program

Carbon Neutral

natura

program

Carbon Neutral

natura

Natura Credits

Overall Coordination
Ingrid Fang and João Teixeira
Collaboration
Andreza Souza, Bruna Menezes, Fernanda Facchini, Manoela Messias and Paula Contim

Partners

Copy
Bruno Leuzinger
Layout and design
Bruna Foltran
Impact measurement
Valuing Impact

photo : Anton Rusetsky - Unplash / cover: Vickholius Nugroho- Unplash

program

program

Since the Industrial Revolution, between the 18th and 19th centuries, we have begun to intensify the demand for natural resources and generate waste at an astounding rate. Since then, the average temperature on Earth has risen by 1.1°C. It would not be much if we were talking about a daily variation in the thermometer, but the consequences are serious in terms of the temperature of the actual planet, leading, for example, to a 20 cm rise in the level of the sea in the last century and ever more frequent extreme climatic events.

Human activity is the cause of this acceleration in global warming

due to the excessive emission of greenhouse gases (GHG), which are “trapped” in the atmosphere.

After the industrial revolution, the temperature of the plant increased

1.1°C

Paris Agreement

World leaders recognize the enormous risks the planets is running due to climate change.

In 2015, in the Paris Agreement leaders from all over the world recognized that exceeding the limit of 2°C above pre-industrial levels could cause catastrophic and possibly irreversible consequences for the planet and established national targets for the reduction of GHG emissions.

Slowing down global warming will not be an easy task. The IPCC – Intergovernmental Panel on Climate Change (a UN body for the analysis of scientific data) – advocates that we need to reduce anthropogenic emissions – that is, those caused by human action – by 50% up to 2030 compared with emissions in 2010 and to reach net zero emissions by 2050 in order to restrict the increase in the Earth's temperature to at most 1.5°C.

According to the 6th IPCC report, the damage and risks of climate change for Brazil, for example, may be seen in the reduction of water resources in arid and semi-arid regions, in the possible extinction of from 38% to 45% of the species in the Cerrado biome and an increase in torrential rains in the Southeast region,with a direct impact on agriculture – and also in the frequency and intensity of flooding in urban centers. Some regions in the country such as the Midwest and the Amazon may see temperature increases up to twice as high as the global warming rate.

Even with the revision of the nationally determined contributions (NDCs) of the countries that joined the Paris Agreement to reduce GHG emissions in 2020, if we maintain the current rate, the 1.5°C limit will be reached in just over ten years.

We are faced with a moment that requires mobilization and cooperation given that many of the solutions depend on technological development and articulation between different agents. Isolated measures to combat deforestation or to reduce emissions will not be enough to guarantee the planet's climate security.

Our future depends on a joint effort to balance the environmental, social, economic and cultural dimensions and this posture is a reflex of the new global economy and geopolitics, in which the climate issue is a fundamental component.

For this reason, many countries are adapting and assuming public commitments to reduce carbon emissions with decarbonization as the main development strategy for the next 30 years, together with the regulation of a global carbon market that ensures world climate integrity and avoids the duplicated accounting of reductions.

We are the 13th largest economy in the world and have a fundamental role to play in the efforts to drive climate balance on the planet. Brazil is home to 60% of the Amazon Forest, which exercises the function of regulating the climate, preserving air humidity. According to the research institute INPA (Instituto Nacional de Pesquisas da Amazônia), each large tree in the forest may evaporate over 1,000 liters of water a day!

Brazil houses

60% **of the Amazon forest.**

Each tree in the forest evaporates

1,000l **of water a day**

In this alarming conjuncture, Natura assumed the commitment to be a company that is Carbon Neutral

implementing a program that is broken down into internal actions and permeates its entire production chain, from the extraction of raw materials to the disposal of post-consumer packaging. We believe that the value and the longevity of organizations are linked with their capacity to contribute to the evolution and sustainable development of society and that together we can promote the actions necessary to reduce, mitigate and adapt to climate change. We invite everyone to get to know our initiatives so that we can make this journey together.

The Carbon Neutral Program

We believe in interdependence and that the actions of a person or company affect everyone else. Since its origin, Natura has pursued a course of enterprise with purpose. This means offering consumer goods within an ethic of sustainable development, seeking to foster socioenvironmental benefits with each product.

This outlook shapes our Vision of Sustainability, whereby in 2050 Natura will only have value if it is a company that generates positive impact. It was in this respect, that as early as 2007, we launched the Natura Carbon Neutral program to measure, reduce and neutralize the greenhouse gas (GHG) emissions generated not only by Natura, but by our entire chain, from the extraction of raw materials to post-consumer disposal.

We chose carbon because of its transversal nature, which permits us to address a number of fronts, such as energy efficiency and renewable energies, as well as being a driver for the choice of materials and ingredients for our products.

The idea is to adapt our activities to the balance of the planet, favouring its biodiversity and using its resources consciously and intelligently, combining the best in cosmetic science with the traditional knowledge of the communities involved in the Brazilian social biodiversity ingredient chain.

To encourage and reward the efforts of all our employees in this area, since 2009, we have linked Natura's GHG emissions indicator to the company's Profit Share scheme.

How a carbon neutral product is born

01

We started with the vision of transforming socioenvironmental challenges into opportunities for **INNOVATION** for our products, combining the best of science with nature.

02

Our **RESEARCHERS** use an environmental calculator that enables monitoring potential impacts from the conception of a product, enabling the company to make better choices.

03

We prioritize the use of sustainable **RAW MATERIALS** that stimulate a regenerative economy and contribute to the maintenance of the forests.

e.g.: 93% ingredients of natural origin, 93% of rinsable formulas biodegradable, development and research into agroforestry systems (AFS), use of Brazilian social biodiversity ingredients, organic alcohol in 100% of perfumery products.

04

We develop **ECOLOGICAL PACKAGING** with aesthetics, functionality and lower impact.

e.g.: refills, green plastic, post-consumer recycled materials (PET, plastic retrieved from the coast, glass and paper).

05

Our **SALES** and **DISTRIBUTION** are conducted through our consultant network,online sales and physical stores,optimizing the distribution of our products through an intelligent logistics system, prioritizing waterway and maritime transportation. We promote reverse logistics, and shared responsibility throughout our chain.

06

We know **WE ARE NOT PERFECT**. While we cannot find technological solutions that ensure our products do not emit GHG emissions, **WE ARE 100% CARBON NEUTRAL**

First step: mapping emissions

The inventory maps the GHG emissions from our entire value chain, from the extraction of the raw materials we use in our products, through production and distribution, to the post-consumer disposal of these products.

This process has three stages (also called “scopes”), in accordance with the GHG Protocol, an internationally validated methodology.

DIRECT EMISSIONS
generated by the company in its industrial activities

DERIVED EMISSIONS
from the energy acquired and consumed by the company

INDIRECT EMISSIONS
related to the extraction of raw materials, employee transportation etc.

Measuring is important, but it is not enough

Decarbonizing our business and its value chain is the way to truly transform the status quo. An idea that now permeates the entire production chain, from the choice of inputs to post-consumption. To make this happen, **in 2020, we established the target of becoming Net Zero by 2030, removing the absolute quantity of residual carbon that we have been unable to eliminate from the atmosphere.**

How is a carbon neutral product is born?

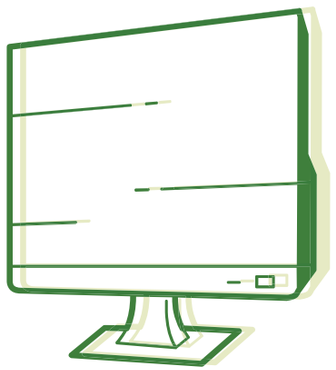
Imagine how incredible it would be to have a calculator that estimates a product’s entire environmental footprint, from the formula to the pack. This tool exists. Developed by Natura, this is one of the results of the Carbon Neutral program, and it has been applied as a differential in decisions about the environmental footprint of products (ensuring greater accuracy and transparency in the inventory and in emissions reduction). Since 2009, our researchers have used this tool in the creation of products (from perfumes to lipsticks, for example); from the list of ingredients in the formula to the components in the packaging, the calculator assesses the emissions from each element in CO_2 equivalent, enabling us to predict and reduce the product’s impact right from the conception phase!

Innovate to reduce

The challenge of reduction drives innovations inside Natura, resulting in initiatives such as:

Social selling

We transformed our main communication mechanism, the Natura Magazine, into a digital and interactive asset, no longer printing and disposing of a large number of magazines

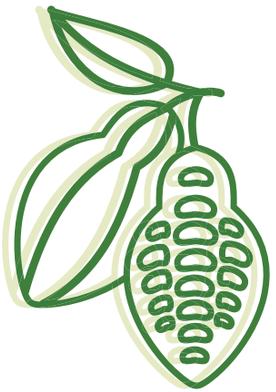


Palm AFS – Palm oil and regeneration

Planting palm in an agroforestry system (AFS) offers a more biodiverse production model, avoiding deforestation, promoting regeneration of the soil and contributing to a reduction in the greenhouse gas emissions associated with the palm oil (dendê) production chain.

Ingredients of natural origin

Our choice of renewable, natural and biodegradable ingredients is directly associated with the work in the production chains of these inputs. We prioritize the use of ingredients of natural origin, currently present in 93% of our formulas. Moreover, 93% of our rinsable formulas are biodegradable.



Materials of renewable origin

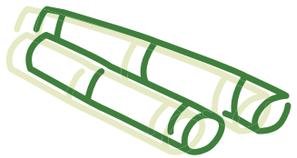
In our packaging, we promote the use of materials of renewable origin (for example green sugarcane-based PE, rather than materials of non-renewable origin (fossil).

Refills

We pioneered the use of refills in the cosmetics industry in 1983. Today we have refills in diverse categories, such as, haircare, body, deodorant, makeup, oils, liquid soap, anti-signs products and in perfumery too!

Innovate to reduce

The challenge of reduction drives innovations inside Natura, resulting in initiatives such as:



Organic alcohol

Grown without chemical fertilizers, crop defence products or burning, organic sugarcane helps to regenerate life on over 23,000 hectares of farms that integrate organic cane plantations with areas of native vegetation, which are home to over 340 species of vertebrate animals, increasing the volume of water in streams in the region by 30%. Since 2007, Natura has used organic alcohol in 100% of its perfumery products.

Recycled materials

We promote the use of post consumer recycled material in our packaging. The Ekos line uses 100% recycled PET and our perfumery uses up to 30% recycled glass. We also promote the use of cartons with recycled paper. In 2020, we launched Kaiak Oceano. Its pack, in addition to recycled glass, uses plastic retrieved from the Brazilian coast and does not have any cellophane. In 2019, in partnership with Heineken during the Rock in Rio festival we recovered and recycled around 10 tons of plastic cups to transform them into lids for Deo Spray Corporal Humor.

Natura Elos Program

The Natura Elos Program establishes shared responsibility between Natura and its packaging suppliers, recycling cooperatives, and manufacturers for the recovery of recyclable materials and their reincorporation into our packaging. In 2020, we reached the mark of over 10,000 tons of waste recovered in Brazil and in the Hispanic countries.

Reverse logistics in the Natura and The Body Shop stores

We launched an appeal for society to participate in building a better world by means of our reverse logistics program. For every five empty packs handed in to Natura and The Body Shop stores in malls all over Brazil, our customers receive a gift.

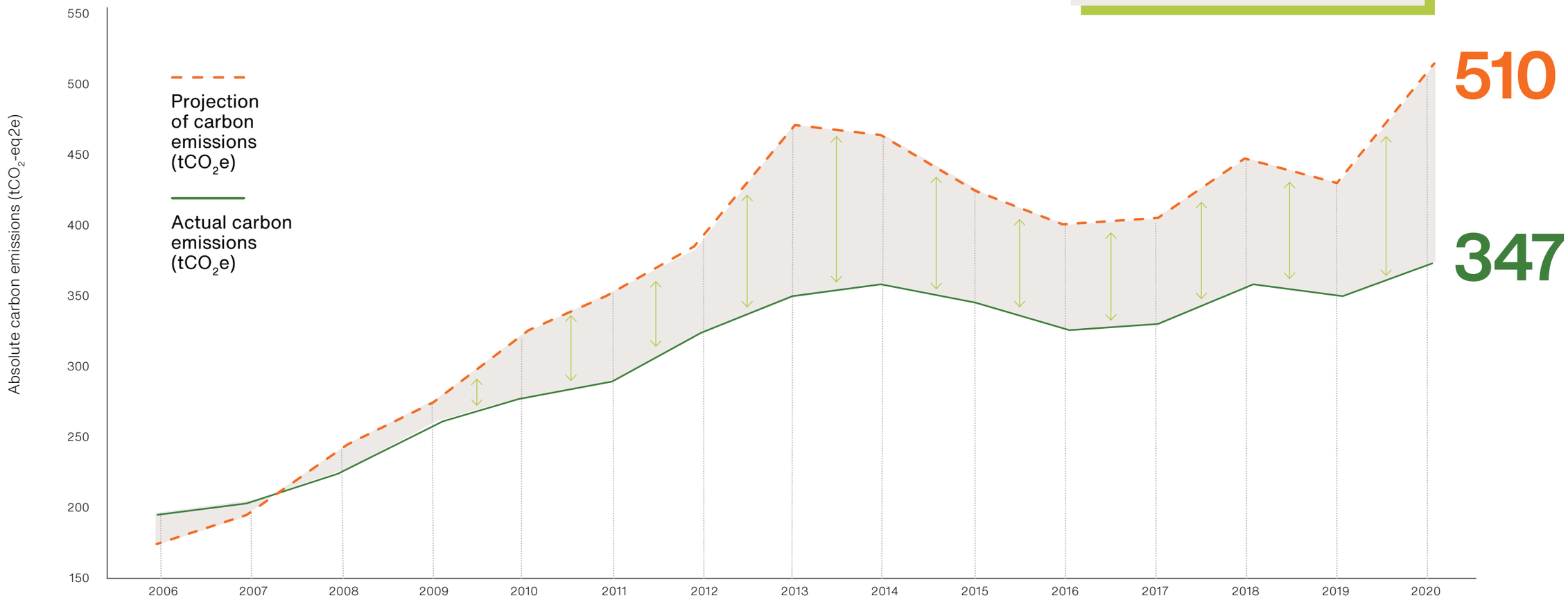
More eco-efficient transportation processes

We promote the use of fuel of renewable origin, such as ethanol, to power the vehicles of our executives and our sales force. Our product distribution employs an intelligent logistics system, we prioritize the use of fuel of renewable origin and the use of maritime transportation.

Results Achieved

Emissions Reduction Projects

More than **1.28 MM tons of CO_2 avoided** throughout the program



How do we offset our emissions?

The GHG emissions that we are still unable to avoid are neutralized by means of projects that have a proven positive impact for the climate and for social biodiversity.

Since the beginning of the program, Natura has worked on offsetting 100% of its emissions. In Latin America, the emissions offsetting initiatives are undertaken voluntarily by actors in the private sector, based on their different business commitment strategies. This practice is still not common in the market and reinforces commitment to our 2050 Sustainability Vision.

43
Offsetting projects supported by Natura

36
in Brazil

7
in the other countries in Latin America in which Natura has operations: **Argentina, Chile, Colombia, Peru and Mexico**

13 years
of the Carbon Neutral Program

In 2020, we commemorated 13 years of the Natura Carbon Neutral program. When a company decides to neutralize its emissions, in addition to mitigating its impacts on climate change, it fosters sustainable development measures allied with a climate agenda, such as: job generation, training, technology transfer, strengthening of local economies, women's empowerment, protection of biodiversity and water resources. Periodically we launch a public call for proposals to select projects that drive climate and socioenvironmental benefits, aligned with our values and beliefs, in an equitable and transparent way.

Valuation of co-benefits

Identifying monetary value helps make the relevance of the projects tangible.

At Natura, we valuate the socioenvironmental impacts generated by the offsetting projects, arriving at numbers that reveal the the positive impact of our measures during the more than 13 years of the Natura Carbon Neutral program. In total, the social and environmental impacts generated by the projects are valued at the equivalent of BRL 1.8 billion, which means that on average, each BRL 1 invested generates BRL 32 in benefits for society (SROI, 2012 [1]). This result encompasses the aspects of human health, community development, ecosystem services and climate change. The investments are relative only to the amounts disbursed by Natura in the purchase of offsetting credits, they do not cover the cost of acquisition of land, for example.

The social and environmental impacts are equivalent to

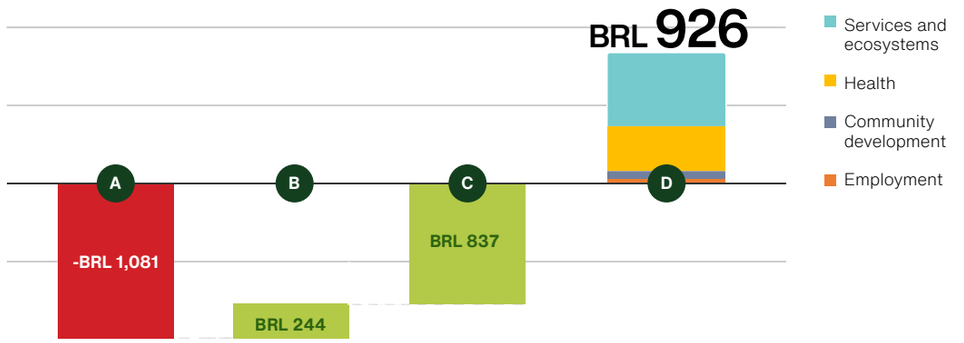
BRL 1.8 b

1:32

For each BRL1 invested generates in benefits are generated for society

Socioenvironmental Balance Sheet of the Carbon Neutral program from 2007 to 2020

Valuation of impacts generated (in MM BRL)



In a balance of the carbon emissions and the co-benefits generated, we have a net positive result of BRL 926 million.

A PROJECTED EMISSIONS:
Projected impact between 2007 and 2020 if the Carbon Neutral program did not exist.

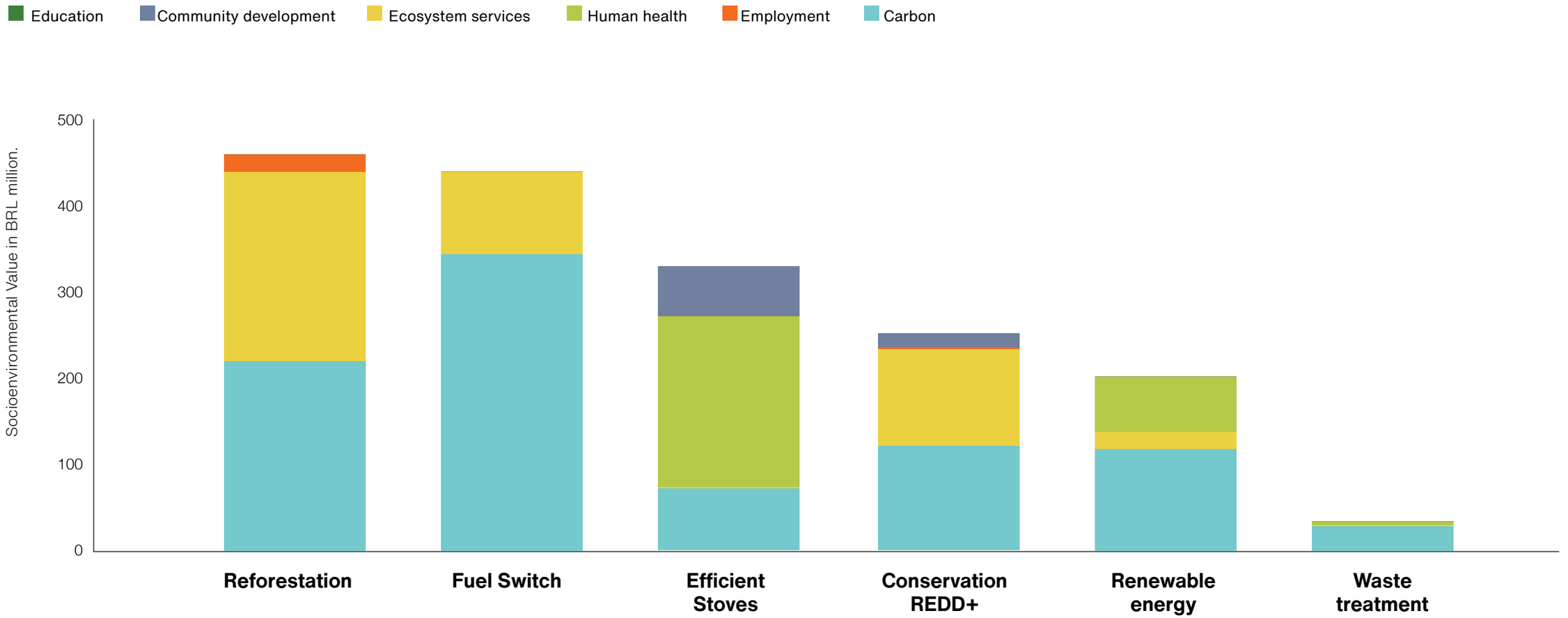
B REDUCTION IN EMISSIONS:
Impact of emissions avoided with improvements in processes to reduce emissions between 2007 and 2020.

C OFFSETTING OF EMISSIONS:
Impact of offsetting carbon emissions occurred between 2007 and 2020, eliminating the effects of climate change.

D CO-BENEFITS GENERATED:
Other benefits generated by the carbon offsetting projects according to the nature of the project.

Valuation of Benefits by type of project

Benefits generated between 2007 and 2020 (million)



Valuation methodology

The socioenvironmental impacts are calculated based on mapping the changes resulting from the actions generated by the project.

And this is the approach proposed by the Natural Capital and Social Capital Protocols (NCC 2016 and WCSD 2017) and also by the Social Return on Investment method (SROI, 2012) [1,2,3]:

01 Activities

Activities that affect the social or environmental capitals

02 Results

The results of the activities in question

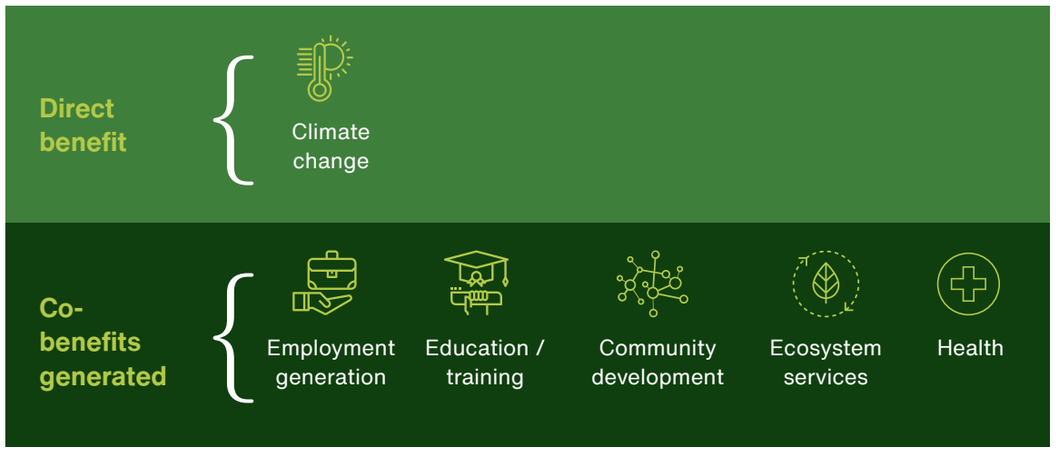
03 Outcome

Changes generated in the lives of the people involved

04 Final impacts

Long-term alterations that alter people's well-being

Aspects evaluated



The mapping of the impacts caused was undertaken for each topic evaluated. The first phase of the calculations comprises identifying and quantifying the changes generated (such as, for example, the number of people directly impacted with improved health or the hectares of forest protected by the projects).

The next steps involved quantifying the outputs and the final results (outcomes and impacts) with the application of the methods of valuation of the socioenvironmental impacts. The valuation methods translate the perception of the value of the impact generated for people and for the planet. In some cases direct valuation methods or market cost methods are used – such as, for example, the value of the remuneration obtained from the jobs generated.

_

In appendix 1 there is more on the premises and references used.

Map of offsetting projects

Eco-efficient Stoves - Kalunga People

SROI*: BRL 1 : BRL 38
Total benefit for society: BRL 21.6 million

- 3,000 families benefited by the program;
- 18 hours a week saved in collecting firewood;
- 30,000 tons of GHG emissions avoided in the atmosphere.

REDD+ Agrocortex

SROI*: BRL 1 : BRL 17
Total benefit for society: BRL 2.5 million

- 186,000 hectares of forest area conserved ;
- Non-emission of 15,000 tons of GHG.

REDD+ SUPP – Fondo Accion Colombia

SROI*: BRL 1 : BRL17
Total benefit for society: BRL 6.5 million

- 47,667 hectares of forest area conserved
- 600 families benefited by the program;
- 40,000 tons of GHG emissions avoided in the atmosphere.

Circular Carbon Project

SROI*: BRL 1: BRL 80
Total benefit for society: BRL 12.8 million

- 109 families participating
- Deforestation in participating properties (0.93% per year) less than half of rate in surrounding area (1.9% per year);
- 190 hectares conserved;
- Non-emission of 104,000 tons of GHG.

Multi-Species Reforestation Project

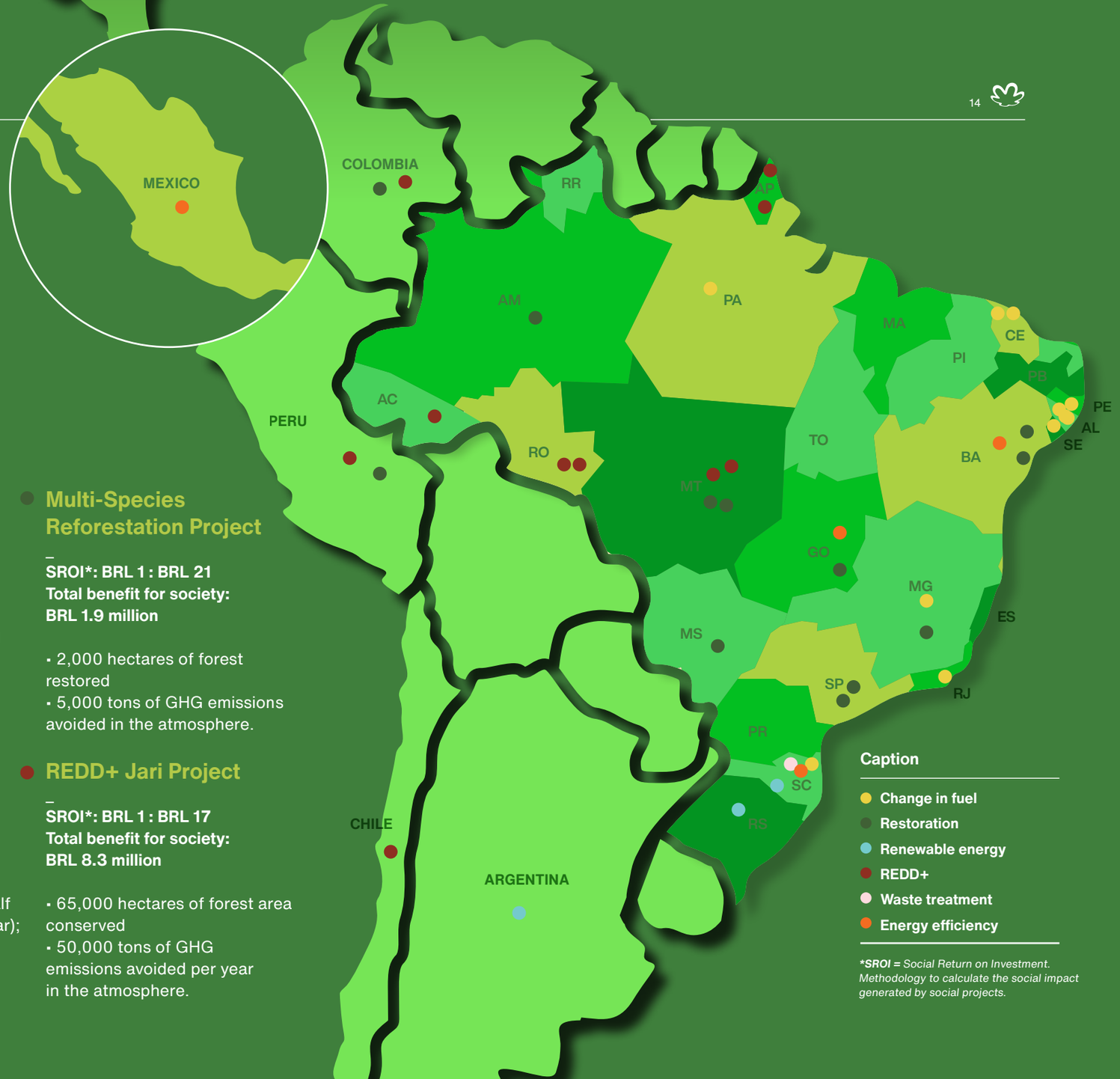
SROI*: BRL 1 : BRL 21
Total benefit for society: BRL 1.9 million

- 2,000 hectares of forest restored
- 5,000 tons of GHG emissions avoided in the atmosphere.

REDD+ Jari Project

SROI*: BRL 1 : BRL 17
Total benefit for society: BRL 8.3 million

- 65,000 hectares of forest area conserved
- 50,000 tons of GHG emissions avoided per year in the atmosphere.



***SROI** = Social Return on Investment. Methodology to calculate the social impact generated by social projects.*

Efficient Stoves

Three billion people in the world depend on rudimentary stoves that use wood for cooking with little or no technology.

The damage caused affects the users themselves – 4 million people die every due to the use of these stoves (especially women and children) – as well as the environment, since the wood is taken from forests or from native vegetation fragments, which contributes to the degradation of these areas. In Brazil, it is estimated that 3 million households depend on wood for cooking.

Conducted in partnership with Instituto Perene, the Efficient Stoves project is aimed at transforming this reality. The efficient stoves are designed to produce the maximum amount of heat and to not permit the smoke to permeate the households and enter the lungs of the residents (with a 60% reduction in the amount of wood necessary).

Part of the cost of the stoves is paid by the family benefiting and the rest is financed by Natura via the offsetting program begun in partnership with Instituto Perene in 2008, the year in which the prototypes of the first stoves were developed.

A total of 10,700 families in the Recôncavo Baiano region have benefited from the program, which mainly impacts women and children.

The technology used in the stoves is well accepted by the population; there is significant focus on empowering the women in the community. The savings in time that would be spent gathering wood total up to 18 hours a week, enabling mainly the children and women to dedicate this time to other activities. In over 10 years of use, these eco-efficient stoves have avoided the emission of 270,000 tons of GHG in the atmosphere. In a similar project, Natura supported the installation of 4,467 stoves (from the total of around 17,000 units) in Mexico.

Main project goals:

Energy efficiency, reduction in forestry degradation and improved health and quality of life (principally for women and children) for families in rural areas.

REDD+ Agrocortex

The Agrocortex* project for Reducing Emissions from Deforestation and Forestry Degradation (REDD+) promotes the preservation of 186,000 hectares of forest in a priority area for the conservation of biodiversity, acting as a barrier to the expansion of deforestation in the area known as the “Amazon Arc of Deforestation”.

** winner of Voluntary Carbon Market Rankings 2020 award, in the Best Individual Offsetting Project category.*

The project is in place in the municipalities of Manoel Urbano, Pauini and Boca do Acre, in the states of Acre and Amazonas. It is estimated that there are over 400 species of birds in the area of the project, which represents around 20% of the total species catalogued in Brazil

Its sustainable forest stewardship plan, certified by the FSC, comprises a system of reduced exploitation impact combined with forestry stewardship techniques. The project also generates sustainable economic alternatives, by supporting the exploitation of non-timber forestry products as an income generation alternative for the nine riverside communities in the surrounding area.

Furthermore, there is investment in diverse benefits for these communities and for the region. Agrocortex is the largest employer in the state of Acre, generating more than 400 permanent jobs in regions with low socioeconomic development. 100% of the proceeds from the sale of carbon credits are reinvested in the project.

186,000 hectares

of forest preserved in a priority area for the conservation of biodiversity.

Main project goals:

Keeping the forest standing in priority areas for the conservation of biodiversity, and maintenance of carbon stocks. Generation of sustainable economic alternatives and 30% improvement in quality of life for the population in the region.

Multi-Species Reforestation Project

By means of reforestation, the ONF Brasil project favours the progressive return of the forest to its original state

By means of reforestation of degraded areas of old pasture land in the Northeast of Mato Grosso, the ONF Brasil Multi-species Reforestation project enables the progressive return of the forest to its original state, as well as permitting the integration and social development of local communities and fostering scientific research into the importance of the forest in absorbing carbon.

The area has over 2,000 hectares of reforested pasture land with more than 2.5 million seedlings of 50 native species; 20 hectares of restored Permanent Preservation Areas; and 1,815 hectares of consolidated Natural Heritage Private Reservations. The project also initiated the use of banana tree biofiltering, returning the water filtered by the roots of the plant, which absorb the organic residues, to the system.

The initiative also generates social benefits with environmental education and social integration projects that encourage the development of sustainable extractivism through training and models of sustainable activities, generating employment and income for 25 families. An example was support for the formation of the nut picker association Castanha-do-Brasil in the Jurena settlement.

Main project goals:

Regeneration of degraded areas through the capture of carbon from the atmosphere; dissemination of sustainable practices and restoration of the forest; environmental education; fostering research.

REDD+ SUPP – Fondo Accion

The REDD+ SUPP project (Sivirú, Usaragá, Pizarro y Pilizá) is located in the municipality of Bajo Baudó in the Chocó department in Colombia; it has the capacity to avoid emissions of over 207,000 tons of CO_2 a year.

The goal is to promote the the conservation of forest areas and their biodiversity by improved territorial management, ensuring the provision of ecosystem services in mangrove swamp areas.

It involves monitoring and the maintenance of carbon stocks; as well as the demarcation and monitoring of the territory with soil stewardship plans and the development and improvement of crops, the provision of assistance and added value for the products, commercialization of products, including sustainable fishing activities in the mangrove swamps.

With a view to promoting sustainable development, the project provides training in management and administration for the institutional reinforcement of the communities in the region (with a focus on gender in project governance), aimed at generating economic alternatives based on sustainable extractivism and the processing of non-timber forest products, such as açaí and coconut, as well as promoting small-scale fishing and sustainable tourism.

All the funds obtained by the project are invested in stewardship and protection of the forest and in elaborating initiatives proposed by the communities, aimed at driving improvements in healthcare, education and access to electricity.

The river Baudó estuary was recognized as a key location for the conservation of mangroves.

Main project goals:

Promote the conservation of the forest areas and their biodiversity through improvements in territorial management, guaranteeing the provision of ecosystem services in mangrove regions.

REDD+ Jari Valley

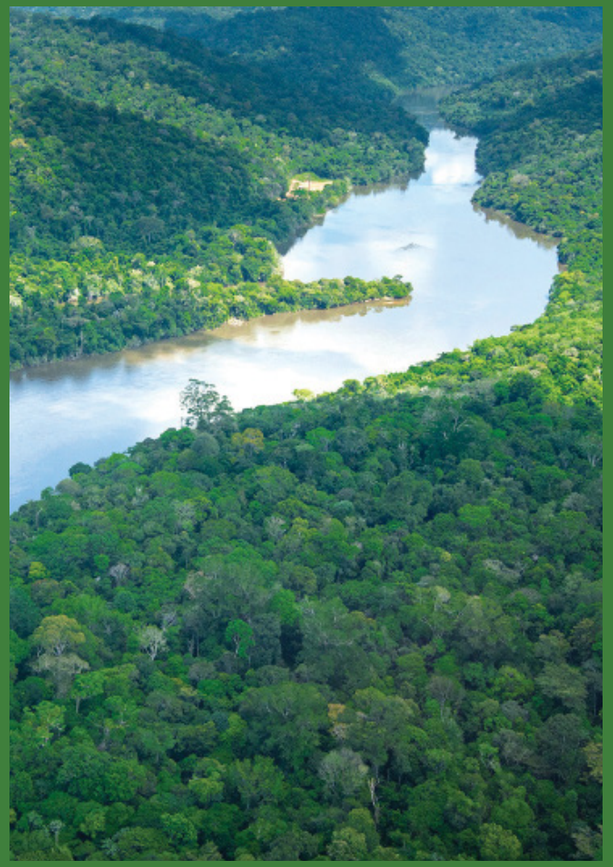
Aimed at ensuring the conservation of 65,000 hectares of forest and reducing potential greenhouse gas (GHG) emissions, the project is based on a local, economic development model that values the standing forest.

The project area is home to hundreds of rural families and is an ecological corridor, surrounded by diverse Conservation Units. In spite of its major ecological and social importance, this wealth of biodiversity isconstantly threatened by the degradation of the forests.

The project is a partnership between Biofílica Ambipar Environment* and the Jari Group. It promotes technical training in agricultural and forestry production techniques in accordance with the families' interest in encouraging the sustainable stewardship of forest products (timber and non-timber) in the Jari Valley region.

With training, improved access to technical and rural assistance, the creation of new spaces for community participation, accurate information on public policies and the reinforcement of social organization, the project expects to drive increased family income from constant production and revenue generation and expanded access to new markets. Food production and income generation without needing to open up new areas, perpetuating the benefits for the community, the climate and biodiversity

To ensure the conservation of the forest, there are regular patrols via waterways and land in the project zone, identifying and preventing deforestation, the illegal exploitation of wood and forest products, among other illicit activities.



Main project goals:

Conservation of the forest and reduction in potential emissions by promoting a development model that values the standing forest and promotes benefits for the climate, for the communities and for biodiversity.

** winner of the Voluntary Carbon Market Rankings 2020 award, in the category Best Project Developer – Forestry and Land-use*

Coffee in an agroforestry system

Planting coffee contributes towards a regenerative economy, transforming degraded areas into productive forests

With the goal of strengthening the low carbon economy in Apuí, in the hinterland of the state of Amazonas, the Agroforestry Coffee project is developed by Idesam, the Amazonas Sustainable Development Institute, and has been supported by Natura, by means of a call for proposal, since 2014.

In the project, cultivating coffee – by around 30 family producers in rural settlement areas – contributes towards a regenerative economy, transforming degraded areas into productive forests. The initiative drives environmental benefits both for the climate and for biodiversity and water quality.

Added to this is the extremely important social and cultural component, given that the project demonstrates that it is possible to generate income by means of sustainable production activities in a region characterized by deforestation caused by unsustainable production activities.

Main project goals:

positive socioenvironmental impact, income generation, reclamation of degraded areas and change in mindset about production activities in the region.

Suruís Indian Carbon Program

One way of stimulating the preservation of forests is to offer financial incentives for local populations, showing that trees can be worth more standing than felled. This is what we call REDD+ – or Reducing Emissions from Deforestation and Forest Degradation.

The initiative was implanted in the Sete de Setembro indigenous land, belonging to the Paiter Suruí Indians (this is an area of 2,480 square kilometres between Rondônia and Mato Grosso), which made Natura the first Brazilian company to buy carbon credits from an indigenous project. The company acquired credits equivalent to 120,000 tons of gas, which enabled the conservation of 732 hectares (the size of 732 football fields).

The funds paid by the company went to the Suruí Fund to finance the implementation of the activities set forth in its 50-year Territorial Management Plan, to provide support for the indigenous women by strengthening their handicraft activities and income generation, and to achieve FSC (Forestry Stewardship Council, an international non-profit organization), certification for the Brazil nut and babassu chains.

A project in collapse

The Tupi-Mondé Corridor, comprising seven indigenous lands (including Sete de Setembro), is one of the regions under the greatest pressures for deforestation in the Amazon. The main causes are the illegal exploitation of timber, followed by clear cutting and the introduction of pasture land and agriculture; invasions to expand the production areas bordering on the indigenous lands; and activities related to gold and diamond mining.

Unfortunately, the combination of these factors led to the collapse of the project. From August to December 2017 an area equivalent to 1,000 football fields was deforested. Such fragmentation is a serious threat to the biodiversity in this enormous forest mass and to the traditional life style of the populations living in the region (for further information, see the Deforestation Newsletter available at https://idesam.org/boletim-desmatamento-corredor-tupi-monde/).

Main project goals:

contain environmental degradation, improve the quality of life of the indigenous peoples, enhance forest protection and stewardship practices, support the indigenous women by strengthening their handicraft activities and income generation, achievement of FSC certification for the Brazil nut and babassu chains.

From now on

The challenge – perhaps one of the most difficult! – is to continue to discover ways of innovating to achieve the objective of our Sustainability Vision. And we know that we will only bring about true transformation if our solitary voice is joined by a chorus. Accordingly, two measures were fundamental for paving this route:

Compromisso com o Clima (Climate Commitment) Platform

The voluntary offsetting of greenhouse gas (GHG) emissions is an important component in combating climate change. By means of this, new financial flows are generated for projects and initiatives that promote the transition to a low carbon economy.

The Climate Commitment Platform, launched by Natura in partnership with Itaú Unibanco and the Instituto Ekos Brasil in 2017, continues to attract new companies to the coalition that connects these businesses with socioenvironmental initiatives that generate carbon credits.

Our goal was to make the initiative a benchmark to establish a network of companies engaged in mitigating climate change through the management and offsetting of their emissions. This is why we launched a platform aimed at bringing together developers of low carbon projects and companies seeking to neutralize their emissions: https://compromisso.ekos.social.

Currently more than 9 companies participate in the initiative: Natura, Itau, B3, Lojas Renner, MRV, Localiza, Grupo Raia Drogasil, Ifood and the Mattos Fillho legal office. In the coming years, the objective is to maintain the initiative as a reference in offsetting strategy in Brazil, being recognized as a platform that, in addition to offsetting, generates benefits aligned with the global commitments.

photo : Shane Rounce - Unplash

We want the initiative to be a benchmark for the establishment of a network of companies engaged in mitigating climate change, embracing our way of doing things.

Circular Carbon

Circular Carbon involves carbon compensation projects within the Natura production chain, remunerating communities for environmental conservation, aimed at combating deforestation in the Amazon.

To contain deforestation in the Amazon and to encourage family agricultural producers to conserve local vegetation, Natura developed its first project to pay for offsetting carbon within its own production chain, known as Circular Carbon (or Carbon Insetting).

The project was undertaken initially in partnership with the RECA cooperative (Cooperativa de Reflorestamento Econômico Consorciado e Adensado) of agricultural producers in Porto Velho (RO) and regions around Acre and Amazonas. With payment for environmental services within the company's own chain, a practice known as carbon insetting, Natura seeks to work with communities integrating three fronts: purchase of inputs, sharing of benefits for access to traditional knowledge/genetic heritage and forestry conservation. With this, the company is seeking to expand relations with the communities supplying social biodiversity ingredients in the region and to underscore that it is economically viable to reconcile production activities with keeping the forest standing - the lower the deforestation in the area, the higher the financial return for the agricultural producers for environmental services rendered.

photo : Alexandre Nogueira - Carranca Filmes

The RECA Cooperative, which has supplied ingredients for the Ekos line since 2001, is located in one of the regions most under pressure for deforestation both from livestock breeding and the exploitation of timber. In 2013, this is the reason the area was chosen for the pilot project developed in partnership with the sustainable development institute Idesam (Instituto de Conservação e Desenvolvimento Sustentável da Amazônia).

The audit undertaken in 2020 assessed the result of the community's efforts to reduce deforestation in the region between 2018 and 2020, showing impressive results: the average deforestation rate in the 88 participating properties corresponded to one fifth of the

The pieces of land and properties in the RECA project generated a significant contribution to forestry conservation, helping to consolidate the local economy and avoiding the opening of native forest for the expansion of pasture land and livestock production. The initiative creates a virtuous circle because it provides additional income for the ingredient suppliers and boosts the resilience of the chain. We intend to replicate this model in other communities in the Amazon region.

photo : Heather Shevlin - Unplash

average rate in the surrounding area. The results, verified by an independent third-party, confirmed the avoidance of emissions of over 73,000 tons of CO_2 in the atmosphere due to the reduction in deforestation.

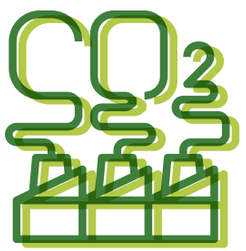
In 2017, RECA received its first payment for assuming the commitment to preserve a 5,000 hectare area of forest. The payment of these funds – which is made individually to the producer families and to a cooperative fund – is conditional on the annual production of an emissions report audited by an independent third-party. During the course of the project more than BRL 2.5 MM has been paid out to the beneficiaries.

Since 2018 and during the next 17 years, the monitoring of the areas and the distribution of the benefits will take place annually. The goal is to ensure that, during this period, the deforestation rate in RECA is reduced to zero and that other areas may follow the the same model, demonstrating that it is possible to create a model replicable in other regions of the Amazon oriented to forestry conservation and sustainable production.

The methodology developed for the project with RECA has been systematized and is public. This means that the initiative can be reproduced and applied by other companies, organizations and cooperatives that want to contribute to the conservation of forest areas. See: https://idesam.org/publicacao/guiametodologico-projetos-redd.pd

Some social, economic and environmental benefits generated by the Carbon Neutral program

4 m
tons
of carbon
offset



14.7 m
kg of waste
reused

21,750
hectares
of forest restored or
maintained (equivalent to
21,750 football fields)

BRL 1.8 b
equivalent in the
generation of
environmental, social and
community services

120,000
tons
of non-renewable
fossil fuels
avoided

15,588
families
impacted
directly

1,391 gwh
of renewable electricity
produced (annual electricity
consumption of 107,000
families)

1,874
jobs
generated

BRL 14.3 m
in income generated directly
by the projects

Because there is always hope, we never give up.

We have already done a lot. We need to do more. Together.

Over the years, we have joined forces to amplify our messages for the world. We acquired Aesop, we further extended our global presence by joining up with The Body Shop and recently we welcomed Avon. Today, as the Natura &Co mother company, we want to build the best beauty company FOR the world.

There are almost eight billion of us occupying a single planet. Our lifestyle – fast, voracious, based on a consume and throw-away culture – is in contrast with the slower rhythm of nature. It has a brutal effect on the ecosystem and puts all the resources necessary for all animal and vegetable species at risk.

The Earth is our home, the only one we have. We cannot just sit back and deposit all our hope in the authorities. Combating global warming and the damage caused by human activities are missions that transcend the role of governments. They need to engage the whole of society, people and companies. We have already done a lot, and we know we need to do much more. We also know that by ourselves we will not get anywhere. Interdependence is an elementary principle. We need to formulate a pact with our partners, suppliers, consumers and our entire relationship network to expand and extend understanding of the environmental issue, driving and leveraging a new business mindset attuned with respect for nature.

On course for net zero

The next step will be to achieve net zero emissions, which means balancing the volume of emissions released in the atmosphere with the amount of carbon removed. This requires a primordial focus on emissions reduction and on increasing the sequestering of GHG through activities such as restoring forests and technologies to capture and store carbon.

We understand that this is a challenge for mankind and as such requires an essentially collective construction. This is why our strategy involves mobilizing diverse key actors in our relationship network, including employees, third-parties, partners, suppliers, investors and customers, to decarbonize our value chains. Transforming our business into Net Zero depends on a series of interconnected initiatives:

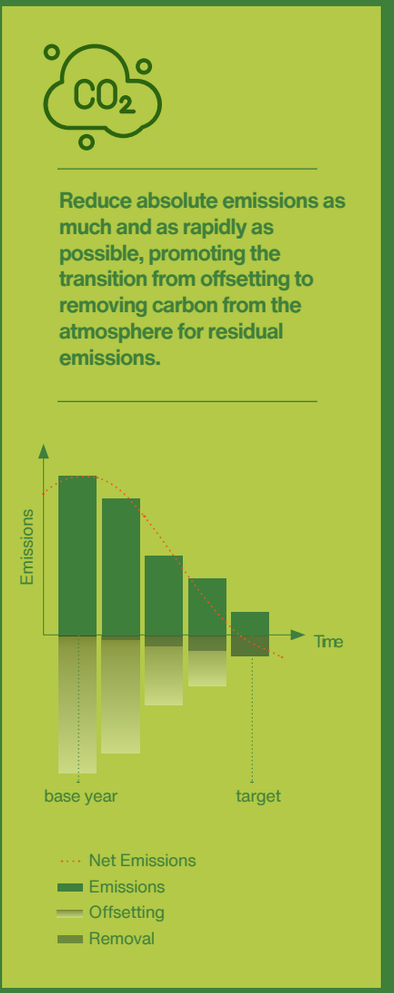
- The operations area including low carbon chain criteria in the selection of suppliers;
- the inclusion of low carbon criteria in financial modelling and the assessment of climate risk in the allocation of capital;
- Ecodesign in research and development plans to enable projects with a lower carbon footprint;
- Mobilization and engagement of employees to boost awareness of this issue;
- Adoption of circular economy principles;
- Marketing and communication campaigns for consultants and consumers on the importance of each one doing their bit to eliminate emissions;
- Senior management must incorporate this issue into strategic planning and the company structure.

This is Natura's path. Our ambition is to reach net zero by the end of this decade together with the other Natura &Co group companies, 20 years ahead of the deadline set by the UN for the entire world to reach this balance.

Our climate-related strategy is interdependent on the valuation of social biodiversity, the promotion of a forest bioeconomy and regenerative solutions.
We have advanced and will continue to evolve in increasingly natural formulas and circular packaging. Our challenges still include decarbonization of the energy matrix and zero carbon product transportation.

We will adopt Science Based Targets (SBTi), already under development, so that we can progress in our emissions management agenda in tune with scientific knowledge. Which will also shape our efforts in alignment with the global agenda.

Our destiny depends on what we do from now on, to care for our home, for our planet. The future is in our hands. Let's build it together?



Appendix 1

Examples of premises and indicators used:

The valuation calculations were developed with support from the Valuing Impact consultancy and are aligned with the main global guidelines in the impact valuation area such as Social Return on Investment (SROI 2012) methodology, the Natural Capital Protocol (NCC 2016) and the Social Capital Protocol (WBCSD 2017).[1,2,3]. The process starts with mapping the changes occurred based on actions generated by the projects as mentioned in the valuation methodology box. Then the impacts generated or avoided by the offsetting projects are quantified. For example:

a. Total carbon sequestered in tons of CO_2e
b. Area reforested or area of deforestation avoided (REDD+) in hectares
c. Number of families impacted directly in healthcare with new eco-efficient stoves, for example
d. Reduction in time spent collecting wood with the new eco-efficient stoves
e. Number of jobs sustained by the projects
f. Number of hours training provided
g. Amount of renewable energy generated by hydroelectric and wind-powered sources

–
The duration of the projects was also taken into account in the calculations.

The second stage was to understand which changes were caused proportionally to the activities undertaken by Natura and which were the final consequences generated for society. Among the main rationales are:

a. The impacts on climate change are based on the globally known factors of the Social Cost of Carbon. This number is constructed by projecting the social and economic impacts arising from the final consequences of climate change such as losses in agriculture, rise in the sea level, impacts on health, among others. [4]

b. The values of the ecosystem services were calculated based on the cost of replacement or substitution of the ecosystem services affected. For example, the purification of water by soil filtering is an ecosystem service provide free of charge by nature whose capacity can be exhausted by intensive use of the soil. Monetizing the impact in this case is based on the cost of conventional water treatment.[5]

c. The impacts on human health were calculated based on the amount of air pollution from particulates (PM10) [6] avoided by waste management projects in pig breeding or by the reduction in health impacts generated by eco-efficient stoves [7] and how much this avoids health impacts in accordance with data bases. The valuation technique is called the direct valuation method and translates how much people would be willing to pay to avoid diseases or how much they would like to receive to compensate for the damage caused to their health.

d. The impacts on community development of the conservation project (Circular Carbon/RECA) consider the support given by the project to obtain land deeds and the impact of loss of production adopted as an approximation of the value of the impact in BRL. In the case of the eco-efficient stoves, the gain in time in gathering wood due to the greater efficiency in the way these stoves burn permits people to use this time to do other work. The local median salary was adopted as opportunity cost. [8]

e. The impacts due to the jobs created for the development of the projects were approximated based on the local FTE minimum salary, discounting future flow.[8][9]

f. The impacts generated by the training activities were calculated based on better opportunities for employment and income in the future. Calculations done using national statistical bases and applying future cash flow discounts.

g.The impacts generated by the sources of renewable energy on ecosystem services, carbon emissions and human health were accounted for by comparing the impacts generated by the energy matrix of the countries in question .[6][10]

The amounts are expressed in BRL monetary units, and take into account the impacts of the projects over the period contracted. In general, the forestry projects (conservation and reforestation) are contracted for a period of 30 years and the remainder for a period from 5 to 10 years.
The valuation of the carbon impacts was in accordance with the year of the call for proposal for the contract. For effects of economic correction, we used the factor of 3% per year referring to the increase in the stock of carbon in the atmosphere and global economic growth measured by GNI, PPP (PwC, 2015). For the other topics the impacts were measured with the median valuation for 2017, while for the projects selected between 2018 and 2020, the amounts were revised and restated in 2021.

In the calculation of Social Return on Investment (SROI), only the cost of the carbon credits paid by Natura were considered and not the total costs of the projects mentioned.

–

Some of the references used in the calculations:
[1]SROI, Social Return on Investment, 2012 https://www.bond.org.uk/data/files/Cabinet_office_A_guide_to_Social_Return_on_Investment.pdf [2]Natural Capital Coalition (NCC), Natural Capital Protocol, 2016 https://naturalcapitalcoalition.org/protocol/protocol-toolkit [3] Social Capital Protocol, 2017, https://www.wbcsd.org/Clusters/Social-Impact/Social-and-Human-Capital-Protocol/Resources/Social-Capital-Protocol [4]PwC. 2015. “Valuing corporate environmental impacts: PwC methodology document.” [Online] Available at: http://www.pwc.co.uk/sustainability-climate-change/total-impact/natural-capital-exploring-the-risks.jhtml [5] Cao et al. (2015) Aggregated indicator to assess land use impacts in life cycle assessment (LCA) based on the economic value of ecosystem services. Journal of Cleaner Production. [6] Ecoinvent Life Cycle Inventory [7] https://hapit.shinyapps.io/HAPIT/ [8] wageindicator.org [9] The Gold Standard (2014) The real value of robust climate action – Impact investment far greater than previously understood. A net balance report for the Gold Standard Foundation. [10] IMPACT VALUATION OF THE LAS CRUCES HYDROELECTRIC PROJECT ON NATURAL AND SOCIAL CAPITAL. Available at: http://www.valuingnature.ch/resources/galeries/40/ImpactValuation_LasCrucesEN_27-11-25.compressed.pdf


natura