



IMPACT CASE STUDY:

Natura's Commitment to Ethical Sourcing

Using a methodology developed in collaboration with outside experts, independent researchers evaluated the changes and effects observed by Natura and its supplier communities while working on and gaining UEBT certification.

UEBT's interest is to gain insight into the possible positive, as well as unintended negative, effects of its membership and certification programs on companies. It also seeks to communicate that information to stakeholders, as well as use the learning for improving the UEBT standard and related programs. This helps UEBT know if it is succeeding in its goal to contribute to a world in which people and biodiversity thrive.



About Natura

Natura is a leading Brazilian company in the cosmetics and personal care sector. They use hundreds of natural ingredients and have prioritized 28 that are collected or harvested by local communities from 73 supply chains. Natura is a founding member of UEBT and in 2016 they obtained UEBT natural ingredients certification for 40 supply chains from the Amazon.

Why Study Natura?

The company has been working for many years with UEBT, which allows for a long-term analysis (2007-2017). Natura also has a variety of supply chains, which allowed the researchers to look at different contexts and ingredients. Natura's work on improvements required by UEBT membership as well as extra steps involved in achieving certification, allows for insights on both UEBT programs.

Interviewed

- › 7 Natura staff, including managers and support personnel
- › 2 supplier cooperatives involved with Natura from an early stage (interviewees were presidents of the cooperatives; both had a strong role in UEBT requirements implementation)
 - ›› Comaru in Amapá state in Northern Brazil
 - ›› Camtauá in Pará state in Northern Brazil

Research methods

- › Audit data
- › Company self-reports
- › Semi-structured interviews with Natura staff
- › Semi-structured interviews with supplier cooperatives
- › Desk research
- › Validation with company and outside experts



Camtauá Cooperative: Better living and working conditions, but more to do on biodiversity awareness and actions

Camtauá is a cooperative of 35 families set up in 2010 to promote the commercialization of non-timber forest products. Today they supply andiroba and murumuru to Natura. Andiroba and murumuru are seasonally collected in different locations as well as in the community's forest reserve. The process – from collection to delivery of the dried product – takes between 6-8 months. Already

before the UEBT membership and certification process, Natura had been working with Camtauá to ensure sustainable sourcing. Socioeconomic actions were taken, and steps to improve safety since murumuru collection can be dangerous. The company also supported improved living conditions of the communities by increasing the added value of the processed products bought.

With the UEBT certification process, a monitoring and an assurance system was set up in the community. Cooperative members were visited and would receive training and support. The verification system has helped Natura with traceability of biodiversity inputs. An inventory system was developed to track volumes, storage conditions, and people involved in the harvest. Each year prices are negotiated with regard to logistics, harvesting conditions and environmental requirements.

There have been some unintended and challenging effects. Natura needs to guarantee that the local cooperative complies with the verification system's standards. Given the remoteness of the community, Natura relies on periodical auditing processes to ensure the monitoring of activities in the community/cooperative. Because the verification system is complex, it can be a challenge to see it both accepted and applied, and if market fluctuations suddenly require additional supply from outside the cooperative.

Nevertheless, living and working conditions have improved, and institutional capacity of the cooperative has increased. Biodiversity awareness, and other actions on environmental issues needs to be strengthened. Camtauá leaders report some difficulties regarding compliance with the Brazilian legal Forest Code as they were not aware of the rules and received no training on it. The cooperative has not yet worked on reforestation, but they would like to get more involved and learn more about it. Next steps will be focused on conservation awareness and practices, and training on the Forest Code.

Findings

Key positive changes observed by Natura:

- › Reinforcement of their sustainability strategy and corporate culture promoting biodiversity and equitable benefit sharing.
- › More effective sourcing including identifying risks, monitoring and coordinating across departments.
- › Improved traceability and verification that adds value in light of increased consumer awareness of biodiversity.
- › Enhanced stakeholder recognition for compliance with laws and with Ethical BioTrade principles.

Suppliers also recognized these benefits to their own business and to workers

- › They feel they are now important partners to the company and are more involved in decision-making.
- › They have better systems for traceability, quality and verification that allow for better supply chain management.
- › Professionalism has improved due to training and extension services.
- › Field operators feel more empowered in trading with Natura and other clients.
- › They see stabilized and diversified incomes, and improved awareness of workers' rights.
- › They feel their living conditions have improved.
- › They feel there is an increased willingness for young people to stay in the communities.

Actions Natura took

As required by UEBT ingredient certification and in line with Natura's own commitments, the company implemented the following during the period:

- › Defined risks and established systems in line with UEBT requirements
- › Developed company standard incorporating UEBT requirements.
- › Made resources and tools available, collaborated and shared expertise.
- › Created a new division within Natura to focus on verification, assurance and relations with the communities.
- › Conducted regular audits to check compliance and achieve UEBT certification.
- › Intensified collaboration to empower communities, including:
 - ›› Having Natura staff constantly in contact with the communities in the field
 - ›› Holding dialogues on Natura's standard based on UEBT requirements
 - ›› Providing training
 - ›› Providing access to personal protective equipments and facilities
 - ›› Setting up income generation opportunities through other partnerships with industry
 - ›› Promoting sustainable development projects






Factors that contribute

Factors were identified (see table below) that can generally slow down or support implementation of ethical sourcing. Some of the unintended effects are UEBT-related while others are company-related, supplier-related, or contextual. Factors were cited by Natura and community representatives and were offered as both specific to their own company experience and as generic observations. As different informants were interviewed, factors cited as both positive and negative can seem contradictory.

Supporting ethical sourcing

-  Improvement points identified in UEBT membership assessment stimulated actions to further advance biodiversity and social requirements
-  The approach proposed by UEBT stimulated the reorganisation of Natura internal monitoring system towards more effective and collaborative decision-making
-  UEBT advisory services helped in understanding and implementing requirements
-  UEBT standards guided the definition of Natura's own standard and checklists
-  UEBT Biodiversity Barometer raised Natura's awareness of how consumers think and stimulated the need for supply chains verification
-  Brazilian regulation on ABS required Natura to update its approach
-  Increasing use of biodiversity derived ingredients increased awareness in the company of the need to take more actions on sustainable use
-  Increasing demand from Natura consumers for sustainable and transparent products

Slowing down ethical sourcing

-  Increased work load and demand for resources
-  Limited staff understanding of management's vision behind the change
-  Limited staff openness to accept changes
-  Complexity of the verification system (due to UEBT and Natura requirements) slowed down its application and acceptance in the field
-  Complexity of the verification and traceability system limits the application to random suppliers that are needed in case of market fluctuation



Additional learnings

- › **Legal requirements, increased use of biodiversity, and consumer awareness drives action.** Following Brazilian law on ABS, Natura took steps and has been a pioneer on this in Brazil. Increasing awareness of Natura's dependence on biodiversity ingredients raised interest in taking actions for sustainability. Consumers demanding evidence on claims pushed Natura to increase traceability and transparency.
- › **Having a verification system contributes to more decisiveness in the field.** The Natura case showed that having a verification system in place with yearly audits contributes a great deal to regular interactions with producers and communities and drives actions along those lines.
- › **Complexity of requirements, resource constraints and lack of staff understanding of changes required slow down the process.** These factors create tension within companies and along supply chains and can slow down change. They have more of an impact at the field level than at the company level. The Natura case shows that field implementation, taking up audit recommendations (particularly on biodiversity) and building trust with communities can be slow processes.

For further information write to us at impact@uebt.org

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UEBT

De Ruijterkade 6, 1013 AA, Amsterdam, The Netherlands | Telephone: +31 20 22 34567 | Email: info@uebt.org

Representation in Porto Alegre, Brazil | Ghaziabad, India | Antananarivo, Madagascar | Hanoi, Vietnam

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