration of environmental factors in the supply chain	43
C&S2.4	Integration of labour factors in the supply chain	45
C&S3.1	Prevention of corruption	47
C&S3.2	Prevention of anti-competitive practices	49
C&S3.3	Transparency and integrity of influence strategies and practices	51



## Corporate governance

		53
CGV1.1	Board of Directors	53
CGV2.1	Audit & Internal Controls	55
CGV3.1	Shareholders	57
CGV4.1	Executive Remuneration	58

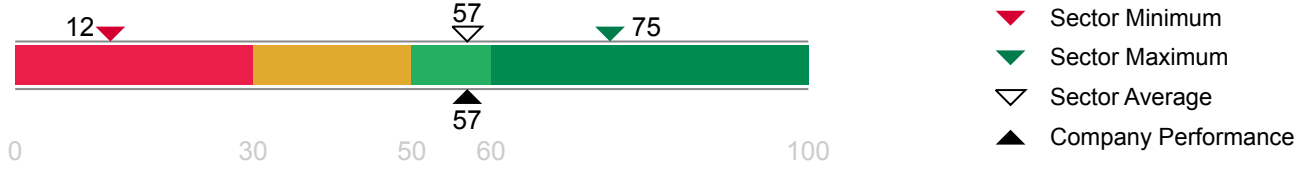
 Involvement in allegations    Involvement in allegations with evidence of corrective measures

Environment

Score: 52

ENV1.1 Environmental strategy

(score: 57, weight: 3)



Visibility of commitment to environmental issues

The company has issued a formalised commitment to environmental protection in its Code of Conduct, and has also set specific targets in this regard. In addition, Natura is a signatory of the Global Compact and communicates on this principle.

Relevance of environmental strategy

The company commits to all its responsibilities in terms of environmental protection:

- Eco-design
- Protection of water resources
- Minimising environmental impacts from energy use and related atmospheric emissions
- Reducing animal testing
- Management of environmental impacts from transportation
- Management of environmental impacts from the use of products
- Management of environmental impacts from the disposal of products' packaging

Ownership of commitment

The commitment applies throughout the Company, supported by senior management. In addition, there is a dedicated structure responsible for this issue.

In 2016, the Marketing, Innovation and Sustainability areas have been brought together under a single vice-president, and oversee innovation and social and environmental causes.

Means allocated to environmental management

The company has allocated limited resources to environmental management.

- Environmental manual specifying procedures and responsibilities
- Internal audits that assess the effectiveness of the EMS
- Management review of the EMS (at Executive Level)
- Environmental performance measured against targets
- External verification of reporting on environmental performance

- the company carried out an environmental accounting study to calculate all positive and negative impacts of all stages of production, marketing and final disposal of any waste generated

Coverage of certified environmental management systems

Information obtained from the company and public sources regarding the share of the sites that have a certified environmental management system is insufficient.

Leadership	91	Implementation	23
Visibility	100	Means & resources	30
Relevance	100	Coverage	0
Ownership	65		

ENV1.2 Pollution prevention and control (soil, accident)

(score: 18, weight: 2)



Relevance of commitments on pollution prevention and control

The company does not disclose any commitment to pollution prevention and control.

Means allocated to pollution prevention and control

Information obtained from company and public sources regarding means allocated to pollution prevention and control is insufficient.

- pollution control audits
- training
- risk assessment/identification studies
- implementation of risk prevention procedures (emergency plans, simulation exercises)

Coverage

Information obtained from company and public sources regarding the percentage of sites covered by pollution prevention and control is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

*As of 10/2017, Natura Cosmetics did not appear to be involved in any controversy related to this sustainability driver*

Trends on minor accidental pollution events.

*The company reports that there were no significant substance spills or accidents involving products that have had an environmental impact recorded in 2016.*

Leadership	0	Implementation	0	Results	53
Relevance	0	Means & resources	0	Performance	65
		Coverage	0	Trends	30

ENV1.4 Reducing Animal testing

(score: 95, weight: 2)



Visibility of commitment to reducing animal testing

The company commits that animal testing is not required for any of the products or ingredients in its portfolio.

*Natura reports that since December 2006, it does not perform animal testing in the development of its products or raw materials to assess their safety or effectiveness.*

Relevance of commitment

The company commits that animal testing is not required for any of the products or ingredients in its portfolio.

Means allocated to the reduction of animal testing

The company commits that animal testing is not required for any of the products or ingredients in its portfolio.

*Instead the company uses assessment techniques, which include computer models, research and continuous review of data published in the international scientific literature, as well as in vitro tests. The company also has a team of scientists working to make assessments increasingly more accurate and efficient.*

Coverage of means allocated to the reduction of animal testing

The company commits that animal testing is not required for any of the products or ingredients in its portfolio.

Results in terms of animal testing

The company commits that animal testing is not required for any of the products or ingredients in its portfolio.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

*As of 10/2017, Natura Cosmetics did not appear to be involved in any controversy related to this sustainability driver*

Leadership	100	Implementation	100	Results	85
Visibility	100	Means & resources	100	Performance	65
Relevance	100	Coverage	100	Trends	100

ENV2.1 Protection of water resources

(score: 50, weight: 2)



Relevance of the company's commitment in terms of reducing its water consumption

The company has set quantified targets with regard to its water consumption, and these cover the entire group.

*Natura's target is maintaining the consumption at 0.40 liters per unit produced every year.*

Relevance of the company's commitment in terms of reducing its water emissions

*The company's commitment to reduce its water emissions is general as no quantitative targets have been disclosed.*

Means allocated to reduce water consumption and emissions

In addition to monitoring systems and end-of-pipe technologies, the company works to optimize its production processes.

- *The company monitors the performance of its water consumption in all its operations and those of third party suppliers that manufacture its products. In Cajamar, Natura has an electronic monitoring of consumption that enables the instant identification of deviations, reducing the response time to contain water losses.*
- *Natura has implemented technologies in the treatment of effluents which have gradually increased the quality and quantity of water reused through more efficient treatment systems, such as filtration gardens (no use of chemicals).*

*The company carried out an appraisal of external environmental factors, converting the effects of the business on aspects such as GHG emissions, water, waste and land use and occupation into financial resources.*

Coverage

The company has taken such measures at a majority of the company's sites.

*The measures cover Ecoparque, Cajamar and Benevides which represents 3 out of 4 of its locations.*

Water consumption

*The company's water consumption, normalised to production, has increased over the past three years from 0.45 (liters/unit produced) in 2014 to 0.49 in 2015 and 0.53 in 2016. The company's water consumption normalised to sales (local currency) has decreased by 4% between 2014-2016.*

*Of note: the company reports that the reduction in volume of products sold affected its relative water consumption per unit produced, which increased by 8%. The company also discloses water consumption for its third party suppliers.*

Emissions to water

*The company reports the following indicators:*

- *COD (mg/l) for its Cajamar and Benevides sites: 129.68 (2014), 111 (2015), 109.8 (2016)*
- *water discharge normalised to turnover (BRLm) has increased by 18% over the*

*past three years 2014-2016.*

<b>Leadership</b>	<b>48</b>
Relevance	48

<b>Implementation</b>	<b>86</b>
Means & resources	100
Coverage	65

<b>Results</b>	<b>15</b>
Performance	15

ENV2.2 **Minimising environmental impacts from energy use**

(score: 50, weight: 2)



**Relevance of the company's commitment in terms of reducing its energy consumption**

The company's commitment to reduce its energy consumption is general as no quantitative targets have been disclosed.

**Relevance of the company's commitment in terms of reducing its energy-related emissions**

The company has set quantified targets with regard to its energy-related emissions, and these cover the entire group.

Natura aims to reduce relative emissions in the entire chain by 33% between 2012 and 2020.

**Means allocated to reduce energy consumption and related emissions**

The company uses innovative measures compared to its peers in order to reduce its energy consumption and its related emissions.

The company established the Carbon Neutral Program in 2007, aiming to reduce the impact of emissions from all stages of operations, starting from the extraction of raw materials through its processes and those of its production chain all the way to post-consumer disposal of product packaging. Natura started operations of the biomass-powered boiler at the Benevides industrial unit (State of Pará), which is fed with wood briquettes (waste from certified wood used in other activities), which reduced CO2 emissions. Also, Natura continues the search for compressed air leakages, the installation of LED or high-performance lamps, the installation of a protection film on the windows of the administrative offices and photoelectric sensors. The company has installed a geothermal system that improves the efficiency of the air conditioning system. Concerning suppliers that manufacture finished products for Natura, forums are held on a monthly basis with these suppliers in order to monitor their energy performance.

The company carried out an appraisal of external environmental factors, converting the effects of the business on aspects such as GHG emissions, water, waste and land use and occupation into financial resources.

**Coverage**

The company has taken such measures at a majority of the company's sites.

**Energy consumption**

Energy consumption per unit produced (Joules x 1012 - kJ) has increased from 484.3 in 2014 to 564.9 in 2016 (536.9 in 2015).

The company's energy consumption, normalised to sales (BRLm), has decreased continuously over the past three years, by 7% between 2014-2016.

**CO2 emissions linked to energy consumption**

The company's ghg emissions (direct and indirect) linked to energy consumption, normalised to production, have remained stable over the past three years, standing at 3.00 kgCO2 e/kg product manufactured in 2014 and at 3.17 kgCo2 e/kg product manufactured in both 2015 and 2016.

The company also reports on the ghg emissions from its valued chain, which have



decreased continuously by 15% between 2014-2016 (normalised to turnover in local currency).

Of note: the company reports that it has been carbon neutral for 10 years (reductions in emissions and offsetting throughout its chain).

<b>Leadership</b>	<b>48</b>
Relevance	48

<b>Implementation</b>	<b>86</b>
Means & resources	100
Coverage	65

<b>Results</b>	<b>15</b>
Performance	15

ENV2.7 Management of environmental impacts from transportation

(score: 40, weight: 2)



**Relevance of the company's commitment with regard to the environmental impacts related to the transport of its products.**

The company's commitment to reduce the environmental impacts related to the transport of its products is general.

**Means allocated to minimising the environmental impacts related to the transport of its products.**

The company has set up some relevant measures to reduce its environmental impacts related to the transport of its products:

- Measures to reduce pollution (car maintenance, alternative fuels, driver training, etc.)
- Rationalisation of transport flows (optimise product loads, monitor kilometers driven etc.)
- Improvement of production transport mix (alternatives to road transport)
- Awareness raising programmes for commercial partners related to the environmental impacts of transportation
- Contractual commitments related to the environmental impacts of its commercial transport partners
- Joining transport initiatives with other companies
- External evaluation of the impacts of product transportation and logistics supply chain

- *Improvement of production transport mix (alternatives to road transport): Natura reports that it conducted logistical improvements, such as increased use of coastal shipping to transport products in the north and northeast of Brazil. The company also reports that it reduce air shipmots for exports to other Latin American operations.*

- *Rationalisation of transport flows: the company reports that it improved transport performance for consultants in Brazil, with the opening of new distribution centers*

- *Measures to reduce pollution: the company reports that in Latin America it uses electric vehicles to deliver products to consultants and consumers. They emit nine times less CO2 than conventional vehicles.*

**Coverage of means allocated to minimising the environmental impacts related to the transport of its products.**

*There is no evidence that a majority of transport needs are covered by such measures. The company uses five electric vehicles, in four cities.*

**Energy consumption or CO2 emissions related to transportation**

*CO2 emissions from transportation have decreased significantly, by 11% between 2014-2016.*

**Trend in transport mix**

The company does not monitor the breakdown of the different modes of transport uses internally.

Leadership	30	Implementation	30	Results	60
Relevance	30	Means & resources	30	Performance	100
		Coverage	30	Trends	0

ENV3.1 Management of environmental impacts from products and packaging

(score: 55, weight: 2)



Relevance of commitment related to product eco-design

The company has set quantified and ambitious targets on product eco-design.

The company reports that it wants to create products that combine high technology, the sustainable use of biodiversity and disruptive concepts. Natura has set the following targets:

- seek to develop technologies so that, by 2050 and considering all the stages of the production cycle, its impact will be a positive one.
- apply reverse logistics to 50% of its products by 2020.

Relevance of commitment related to packaging eco-design

The company issues quantified targets on packaging eco-design.

The company has set the following goal for 2020:

- At least 10% of all Natura Brazil packaging should be made of post-consumer recycled material
- Collect and send for recycling 50% of the waste generated by Natura product packaging in Brazil (ton equivalent).

Means allocated to product and packaging eco-design

The company has implemented relevant measures to identify its impacts from product and integrates some elements of eco-design into its product and packaging.

- eco design guidelines/handbook for relevant managers or employees: the company has banned several environmentally damaging controversial substances from its products
- increasing the amount of recycled material in primary packaging: the company uses recycled glass for fragrances bottles and the Ekos line uses 100% recycled PET. The company reports to use packaging comprising 50% post-consumer.
- designing reusable packaging: the company reports to have refill packaging.
- reducing weight of primary packaging: the company reports to use EPackaging which is at least 50% lighter than regular/similar packaging
- increasing the amount of biodegradable or renewable materials in products and packaging: The company reports to use packaging comprising 50% post-consumer and/or renewable non-cellulosic 22 materials that do not increase mass. the company reports that more than 80% of its formulas are of vegetable origin (and therefore renewable) and that all the alcohol used is organic, produced using methods that conserve ecosystems and animal and plant life.
- establishment of networks for recycling/ collection of used product packaging post use: the company has established an experimental pilot programme to promote reverse logistics in the São Paulo metropolitan area. This included different sources for collecting post-consumption waste, such as collector cooperatives and the involvement of Natura Consultants.

Coverage of measures linked to product and packaging eco-design

There is no evidence that a majority of products and packaging are covered by such measures. The company reports that 20% of its packaging in Brazil are eco-efficient.

Performance on eco-design of products

The company reports the following indicators:

- the % eco-efficient packaging in Brazil decreased from 29% in 2014 to 20% in 2016 (26% in 2015). The company also reports this data for Argentina, Chile, Colombia, Mexico and Peru.
- the % of post-consumer recycled materials in Brazil increased from 1.2 in 2014 to 4.3 in 2016 (2.9 in 2015).
- the % of recyclable material in the packaging of finished products decreased from 57.5% in 2014 to 51% in 2016 (50% in 2015).

**Performance on Packaging**

The company does not disclose data on the amount of packaging placed on the market or volume of packaging reduced. However, the company reports:

- the CO2 emissions from product use and packaging disposal: 76,680 t (2014), 76,442 t (2015), 303,424 t (2016).
- Environmental impact of packaging, by product quantity (mpt/kg) based on life cycle assessment: 64 (2014), 69 (2015), 53 (2016).

<b>Leadership</b>	<b>83</b>
Relevance	82

<b>Implementation</b>	<b>51</b>
Means & resources	65
Coverage	30

<b>Results</b>	<b>30</b>
Trends	30

Human resources

Score: 32

HRS1.1 Promotion of labour relations

(score: 9, weight: 2)



Visibility of commitment

The Company does not disclose any commitment to promote labour relations.

Relevance of commitment

The Company does not disclose any commitment to promote labour relations.

Ownership of commitment

The Company does not disclose any commitment to promotion of labour relations.

Coverage of employee representative bodies

Information obtained from Company and public sources regarding the percentage of sites where employee representation structures are in place is insufficient.

Subjects covered by collective bargaining

Collective bargaining between the Company and employee representatives deals with subjects related to working conditions, including:

- health & safety
- CSR issues
- remuneration
- working hours
- training
- career development
- work time flexibility
- employability/life long learning
- stress management
- equal opportunities

Employee representative bodies in countries with restrictive legislation

Information obtained from Company and public sources regarding how the company promotes employee representation in countries with restrictive legislations is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

*As of 10/2017, Natura Cosmetics did not appear to be involved in any controversy related to this sustainability driver*

## Coverage of collective agreements on working conditions

Information obtained from company and public sources, regarding the percentage of the company's employees covered by collective agreements on working conditions, is insufficient.

<b>Leadership</b>	<b>0</b>
Visibility	0
Relevance	0
Ownership	0

<b>Implementation</b>	<b>6</b>
Means & resources	0
Scope	30
Coverage	0

<b>Results</b>	<b>22</b>
Performance	22

**HRS2.3 Responsible management of reorganisations**

(score: 12, weight: 2)



**Relevance of commitment to manage reorganisations responsibly** The company does not disclose any commitment to manage reorganisations responsibly.

**Involvement with employee representatives** The company does not disclose any commitment to inform and consult employee representatives on reorganisations.

**Means allocated to prevent and manage reorganisations** Information obtained from the company and public sources regarding measures allocated to prevent and manage reorganisations is insufficient.

**Coverage**

**Stakeholders' feedback** A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.  
*As of 10/2017, Natura Cosmetics did not appear to be involved in any controversy related to this sustainability driver*

**Result of the company's commitment to manage reorganisations responsibly** The company does not provide any information on the impacts of reorganisations on employment.

Leadership	0
Relevance	0
Ownership	0

Implementation	0
Means & resources	0
Coverage	0

Results	35
Performance	35



**HRS2.4 Career management and promotion of employability**

(score: 47, weight: 2)



**Visibility of commitment**

The company makes some general statements promoting career management and training in its Annual Report.

**Relevance of commitment**

The company's commitment to promoting career management and training addresses its main responsibilities:

- Promote career development
- Put in place a concerted career management framework, which is transparent and individualised

**Ownership of commitment**

The Head of HR is not part of the company's Board or Executive Committee. However line managers are evaluated on their performance in terms of HR management.

Managers are also subject to the Performance Management Program as employees, but the HR related criteria are not disclosed.

**Career management systems**

The company has set up an internal job opportunity marketplace. Moreover employees have regular performance assessment interviews. Natura has different performance assessment instruments in place:

- The all-round assessment: It includes employees' self-assessment and the perception of the work of multiple stakeholders (managers, company's departments, partners and subordinates (if any)).
- The company also assesses performance by monitoring the achievement of individual targets set every year. Natura's assessments rely on objective (numerical) and subjective (performance agreement) variables.

**Coverage of career management systems**

These career management systems cover a majority of the company's employees.

The company breaks down the Proportion of employees that receive regular career development and performance feedback by category and gender. The percentage was between 75% and 100%.

**Types of training provided to non-managers**

The training programmes are aimed at adapting employees' skills to the requirements of their current position and also enable them to develop additional skills. These include programmes leading to certifications and degrees.

- The *Meu Caminho (My Way)* program: This programme is aimed at operational employees and it includes professional training during working hours, development courses during nonworking hours and learning certificates that give the employee the opportunity to be promoted.
- The *Natura Educação (Natura Education)* program: It provides grants for undergraduate and graduate technical courses, programs, to encourage employees to pursue top ranked programs and institutions according to the Ministry

of Education.

- *Natura Estudar (Natura Study):* Another programme whose purpose is to accelerate the development of high-potential employees who have excellent academic performance by offering scholarships in first-class institutions.

- *The Cosmos corporate education program:* it is one of the main tools in Natura's leadership development strategy to train future and current leaders and it comprises four dimensions: school, brotherhoods, communities of interest and workshops.

**Means allocated to training for all employees**

The average training budget per employee has increased by 42% between 2014-2016 (non-continuously). The number of training hours per employee has decreased from 77 in 2014 to 38 in 2016.

**Mobility / turnover**

The total employee turnover has increased by 1.2 percentage points between 2014 (10.3) and 2016 (11.5). The percentage of vacancies filled with company employees has decreased by 3 percentage points between 2014 (60%) and 2016 (57%).

Of note: the company also breaks down the turnover by country, gender and age.

**Training delivered during the year under review**

There is no evidence that a majority of employees received training during the period under review.

Of note: the company reports that more than 8,000 consultants resumed their studies, some at university level.

<b>Leadership</b>	48	<b>Implementation</b>	74	<b>Results</b>	18
Visibility	30	Means & resources	65	Performance	18
Relevance	65	Scope	100		
Ownership	30	Coverage	65		

**HRS3.2 Improvement of health and safety conditions**

(score: 58, weight: 2)



**Visibility of health & safety commitments**

The company has made a formalised commitment to health and safety issues in its Code of Conduct.

**Relevance of commitment**

The company's commitment addresses its main responsibilities:

- ensure awareness about health and safety issues
- reduce the number of work accidents and their severity
- prevent occupational disease
- reduce stress/promote well-being

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management. In addition, responsibility for commitments is allocated to a dedicated structure or local managers are held accountable.

An Occupational Safety Department is in place.

**Means allocated to health and safety**

The company has allocated means to address health and safety issues, including:

- Training: Natura promoted specific and general training programs for its in-house outsourced employees.
- Risk assessments: Natura assessed its safety practices and structure of all its facilities to determine how the company could improve what was being done.
- Internal monitoring: the company keeps track of its days lost due to accidents, injury rates and number of fatalities.

**Coverage of health and safety system**

The health and safety measures cover the majority of the Company's employees. Most measures are reported for employees located in Brazil (77% of total workforce).

**Means allocated to reduce stress at work**

The Company has allocated significant means to address stress at work, including:

- Monitoring of absenteeism and rate of occupational disease: In its annual reports, Natura reports on the rates of absenteeism and cases of occupational diseases.
- assessment of stress through analysis of internal H&S data: the company assessed the risk of catching an occupational illness. In 2016, the health area focused on the analysis and monitoring of employees with occupational illnesses.
- stress support instruments: the company reports to have specialists in internal infirmaries, located at the company's main units, to ensure treatment and close monitoring of employees. We also provide a Professional Support Program, through which it is possible to obtain psychological, legal and social guidance.
- measures to improve ergonomics: the company reports to have programmes in place seeking to make every worker comfortable and productive in his or her workstation and well-adjusted to their working conditions, making changes if needed.

**Coverage of means allocated to address stress at work** The measures allocated to address stress at work cover the majority of the Company's employees.

*All employees in Brazil Operations (77% of workforce) are reported eligible for ergonomics and other stress support programmes.*

**Accident frequency rate**

*The company's days lost due to accidents of employees decreased from 298 in 2013 to 186 in 2014 to 212 in 2015 to 161 in 2016.*

*The company's days lost (accident rate) has decreased from 23.31 in 2013 to 17.04 in 2014 to 19.81 in 2015 to 15.36 in 2016.*

*The company's injury rates (accidents with and without leave) has decreased from 3.09 in 2013 to 1.83 in 2014 to 1.21 in 2015 to 1.43 in 2016.*

**Accident severity rate**

The company does not disclose quantitative data on accident severity rates.

*Of note: The total number of fatalities has remained at 0 between 2013-2016.*

**Other health and safety indicators**

*- The frequency rate of occupational diseases of employees has remained stable between 2014 (0) and 2016 (0.1) (0.2 in 2015).*

*- The rate of absenteeism has decreased from 3.9% in 2012 to 2.3% in 2016.*

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

*As of 10/2017, Natura Cosméticos did not appear to be involved in any controversy related to this sustainability driver*

<b>Leadership</b>	<b>65</b>
Visibility	65
Relevance	65
Ownership	65

<b>Implementation</b>	<b>55</b>
Means & resources	48
Coverage	65

<b>Results</b>	<b>55</b>
Performance	55

Human rights

Score: 48

HRT1.1 Respect for human rights standards and prevention of violations

(score: 38, weight: 1)



Visibility of commitment

The company has made references to respect and promote human rights in society in its Annual Report. The company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment

The company's commitment to respect and promote human rights in society is general. Of note: Natura reports that it has prepared its Policy on the Use of Biodiversity, which establishes the procedures for conducting research and using natural inputs, as well as rules governing its relationship with traditional communities, holders of the knowledge regarding the use of these natural assets. The standards are based on the provisions of the Convention on Biological Diversity, which was also used as the basis for Brazil's new regulatory framework. The company plans to finish adjusting its policy in 2017 so that it is in accordance with the new Brazilian law.

Ownership of commitment

It is unclear who is responsible for the company's commitment or to which parts of the company it applies.

Means allocated

The company has set up a basic system to ensure the respect and promotion of human rights in society that includes:

- Training programmes for employees: All security staff undergo the training required by the Federal Police as well as specific internal training.
- formalised compensation agreements for indigenous peoples: Natura reports that it expanded the sourcing of certain bioactive ingredients, such as ucuuba, murumuru and andiroba. The income received by the communities included payments for supplies as well as sharing of benefits derived from access to traditional knowledge.
- grievance mechanisms: the company reports that in 2016, there was no record of any incident involving indigenous peoples in any of the locations where the company operates.

Coverage

There is no evidence that a majority of bio-prospection projects are covered.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 10/2017, Natura Cosméticos did not appear to be involved in any controversy related to this sustainability driver

Leadership		Implementation		Results	
Leadership	18	Implementation	30	Results	65
Visibility	30	Means & resources	30	Performance	65
Relevance	30	Coverage	30		
Ownership	0				

**HRT2.1 Respect for freedom of association and the right to collective bargaining**

(score: 42, weight: 3)



**Visibility of commitment**

The company has made references to freedom of association and the right to collective bargaining in its Annual Report. Also, Natura is a signatory of the Global Compact and communicates on this principle.

**Relevance of commitment**

The company's commitment generally addresses freedom of association and the right to collective bargaining.

**Ownership of commitment**

It is unclear who is responsible for the Company's commitment or to which parts of the company it applies.

**Monitoring of the respect for freedom of association**

The company has implemented limited measures to monitor the respect of freedom of association within its operations:

- occasional risk mapping
- occasional internal audits
- on-going monitoring of labour rights risks
- regular internal audits
- external audits/verification
- external investigation of allegations
- cooperation with unions: joint audits, joint grievance procedures etc.

- occasional risk mapping: in 2016 the company reports that it did not identify any operations or suppliers where the right to exercise freedom of association and collective bargaining may be violated

**Promotion of collective bargaining**

The company has provided resources to ensure that employees receive information on trade union rights (e.g.: dedicated intranet) and are able to exercise these (e.g.: infrastructure, time). In addition, the company actively collaborates with trade unions on these issues.

Natura promotes formal meetings with unions in connection to its business to discuss agreed upon topics with union representatives. Whenever these meetings take place, the company notifies about collective bargaining agreements preferably in advance in order to allow for an open discussion about the topics.

**Coverage**

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the

company during the period under review: stakeholders' feedback is neutral.

<b>Leadership</b>	<b>18</b>
Visibility	30
Relevance	30
Ownership	0

<b>Implementation</b>	<b>42</b>
Means & resources	60
Coverage	0

<b>Results</b>	<b>65</b>
Performance	65



HRT2.4 Non-discrimination

(score: 58, weight: 3)



Visibility of commitment

The company has issued a formalised commitment to non-discrimination in its Code of Conduct, its 2050 Sustainability Vision and its Natura Policy for the Appreciation of Diversity, and has set targets in this regard. Natura targets to:

- have women in 50% of senior management positions in Brazil and in International Operations by 2020
- have 100% equal pay throughout the company by 2020.
- reach 30% disabled employees in its São Paulo Distribution Center (currently around 16%) by 2020
- reach 8% disabled employees in Brazil by 2020

Also, Natura is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment

The company's commitment to non-discrimination explicitly defines most of the categories covered:

- gender
- race / ethnicity / nationality
- social background
- religion
- disabilities
- sexual orientation
- political opinion

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, a dedicated structure is in place.

The Ombudsman and Human Resources are responsible for the Code of Conduct. In February 2016, the company signed up to the Women's Empowerment Principles, an initiative of UN Women and the United Nations Global Compact. In April 2016, the company joined the Program for Gender and Racial Equality, launched by the Brazilian Ministry for Women, Racial Equality and Human Rights. Under this initiative, companies disclose their plan of action to increase inclusion in the work place. Performance is monitored and, if deemed suitable throughout the program, the company is awarded the Pro-Equality seal.

Means allocated to prevent discrimination and promote diversity

The company has set up extensive measures to prevent discrimination and promote diversity:

- career break opportunities: Natura reports that it offers women extended maternity leave amounting to six months. The company has increased paternity leave to 40 days, which is reportedly double the period proposed in the new Early Childhood Legal Framework, approved in March 2016. The initiative extends to same-sex couples and to adoption cases.
- child care facilities/child care subsidies: a nursery is available on site, where children aged between 4 months and three years old can be left under professional supervision, thus enabling breastfeeding during working hours. Employees at company units that do not have this infrastructure are entitled to a childcare allowance, a monthly payment payment to cover the expenses of an outside nursery or a nanny.

- confidential reporting system
- training: hiring disabled professionals is a training topic for managers under the Mosaic Program, but also extends to all employees company-wide.
- affirmative action programmes; the company reports to have developed a hiring strategy specifically to attract disabled candidates. It has created an initiative, in partnership with APAE (Association of Parents and Friends of People with Disabilities), to hire young apprentices with disabilities. In all internal selection processes for leadership positions, the company reports to seek a balance between male and female finalists, all of whom must have equal potential and conditions conditions to take up the position for which they have applied.
- monitoring of different diversity indicators of the workforce (gender, age, disabilities, retention rate after maternity/paternity leave)
- monitoring of salary disparities: the company reports on the gender pay gap per functional category (production, administrative, management, senior management).
- other relevant measures: At the São Paulo Distribution Center (SPDC), the company designed an accessible work place (pick to light technology, which allows people with disabilities to easily separate products, with lights turning on to indicate the tasks that are to be performed intuitively). Employees who are hearing impaired are allocated sponsors, colleagues who have been trained in Libras (Brazilian Sign Language) to help them communicate.

**Coverage**

All employees in Brazil are reportedly eligible for child care subsidies (77% of employees are located in Brazil). However, there is no evidence that other measures cover a majority of employees.

**Results in terms of gender distribution**

The share of women in management positions in Brazil has decreased over the past three years by 3 percentage points from 56% in 2014 to 53% in 2016. The share of women in in senior management positions (director and above) has decreased by 1 percentage point from 36% in 2014 to 35% in 2016. Brazil accounts for 77% of employees.

**Results in terms of employment of disabled persons**

The share of disabled employees in the workforce in Brazil has increased continuously over the past five years, from 4.1% (2012) to 5.8% (2016). The company also reports on the number of employees with disabilities who participated in Natura's training program: 263 in 2014, 277 in 2015, 266 in 2016 (in Brazil). Brazil accounts for 77% of employees.

**Results in terms of ethnic distribution**

The share of management positions in Brazil occupied by foreigners or those with international experience has increased by 2 percentage points from 20% in 2014 to 22% in 2016. Brazil accounts for 77% of employees.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

As of 10/2017, Natura Cosméticos did not appear to be involved in any controversy related to this sustainability driver

Leadership	72	Implementation	65	Results	38
Visibility	100	Means & resources	100	Performance	65
Relevance	65	Coverage	30	Trends	29
Ownership	65				

Community involvement

Score: 57

CIN1.1 Promotion of the social and economic development

(score: 57, weight: 2)



Visibility of the policy

The company makes references to promote local social and economic development in its Annual Report and its 2050 Sustainability Vision. However, the visibility of this policy is lowered by its absence of formalisation. Natura has established targets for the development of its business in the Amazon over the coming years: increase the consumption of raw materials originated in the region from 11% to 30% (in BRL million) by 2020, including 10,000 agroextractive families in the programme.

Relevance of commitment

The company's commitment to promote local social and economic development addresses its main responsibilities:

- Promote the creation and development of local businesses
- Promote the transfer of technology and skills to countries where the companies are sourcing their raw materials
- Promote the employment and training of local personnel
- Optimise the impact of operations on the local economy (including support for the Sustainable Development Goals)
- Reduce the social impacts related to site closures, openings, and restructuring

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated

The company has allocated significant means to address social and economic development, including:

- Financial resources: In the context of the Natura Campus Program, which develops open innovation actions, the company launched a specific invitation to bid for institutions headquartered in the region in order to stimulate the creation of projects in collaboration with the company. As a result, Natura selected six research projects on the Amazon fauna and flora, community agroforests and population ecology, which are currently being contracted.
- technical support for the development of local business: the company has several programmes in place to collaborate and foster local start ups and open innovation, as well as to offer professional training programmes to local Natura Consultants.
- Training of local research teams: the Natura Amazon Innovation Center (Nina) was opened in Manaus (State of Amazonas), and it is a knowledge center with the mission of stimulating the formation of a research network involving local, national and international science and technology institutions.
- Partnerships with governments of the biodiversity-rich countries: Natura has a Biodiversity Supply Center that helps prepare communities for the anticipated increase in supply and to seek new extractive organizations in the region. The Center's work adds to that performed by the Community Relations Management (GRC), which supervises an interdisciplinary team of professionals, including anthropologists, social scientists, psychologists, economists and agronomists in the management of community relations.
- Processes and procedures: Natura has a Local Development Plan based on networking. The process establishes the participation of community leaders and organizations from multiple sectors in the region, and it involves: engaging diverse

audiences, conducting a participative diagnosis, defining priorities (materiality), drafting local development plans and establishing an agenda for partnerships and a governance model.

- *impact assessment: The company carried out an appraisal of external environmental factors, converting the effects of the business on aspects such as GHG emissions, water, waste and land use and occupation into financial resources.*

- *measures to optimise the impact of the Company on economic and social development (including support for the SDGs): the company participates in the alternating schools project in the Amazon, where children and teenagers alternate between residing at school and learning online at the family's rural property. The company also has the Natura Amazon Challenge, in which startups must present solutions that are in line with the United Nations Sustainable Development Goals (SDGs). The company details which SDGs its projects contribute to.*

- *mechanisms for responsible relations with suppliers: the company has set up partnership with suppliers and their communities to provide support for community infrastructure, training and payment for use of their image.*

- *grievance mechanisms for local communities*

*Of note: the company reported that it will conduct an appraisal study of social impacts for all its product portfolio throughout its value chain.*

**Geographical coverage**

These means are allocated in the majority of company sites.

*These measures are mainly reported for Brazil where 77% of employees are located.*

**Performance trend**

The company's normalised indicators on social and economic development have shown improvement continuously over the past three years.

*The company reports on the following indicators:*

- *Loyalty of suppliers globally: 26% (2014), 25% (2015), 27% (2016)*

- *Loyalty of NCs (=Natura beauty consultants) in Brazil: 28% (2014), 30% (2015), 31% (2016)*

- *Loyalty of NCAs in Brazil: 30% (2014), 29.5% (2015), 32% (2016)*

- *Loyalty of NCs International Operations: 39% (2014), 37% (2015), 37% (2016)*

- *Loyalty of NCAs International Operations: 45% (2014), 52% (2015), 53% (2016)*

*These surveys were based on the following criteria: satisfaction, intention to continue the relationship with Natura and whether they would recommend Natura to others.*

- *Families benefited in Supplier Communities: 3,121 (2014), 2,251 (2015), 2,841 (2016)*

- *Families benefitted within the Amazon region: 2,106 (2014), 1,529 (2015), 2,119 (2016)*

- *Cumulative business volume in the Amazon region since 2011 (BRL million): 582 (2014), 752 (2015), 973 (2016)*

- *Investment in communities surrounding Natura's units - Natura resources (BRL thousands): 375 (2014), 478 (2015), 530 (2016)*

- *Investment in communities surrounding Natura's units - Crer para Ver resources (BRL thousands): 590 (2014), 455 (2015), 556 (2016)*

- *Number of grievances and complaints that have been registered, processed and resolved: 0 in 2014-2016.*

- *Spending on local suppliers as a proportion of total spending on suppliers (%): 7% (2014), 6.9% (2015) and 5.1% (2016).*

**Transparency of tax reporting**

The company reports only on gross taxes paid. There is no breakdown on a regional or country basis.

- taxes paid in some countries of operations
- taxes paid in some regions of operations
- taxes paid in key regions of operations
- taxes paid in key countries of operations

- sales per zone
- operating profit per zone
- number of employees per zone
- ratio between tax paid and headline corporate tax rate per zone
- explanation for significant differences between tax rate actually paid and expected tax rate

**Presence in IMF 'offshore financial centers' and/ or in jurisdictions considered by the OECD as not compliant enough with tax transparency rules** The Company does not operate in any location considered by the IMF as 'offshore financial centres' and/ or in jurisdictions considered by the OECD as not compliant enough on tax transparency rules

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 10/2017, Natura Cosmetics did not appear to be involved in any controversy related to this sustainability driver*

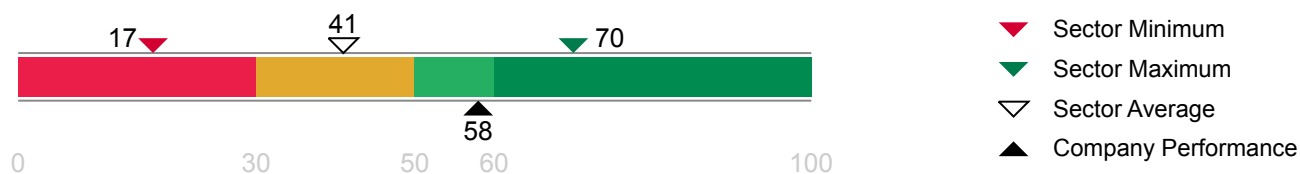
<b>Leadership</b>	<b>48</b>
Visibility	30
Relevance	65
Ownership	30

<b>Implementation</b>	<b>65</b>
Means & resources	65
Coverage	65

<b>Results</b>	<b>59</b>
Performance	57
Trends	65

CIN2.2 Contribution to general interest causes

(score: 58, weight: 1)



Relevance of commitment

The company's commitment to supporting general interest causes is general.

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Means allocated

- financial support: the company has several partnerships and programmes in place to support education initiatives, local engagement, sports, culture, music and others, for example with SOS Mata Atlântica Foundation, Movimento Comunidade Viva (Living Community Movement), Natura Local Development Program in partnership with UDBEN (Association for the Development of Benevides)  
- dedicated foundation: the Natura Institute manages and applies the funds generated by the sales of the Crer para Ver (Believing is Seeing) line of non-cosmetic products that was launched in 1995 and whose profits are used in full to support projects aimed at improving the quality of public education.

Geographical coverage

These means are allocated in the majority of company sites.

Trend in contributions to general interest causes

The company monitors indicators on contributions to general interest causes, and these have been improving over time.

**Brazil:**  
Crer para Ver program funding (BRL million): 18.8 (2014), 19.5 (2015), 23.7 (2016)  
Crer para Ver penetration (% cycle): 20.2 (2014), 22.9 (2015), 22.6 (2016)  
Projects developed and supported (BRL thousand): 15,976 (2014), 23,898 (2015), 23,313 (2016)

**International Operations:**  
Crer para Ver program funding (BRL thousand): 6,692 (2014), 10,523 (2015), 14,537 (2016)  
Crer para Ver penetration (% cycle): 18.7% (2014), 17% (2015), 19.4% (2016)  
Projects developed and supported (BRL thousand): 4,350 (2014), 8,112 (2015), 10,237 (2016)

Support and sponsorships, total Natura Funding (BRL thousand): 14,885 (2014), 10,498 (2015), 5,429 (2016)

Leadership	30	Implementation	44	Results	100
Relevance	30	Means & resources	30	Trends	100
Ownership	30	Coverage	65		

Business behaviour (C&S)

Score: 39

C&S1.1 Product Safety (process and use)

(score: 38, weight: 3)



Visibility of commitment

The company has made references to product safety in its 2050 Sustainability Vision Report, and has set specific targets. Natura commits to ensure, by 2015, 100% traceability of inputs produced by the direct manufacturers (last link of manufacture) and by 2020, implement a traceability programme for the other links of Natura brand's value chain.

Relevance of commitment

The company addresses product safety in general terms.

Ownership of commitment

The commitment applies throughout the Company, supported by senior management.

Product safety management systems

The company has allocated significant resources to ensure product safety that include:

- Internal audits of production processes: As part of its internal controls, Natura conducts tests and evaluation of products and raw materials safety and efficiency, stability tests, microbiology and quality controls to ensure the approval and compliance with the requirements of the health authorities.
- R&D to improve product safety: Natura follows the evolution of science worldwide and develops a process of monitoring trends in controversial issues and ingredients, working on replacements whenever necessary.
- improvement of product traceability to limit the risks of counterfeiting: Natura is working on ensuring 100% traceability of the inputs produced by its direct suppliers by end of 2015.

Crisis management systems.

Information obtained from the Company and public sources regarding crisis management system is insufficient.

Coverage of the product safety management systems

The Company has set up such systems throughout the company or products.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

Transparency and trends of indicators relative to product safety

Information obtained from Company and public sources regarding the outcomes of the company's product safety policy is insufficient to determine a trend.  
In 2016, Natura reports that it received no notices, penalties or fines for violation of

*the laws and regulations that govern the supply and use of products, labeling or allegedly endangering the health and safety of consumers. Only one payment was made in 2016, totalling BRL 6,000, due to non-compliance with import standards and formalities.*

Leadership	37
Visibility	65
Relevance	30
Ownership	30

Implementation	42
Means & resources	32
Coverage	65

Results	35
Performance	65
Trends	0



C&S1.2 Information to customers

(score: 34, weight: 2)



**Visibility of commitment** The company has made references to informing customers about its products in its *Annual Report*.

**Relevance of commitment** *The company's commitment is general.*

**Ownership of commitment** The commitment applies throughout the company, supported by senior management.

**Systems to provide information to customers on product content.** *The company has allocated some measures to ensure customers are informed properly about potential product risks:  
- transparent labelling of products*

**Responsible marketing and commercial practices** Information obtained from company and public sources regarding responsibility in marketing and commercial practices is insufficient.

- awareness raising for internal marketing staff on responsible practices
- dissemination of guidelines promoting responsible communication and advertising to external advertising partners
- formalised training programmes for internal marketing staff
- internal procedures to approve / monitor marketing material and advertisement
- internal audits on marketing and communication practices
- external verification of marketing and commercial communications (by an independent party)

**Coverage of measures for ensuring responsible marketing and commercial practices** Information obtained from company and public sources regarding the percentage of sites covered by such measures is insufficient.

**Stakeholders' feedback** A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral  
*As of 10/2017, Natura Cosmetics did not appear to be involved in any controversy related to this sustainability driver*

Leadership	30	Implementation	6	Results	65
Visibility	30	Means & resources	9	Performance	65
Relevance	30	Coverage	0		
Ownership	30				

C&S2.3 Integration of environmental factors in the supply chain

(score: 48, weight: 2)



Visibility of commitment

The Company has issued a formalised commitment to including environmental factors in supply chain management in its:

*2050 Sustainability Vision.*

Relevance of commitment

*The Company's environmental requirements for suppliers only address some of the relevant issues in the sector:*

*The company set the target to ensure by 2015 that 100% of materials produced by direct manufacturers are traceable (last link) and by 2020 implement a traceability program for the other links of the Natura brand's value chain.*  
- Protection of biodiversity

Ownership of commitment

The commitment applies throughout the Company, supported by senior management.

Measures for supply chain management

The Company has set some measures to include environmental factors in supply chain management:

- training/awareness raising of employees in charge of purchasing
- integration of environmental issues into contractual clauses with suppliers
- supplier questionnaires/supplier support
- internal audits of processes linked to environmental supply chain management
- risk assessments for suppliers (such as risk mapping, identification of high risk suppliers/ materials/ locations)
- non-compliance procedures for suppliers (re-auditing, re-training, eventual ending of contracts)

*- monitoring: the company discloses data on the environmental performance of its suppliers (for example water consumption, ghg).*  
*- supplier questionnaires: In 2016, 338 suppliers were submitted to an assessment regarding their impact including on environmental issues, for example packaging and raw material suppliers.*  
*- integration of environmental issues into contractual clauses with suppliers: the company reports that new suppliers are also hired based on environmental criteria.*

Coverage of the measures linked to supply chain management

The measures implemented cover the main purchases/suppliers.

*In 2016, 999 suppliers were screened, 19 were selected based on environmental criteria (corresponding to 1.9% of suppliers, accounting for 70% of Natura's purchase volume).*

The company has established some measures to manage the major biodiversity impacts in its supply chain.

- Traceability system for biodiversity sensitive materials.
- Cooperation with stakeholders to build capacities in this field
- Material substitution (R&D on alternatives to plant extracts/ plant oils/fake fur etc).

**Other measures to manage biodiversity impacts in the supply chain**

- *Traceability system for biodiversity sensitive materials: Natura reports that it has identified 100% of the manufacturers in the first link of the chain, and is working to extend the overall traceability of critical chains. The company discloses a map of its suppliers.*

- *Cooperation with stakeholders to build capacities in this field: regarding its use of palm oil, the company reports that through an international alliance, Natura entered into an agreement with the USAID (United States Agency for International Development) to continue developing projects that adopt the agroforestry system for cultivation of the oil palm (Natura invests in research to study alternative methods of palm cultivation since 2007). The company tested the replacement of palm monoculture with an agroforestry system, whereby oil palm cultivation is carried out alongside that of other plant species (producing higher yield of palm oil than under the traditional monoculture system; natural barrier against pests created by the diversity of plant species).*

**Scope of measures to manage biodiversity impacts in the supply chain**

These measures cover most of the Company' s materials and/or ingredients of high concern.

- Materials from bees (honey or wax)
- Animal skins (rare furs, snake and crocodile skins)
- Rare plant extracts
- Palm Oil
- Sea Minerals
- Other relevant materials

**Share of corrective measures vs problems uncovered**

A significant share of environmental problems uncovered in the supply chain were addressed by corrective measures.

*The company reports on the following indicators:*

- *Suppliers submitted to environmental impact assessment: 414 (2014), 409 (2015), 338 (2016).*
- *Suppliers identified as the cause of significant environmental impacts: 142 (2014), 128 (2015), 120 (2016).*
- *Improvement agreements signed (%): 94% (2014), 57% (2015), 44% (2016).*

*Of note: In 2016, the calculation criteria for the percentage of improvement agreements signed was changed, considering all suppliers audited during the year and only suppliers that completed the agreed upon improvement actions.*

**Stakeholders' feedback**

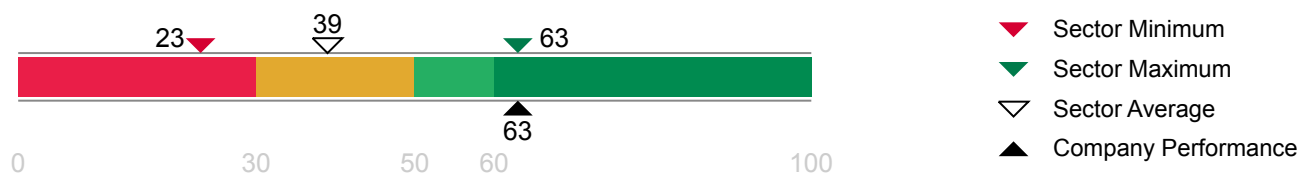
A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

*As of 10/2017, Natura Cosméticos did not appear to be involved in any controversy related to this sustainability driver*

<b>Leadership</b>	<b>39</b>	<b>Implementation</b>	<b>41</b>	<b>Results</b>	<b>65</b>
Visibility	65	Means & resources	30	Performance	65
Relevance	30	Scope	65		
Ownership	30	Coverage	65		

C&S2.4 Integration of labour factors in the supply chain

(score: 63, weight: 3)



Visibility of commitment

The company has made references to including social factors in supply chain management in its 2050 Sustainability Vision report.

Relevance of commitment

The company's social requirements for suppliers address the main relevant issues in the sector:

- Abolition of child labour
- Abolition of forced labour
- Health and Safety
- Prevention of discrimination
- Other rights: training of employees, social inclusion and private social investment

Ownership of commitment

The commitment applies throughout the company, supported by senior management.

Measures for supply chain management

The company has set significant measures to include labour factors in supply chain management:

- Integration of social issues into contractual clauses: Contracts signed with Natura's suppliers have clauses related to human rights, such as risks involving child labor and forced labor or similar. Suppliers are also chosen based on labour criteria.
- Supplier support to meet the company's social requirements: the company's Sustainable Supply Chain strategy is based on a methodology developed by Natura in partnership with international experts, includes socio-environmental criteria as well as traditional supplier selection parameters. The company provides training to supplying communities in the fields of health, safety, good management practices and organization management.
- non-compliance procedures for suppliers: audits are performed annually in each of the communities, generating action plans that are monitored until the next audit.
- risk assessments for suppliers: the company reports that it screens new suppliers from critical categories based on human rights criteria (child, forced labour, freedom of association).

Coverage of measures for supply chain management

The measures implemented cover the main purchases/suppliers.

545 people were trained in 2016. 1.9% of new suppliers were screened using human rights criteria in 2016 (Natura states that while the percentage of new suppliers from critical categories subject to assessment and monitoring is low in comparison to the total number of new suppliers, suppliers from critical categories account for approximately 70% of the total volume of Natura's purchases).

Audits of suppliers/subcontractors

The company includes social aspects in its standard quality audits of suppliers/subcontractors.

*in 2016, 100% of supplier communities were reportedly audited by our Socio-biodiversity Chain Verification System, developed jointly with the UEBT (Union for Ethical BioTrade) and accredited by external auditors. This procedure looks into labor issues, organization management and good production practices, and ensures the tracking of production chains,*

**Share of corrective measures / problems uncovered**

The company tracks the number of non-conformities but explicitly states that there were no non-conformities detected last year in the supply chain.

*Incident monitoring is carried out by the Socio-Biodiversity Chain Verification System, which was implemented in all supplier communities in 2016, together with the UEBT (Union for Ethical BioTrade). This system has an indicator that monitors the risk of occurrence of child labor, slave labor or forced labor. There was no verified occurrence of child labor, forced labor or slave labor in the communities that supply Natura's biodiversity inputs. However, in some Amazon communities that sell biodiversity inputs, there are signs that there are children and adolescents working in its production chains, albeit in a family environment - a cultural tradition in some communities. This does not necessarily mean they are not complying with Natura's principles (i.e.: children who help their parents, but attend school, are not complying with the principles of ethical biotrade).*

The company reports on the following indicators:

- Suppliers submitted to labour impact assessment: 414 (2014), 409 (2015), 338 (2016).
  - Suppliers identified as the cause of significant negative impacts: 123 (2014), 120 (2015), 113 (2016).
  - Improvement agreements signed (%): 95% (2014), 54% (2015), 44% (2016).
- Of note: In 2016, the calculation criteria for the percentage of improvement agreements signed was changed, considering all suppliers audited during the year and only suppliers that completed the agreed upon improvement actions.*

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

*As of 10/2017, Natura Cosmetics did not appear to be involved in any controversy related to this sustainability driver*

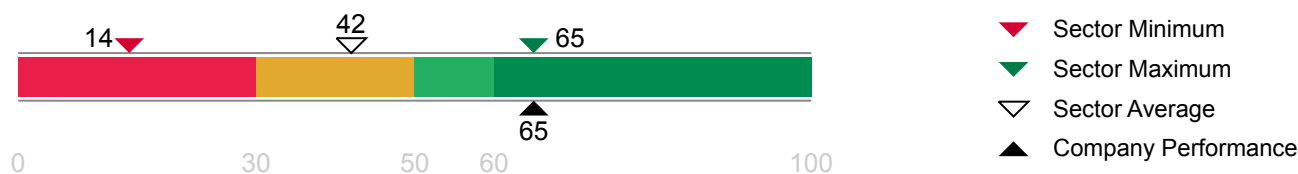
Leadership	48
Visibility	30
Relevance	65
Ownership	30

Implementation	59
Means & resources	56
Coverage	65

Results	82
Performance	82

C&S3.1 Prevention of corruption

(score: 65, weight: 1)



Visibility of commitment

The company has issued a formalised commitment to preventing corruption in its Code of Conduct. Also, Natura is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment

The company's commitment to preventing corruption addresses its main responsibilities:

- active/ passive bribery
- fraud
- illegal financing of political parties
- facilitation payments
- conflicts of interest
- gifts and invitations
- prohibition of facilitation payments

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.

The Ethical Committee is in charge of many issues including corruption within the company. The Ombudsman and Human Resources are responsible for the Code of Conduct.

*Of note: the company is part of the Business Pact For Integrity and Against Corruption (in July 2000), developed by the Ethos Institute, in partnership with Patri Government Relations and Public Policy, the United Nations Development Program (UNDP), the United Nations Office on Drugs and Crime (UNODC) and the Brazilian Committee of the Global Compact.*

Involvement of employees to prevent corruption

The company has instituted formal training programmes for relevant employees on corruption prevention.

Managers and non-management employees receive training on the following corruption topics: contracting suppliers; travel and accommodation; gifts, presents and other offers; fraud, bribery and corruption; proper preservation and use of company goods and resources; respect for corporate policies, standards and procedures; positioning in relation to the media, press and government; and public presentations. Employees also have to sign a statement that they have understood the Code of Conduct. Suppliers also undergo training on the Code of Ethics.

Means allocated to prevent corruption

The company has set up internal controls to prevent corruption, including a confidential reporting system, that include:

- Internal audits (internal verification of compliance with the company's code of conduct etc.): Natura's internal audit process includes tests and procedures that assess the control environment, including measures to prevent fraud and corruption.
- approval procedures for gifts, etc. by an independent department
- A non-confidential reporting system: All contacts involving ethical misconducts (including corruption cases) are reported to the Ethics Committee composed of the

senior vice presidents of Organizational Development and Sustainability, Finance, Investor Relations and Legal Affairs, by the People and Organization Director, and by the Ombudsman's Office.

- A dedicated confidential hotline or email address; the company has put in place an Ombudsman channel that is restructured involving the contracting of a partner specialized in business ethics, the expansion of the telephone service, which is now available 24 hours a day, seven days a week, in Portuguese, Spanish and English, and the creation of a website.

- the possibility to contact internal audit, legal or compliance departments directly & confidentially; the Ethical Committee can be contacted for any corruption related matters.

- due diligence in evaluating suppliers: with regards to corruption prevention, the company reports to conduct regular audits regarding payments and a few choice suppliers.

**Coverage of means allocated to prevent corruption**

The measures implemented cover all significant parts of the company as well as suppliers.

**Internal reporting on corruption incidents**

The company discloses quantitative data on the corruption incidents reported internally and on how they were handled:

In 2016, six cases of fraud were confirmed, none of which involved a public body. This number represents half the figure for the previous year. The six cases resulted in disciplinary actions for five employees (termination). As for commercial partners, there were no cases in which contracts were rescinded or not renewed due to an incident of this nature.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 10/2017, Natura Cosmetics did not appear to be involved in any controversy related to this sustainability driver

<b>Leadership</b>	<b>65</b>	<b>Implementation</b>	<b>53</b>	<b>Results</b>	<b>77</b>
Visibility	65	Means & resources	48	Performance	77
Relevance	65	Coverage	65		
Ownership	65				



C&S3.2 Prevention of anti-competitive practices

(score: 18, weight: 2)



Visibility of commitment

The company does not disclose any commitment to preventing anti-competitive practices.

Relevance of commitment

Ownership of commitment

Involvement of employees to prevent anti-competitive practices

Information obtained from company and public sources regarding reporting involvement of employees in preventing anti-competitive practices is insufficient.

Means allocated to prevent anti-competitive practices

Information obtained from company and public sources regarding reporting mechanisms to monitor anti-competitive behaviour is insufficient.

- approval procedures for contract prices etc. by an independent department
- the possibility to contact internal audit, legal or compliance departments directly & confidentially
- a dedicated confidential hotline or email address
- risk assessment of vulnerability areas within the company
- internal audits (internal verification of compliance with the company's code of conduct etc.)
- external audits (by an independent, external specialised organisation)
- external investigations of allegations

Coverage of means allocated

Internal reporting on anti-competitive incidents

The company discloses quantitative data on the antitrust incidents reported internally:

*The company reports that there was no record, in 2016, of any lawsuit related to unfair competition, trust or monopoly practices or significant fines or non-monetary sanctions resulting from non-compliance with laws and regulations.*

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 10/2017, Natura Cosmetics did not appear to be involved in any controversy*

*related to this sustainability driver*

<b>Leadership</b>	<b>0</b>
Visibility	0
Relevance	0
Ownership	0

<b>Implementation</b>	<b>0</b>
Means & resources	0
Coverage	0

<b>Results</b>	<b>53</b>
Performance	53

**C&S3.3 Transparency and integrity of influence strategies and practices**

(score: 12, weight: 2)



**Visibility towards stakeholders**

The visibility of the company's commitment to ensuring transparency and integrity of lobbying practices is insufficient.

*The company reports that in 2016, it became involved in public affairs through trade associations dealing with issues related to sustainability, such as the preparation of the regulation framework for access to biodiversity, the industry agreement on packaging, the national policy on solid waste and discussions on taxation. Moreover, it reports that it was involved in several associations that are involved in lobbying activities and engagements with policy makers. However, a commitment to transparency and integrity regarding lobbying activities is not visible.*

**Comprehensiveness of the commitment**

The company does not disclose any commitment to ensuring transparency and integrity of lobbying practices.

- to prevent any contrast with public international conventions (UN, ILO, OECD)
- not obtain or try to obtain information, or any decision, dishonestly
- not to misrepresent themselves to mislead third parties and/or staff of public authorities
- openly declare the company's business interests
- ensure that information provided is up-to-date, complete and not misleading
- not induce staff of PA to contravene rules of behaviour applicable to them
- if the company employs former staff of PA, to respect their obligation of confidentiality
- to be transparent on the amounts of donations to political parties/organisations

**Ownership of commitment**

The company does not disclose any commitment to ensuring transparency and integrity of lobbying practices.

**Involvement of employees**

Information regarding the involvement of employees in ensuring transparency and integrity of lobbying practices is insufficient.

**Measures allocated**

Information regarding measure allocated to ensure transparency and integrity of lobbying practices is insufficient.

- publication of detailed information on lobbying activities
- approval procedures for gifts, travel or other privilege by an independent department
- a dedicated confidential hotline or email address
- internal monitoring for lobbying budget
- internal audits for lobbying activities

- independent party for monitoring lobbying budget/external audit
- external investigations of allegations
- disclosure of the positions in the period of preparation of a debate and during the debate

**Coverage**

Information regarding the percentage of the company covered by such controls and measures is insufficient.

**Reporting**

The company does not disclose the budget directly and directly dedicated to lobbying practices.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 10/2017, Natura Cosmetics did not appear to be involved in any controversy related to this sustainability driver*

<b>Leadership</b>	<b>0</b>
Visibility	0
Relevance	0
Ownership	0

<b>Implementation</b>	<b>0</b>
Means & resources	0
Coverage	0

<b>Results</b>	<b>35</b>
Performance	35

Corporate governance

Score: 35

CGV1.1 Board of Directors

(score: 35, weight: 3)



**[LISTED COMPANIES] Existence and independence of Nomination Committee**

No specific committee is in charge of director nomination, which might raise concerns.

*The Company has a Corporate Governance Committee and a Organization and People Committee. However, these do not seem to be in charge of director nomination.*

**Independence of the Board Chairman**

The roles of Chairman and CEO are separated, but the chairman is not considered independent.

**Responsibility allocated over CSR issues**

The Head of CSR department/functions reports directly to the CEO/Board.

*The Company has an Ethics Committee responsible for the Code of Conduct, comprised of Vice-President of Finance and IR (Chairman), Vice-President of People and Culture, Legal Director and Compliance Office, Ombudsman, Employee representative and the CEO (in specific cases).  
Of note: the company has the plan to set up a Sustainability Advisory Committee, composed of outside specialists, who will assess the company's progress and help improve its strategy.*

**Share of independent shareholder-elected Board members**

Information obtained from company and public sources regarding detailed biographical information for all members of the Board of Directors is insufficient.

*At least 3 members of the 9 member board are not considered independent. Information on the other directors (for example on individual remuneration) is insufficient to determine their level of independence.*

**Diversity of the skills and backgrounds of the Board**

*The Board of Directors diversity appears to be partial:*  
- Board members with demonstrated professional experience in the company's sector of activities  
- Board members with demonstrated expertise on CSR issues: for example Guilherme Peirão Leal has participated in several social, environmental and business organizations such as Ashoka (Social Entrepreneurship) or the Advisory Council of FUNBIO (Fundo Brasileiro para Biodiversidade) and the WWF-Brasil (member of the council).

**Training and expertise provided to board members**

Training is provided occasionally.

**Regular election of Board members**

[LISTED COMPANIES] Board members are elected every year.

Board members are eligible for re-election following 1-year terms.

## Evaluation of Board's functioning and performance

The board conducts a self-evaluation in most years. In 2016, the Board of Directors carried out its biannual self-assessment analysis. The previous one had been carried out in 2013. The overlong period between analyses was due to the recent shake-ups in the board.

The main takeaways obtained from this assessment were the need for more integration between the board and the Executive Committee, pursuit of a structure that optimizes support for the organization and determination to achieve constant evolution in board procedures.

## Review of CSR issues at Board meeting

The formal CSR reporting has been signed by CEO/Chairman/Board, but there is no evidence that relevant CSR issues are reviewed at Board meetings.

## Regularity of and attendance at Board meetings

Regular meetings are held, and attendance rates are above 90%

In 2016, the Board held 4 ordinary meetings and 10 extraordinary ones. Attendance rates in 2016/2017 were between 90.9% and 100%.

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid > 1/2 executive salary	Represent > 3% company's shares	Other	Independency
A da Cunha Seabra			X						X				founder and controlling shareholder	
P Barreiros Passos			X						X				not considered independent by the company	
G Peirão Leal			X						X				not considered independent by the company	
Gilberto Mifano	Chair Audit, Risk Management and Finance Committee		X			X							not considered independent by the company	
M de Barros Lisboa			X			X	X							
F Colletti Barbosa	Chair Organization and People Committee		X				X							
S Silva Dias Lagnado			X											
Carla Schmitzberger			X											
R Oliveira Marques			X											

CGV2.1 **Audit & Internal Controls**

(score: 47, weight: 2)



**[LISTED COMPANIES] Existence and independence of Audit Committee**

No executive is a member of the Risk Management and Finance Committee. However, information on the members is insufficient to determine the level of independence.  
Of note: In addition to the 2 directors, the committee comprises of 2 consultants.

**Skills and backgrounds of Audit Committee members**

Members appear to have financial and audit experience and relevant operational experience.

**Operational and CSR risks covered by the company's internal controls system**

The internal control system covers the standard issues related to financial, operational, and legal risks. In addition, the system covers some of the CSR risks inherent to the company's business operations.

- Product safety
- human resources (talent retention)
- Climate change
- Socio-biodiversity

**Role of the Audit Committee in overseeing internal and external controls**

The Audit Committee has a limited role that includes:

- Oversee internal audit and internal controls
- Review accounting policies and be responsible for updates
- Nominate the statutory auditor
- Oversee the work of the external auditor

**Management of the CSR risks**

Limited processes dedicated to management of CSR risks appear to be in place:

- Balanced scorecard
- Risk-related training
- Monitoring of key risk indicators
- Reporting system to the Board
- Risk mapping/materiality assessment
- A Board Risk Committee with no executive part of it

**Independence of the firm's external auditors**

The audit firm receives non-audit fees, but these represent only 25% or less of total fees.  
Non-audit fees represented 7.4% of total fees paid to KPMG in the fiscal year 2016.

**Inclusion of CSR issues in the company's reporting**

The company publishes significant CSR reporting on key material issues, with an

*independent third party assessment of the reliability of key performance indicators, with limited level of the assurance by EY.*

## Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 10/2017, Natura Cosmetics did not appear to be involved in any controversy related to this sustainability driver*



CGV3.1 Shareholders

(score: 46, weight: 2)



**Nonexistence of voting rights restrictions**

The company respects the "one share - one vote" principle.

**Safeguards on transactions with major shareholder(s)**

Less than half of the board is independent. However, there are other safeguards in place to monitor transactions between the company and its major shareholder(s).

*In its Policy on related party transactions, the company reports that the Audit, Risk Management and Finance Committee monitors and manages Related Party Transactions as well as any potential conflicts of interest involving the executives, directors, officers and shareholders of the Company. The policy lays down the procedures and rules to be followed.*

**Ability to add items to the agenda of the AGM and to convene an EGM**

*No major restrictions were identified to convene an EGM, however, insufficient information is visible on thresholds to add items to the AGM agenda.*

**Access to voting at General Meetings**

There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

**Ability to vote on relevant issues in separate resolutions at AGM**

Not all major items are put to a shareholder vote.

*Selection of external auditors does not appear to be voted on at the AGM.*

**Presentation of CSR strategy to shareholders and investors**

*The company has presented to shareholders and investors its CSR strategy but this covers a limited part of the most relevant CSR issues.  
- Environmental strategy: The company presented progress towards its 2020 goals to shareholders (eco-efficient productive chains, carbon emissions, recycling)*

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 10/2017, Natura Cosmetics did not appear to be involved in any controversy related to this sustainability driver*

CGV4.1 Executive Remuneration

(score: 14, weight: 2)



**[LISTED COMPANIES] Existence and independence of Remuneration Committee** *No executive is a member of the Organization and People Committee, however, information on the members is insufficient to determine the level of independence.*

**Disclosure of senior executives' individual remuneration** *[LISTED COMPANIES] Executive remuneration is disclosed, but on a collective rather than on an individual basis.*

**Link between Short Term Incentive Plans and the performance of the company** *There is no disclosure on what rules guide the company in allocating bonuses and other short-term incentives to senior executives.*

**Link between the main Long Term Incentive Plan and the performance of the company** *Information on the rules and performance conditions guiding the allocation of long-term incentives to senior executives is insufficient.*

**Link between variable remuneration and CSR performance of the company** *Variable remuneration is said to be linked to CSR performance objectives, but these are not disclosed.*

- Product safety
- Eco-design of products and packaging
- Climate change/Environmental strategy
- Non-discrimination
- Labour standards in the supply chain

**Severance pay for senior executives** *Information obtained from company and public sources regarding severance pay for senior executives is insufficient.*

**Evolution of CEO-to-employee compensation ratio** *Information obtained from company and public sources regarding the compensation of CEO and the average employee salary is insufficient.*

**Stakeholders' feedback** *A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral*  
*As of 10/2017, Natura Cosmetics did not appear to be involved in any controversy related to this sustainability driver*

## Detailed Scores and Ratings

### CURRENT AND PREVIOUS RATINGS

Period	Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance
2017/10	++	+	+	++	+	=
2015/10	+	+	+	-	+	+
2015/09	+	+	=	-	+	+

### SCORES PER DOMAIN

Domain	Average Score	Leadership	Implementation	Results
Environment	52	59	52	34
Human resources	32	28	34	33
Human rights	48	41	50	53
Community involvement	57	42	58	73
Business behaviour (C&S)	39	31	30	58
Corporate governance	35	41	15	50

### SCORES PER CRITERIA

Sub-domain	Criterion	Score
Environment 1	1	57
	2	18
	4	95

Environment 2	1	50
	2	50
	7	40
Environment 3	1	55

Sub-domain	Criterion	Score
Human resources 1	1	9
Human resources 2	3	12
	4	47
Human resources 3	2	58

Sub-domain	Criterion	Score
Human rights 1	1	38
Human rights 2	1	42
	4	58

Sub-domain	Criterion	Score
Community involvement 1	1	57
	2	58

Sub-domain	Criterion	Score
Business behaviour (C&S) 1	1	38
	2	34
	3	48
Business behaviour (C&S) 2	4	63
	1	65
Business behaviour (C&S) 3	2	18
	3	12

Sub-domain	Criterion	Score
Corporate governance 1	1	35
Corporate governance 2	1	47
Corporate governance 3	1	46
Corporate governance 4	1	14

## Contacts

Analyst: Julia Sausen • [julia.sausen@vigeo.com](mailto:julia.sausen@vigeo.com)  
Research Manager: Julia Sausen • [julia.sausen@vigeo.com](mailto:julia.sausen@vigeo.com)

## Disclaimer

### **COPYRIGHT VIGEO EIRIS2018**

Vigeo Eiris provides its clients with information and/or analyses or opinion on factual, quantitative or statistical, managerial, economic, financial, governance, social, or technical data, in relation to companies, brands, products or services, assessed individually or with respect to sectors, regions, stakeholders or specific themes.

Vigeo Eiris, its methodology, brand, and employees, shall under no circumstances, be held responsible for any kind of consequence (including economic, financial, or legal) derived from the interpretation of its information, analyses, opinion, scores, and indicators. The terms of use of our products and services and their impacts stem from the sole responsibility of their users.

The above elements (information, indicators, analyses, scores, and opinion) do not include or imply any approval or disapproval on their content from Vigeo Eiris, its executive officers, or its employees. These elements do not represent in any way a guarantee, or reference of legal, moral, philosophical, ethical or religious nature, supporting or opposing any investment or divestment decision, or any standpoint or opinion expressed in favour of, or against companies, products, services, sectors or regions directly or indirectly mentioned in Vigeo Eiris' deliverables. Our deliverables are not, and should not, be considered as a form of financial advice or recommendation. No investment or divestment decision should be attributed to the information or opinion provided by Vigeo Eiris. Our products and services must only be considered as one of the many elements related to the financial decision making process. Vigeo Eiris, its methodology, brand, and employees, shall under no circumstances, be held responsible for any kind of consequence (including economic, financial, or legal) derived from the interpretation of its information, analyses, opinion, scores, and indicators. The terms of use of our products and services and their impacts stem from the sole responsibility of their users.

## Overview of the latest updates

Date of the latest update	Information updated
2018/07	Carbon & Energy Transition
2018/01	Sustainable Goods & Services
2017/10	<b>Full ESG profile</b>