

Natura & Co Packaging and Circularity

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Eco *by design*

We have been steadfast in our commitment to circularity and sustainable packaging, aiming to achieve measurable and positive environmental and social impact. Our goal is to ensure that 100% of our packaging is either recyclable, reusable, or compostable. By 2023, we reached XX% progress, building on the 82.3% achieved in 2022.

Recognizing that 80% of a product's environmental impact is determined during the design phase, we prioritize eco-friendly decisions such as material selection, recyclability, refillability, and compostability. We aim to incorporate at least 50% recycled plastic material into our plastic packaging, often through fair trade schemes with waste pickers or social cooperatives, ensuring better working conditions and fair prices for collected plastic waste.

In regions lacking proper recycling infrastructure, we are committed to enabling collection schemes. For instance, Natura & Co Latam achieved 54% responsible disposal in Brazil through the "Dê a Mão para o Futuro" program, while Avon International runs a collection scheme in the Philippines.

Emphasizing reusable and refillable options, Natura pioneered refill ranges in 1983, today utilizing innovative materials like compostable plastic in the Biome range. The Body Shop offers refill stations in 850 stores across 32 countries, with plans to expand to all stores by 2024. These initiatives have prevented over 800,000 plastic bottles from entering circulation by the end of 2023.

In India, Plastic 4 Change revolutionizes packaging solutions by providing fair prices to over 2000 waste collectors, resulting in the collection of over 2000 metric tons of plastic waste since 2019, with half of The Body Shop's plastic packaging sourced from preexisting waste.

The Natura Elos Program fosters shared responsibility between the business and packaging suppliers, ensuring traceability, approval, and reverse logistics of materials. We also prioritize biodegradability in formulas, achieving a 100% biodegradability in our products. Moving forward, we utilize the scientific Product Environmental Footprint (PEF) methodology to measure the full environmental impact of our formulas across their lifecycle, from sourcing ingredients to consumer usage and beyond. Through initiatives like the Eco Beauty Score, we continue to innovate towards more sustainable practices and products.

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Working together *to measure impact*

In collaboration with over 70 global beauty and personal care companies, including industry leaders like L'Oréal, P&D, Unilever, Beiersdorf, J&J, and Shiseido, Natura &Co collaboratively established the EcoBeauty Score consortium (EBS) to develop a scoring system for communicating environmental impact to consumers. The complexity of evaluating environmental impact in the cosmetics industry, given the vast array of ingredients and geographical variations, necessitates a robust methodology and data-driven approach.

Over the past two years, the EBS consortium has laid the groundwork, including developing the methodology, database, and IT prototype tool. Currently, we are conducting a large-scale pilot involving more than 4,000 products from consortium members to refine the scoring scales, with plans to launch the system by mid-2024. The pilot includes testing products in strategic countries such as the US, China, France, and Brazil to gauge consumer understanding, preferences, and feedback regarding the label.

The insights gained from the EBS pilot will be integrated into our internal tools, allowing us to optimize our portfolio to minimize environmental impact and achieve favorable scores. Additionally, the EBS methodology will facilitate the adoption of circular models and support substantiated green claims. We are actively advocating for the approval of the framework under the new green claim directive, underscoring our commitment to transparent and environmentally responsible practices within the industry.



*Regeneration: the **new** frontier*

We are committed to embracing circular and regenerative solutions to address our most pressing challenges and drive positive systemic change, fostering healthier ecosystems and more resilient societies. Going beyond a "no harm" or "zero harm" mindset, we seek to generate measurable, positive impacts for society.

Regeneration is a dynamic concept with immense potential to combat climate change and biodiversity loss while reducing social inequalities and enhancing wellbeing. It entails promoting biodiversity, restoring ecosystems, and harnessing their capacity to provide crucial environmental services such as carbon sequestration, climate regulation, water purification, and soil fertility.

Our journey toward regeneration begins with regenerative agriculture, as defined by the Union for Ethical Biotrade (UEBT), which emphasizes practices that enhance biodiversity, restore soils, purify water, regulate climate, and support livelihoods. We have set ambitious targets to have at least 30% of our key ingredients certified as regenerative by 2030, supporting small farmers and communities in adopting ethical biotrade and regenerative practices.

As a founding member of UEBT since 2009, we have collaborated to raise awareness and build capabilities around ethical sourcing of natural ingredients, developing robust guidelines and frameworks to address challenges related to biodiversity protection, fair benefit sharing, fair prices, and sustainable use of wild species.

In 2023, we concluded a regenerative pilot assessment on six of Natura &Co's ingredients against UEBT's ethical and regenerative standards, including income and living wage evaluation in five countries (Brazil, Ghana, Namibia, Peru and Switzerland), five native species, two production systems and 14000 farmers and wild collectors and over 200,000 acres of land. The first ingredient certified was the Brazil nut, a key ingredient in the Natura Ekos Castanha Concentrated Moisturizer.

Our commitment to regeneration is demonstrated through initiatives such as piloting regenerative agriculture projects with Natura &Co's Commodities. For over 15 years, we have practiced regenerative palm cultivation in the Amazon, prioritizing environmental health and community well-being through science-based technology, natural pest control, efficient water usage, and fair compensation for local farmers.

Moreover, we are actively collaborating with strategic partners to accelerate progress, not only in formula ingredients but also in packaging materials, leveraging innovations to convert waste into polymers or chemicals.

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Rethinking regenerative **business**

Natura recognizes that traditional sustainability approaches may no longer suffice in addressing the increasing disconnect between humanity and nature, alongside rising social inequalities. This realization underscores the urgent need for businesses to adopt more transformative strategies.

In response, Natura has re-examined its core purpose of "Well being well," which centers on fostering holistic well-being in individuals and their relationships with others and the natural world. Guided by this ethos, Natura has redefined its strategic priorities.

Central to its renewed strategy is the concept of regeneration, defined as the dynamic process of restoring life in individuals, communities, nature, and their interconnected relationships. Regeneration is not merely a component of sustainability efforts; it has become the cornerstone of Natura's business strategy.

Regeneration also aligns with our commitment to balance profit with purpose. Through Natura's evolving Integrated Profit & Loss (IP&L) model, we go beyond traditional financial metrics to assess our economic impact comprehensively. In 2023, our calculations revealed that for every US\$1 in revenue, Natura generated US\$2.7 of positive societal impact – an increase from US\$1.5 in 2021.

!!!! SECTION FOOTER !!!!



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