

Certification of Assets from Forest Products

Natura

Iratapuru is a community of 152 people “hidden” in an ecological paradise in the interior of the state of Amapá. It does not have electric lighting; two out of the three television sets work thanks to a generator. The only access is by boat. Iratapuru lives, and has done for decades, on the extraction of Brazil nuts, which is the main product in that region. For some months of the year, the men and women move to the nut areas, to extract the product and sell it – mainly to profiteers. A few months ago, Natura went to Iratapuru. The Brazil nut is one of the ingredients in Natura’s Ekos line – cosmetics based on products from the Brazilian biodiversity, and the company’s best bet to galvanize its strategy for internationalization. However, Natura does not intend just to buy the yield from the work of the nut gatherers or of the gatherers of buriti (*Mauritia flexuosa*), andiroba (*Carapa guianensis*), passion fruit and yerba maté (*Ilex paraguariensis*), which are spread around the main Brazilian ecosystems. The idea is that these assets be used in a social, cultural and ecologically sustainable way.

How to do that? The first step was to find communities willing to extract the ingredients in this way and to start forming partnerships with NGOs and universities. Imaflores, an NGO dedicated to environmental sustainability, has been working for the certification of communities in accordance with the criteria set out by the Forest Stewardship Council and of the Conservation Agriculture Network. Controversial issues such as the use of photos of the participating communities and payment for local knowledge have recently been debated within the company. The suppliers of essential oils to Natura – such as the multinational company Cognis – work together in this project as partners. “We realized that we would not be able to complete this project alone,” said Phillippe Pommez, the company’s Vice-President. “The responsibility is enormous.” Natura cannot undertake to buy the total production of these communities forever. Its highest ambition is that the gatherers organize themselves in such a way that they can sell their production to the world. Respecting nature’s limits, of course.

Natura wins a Social Report award

Responsibility

Gabriela Braga from São Paulo

The cosmetics company Natura was the overall national winner of the 2002 Social Report Award. The purpose of the award is to encourage companies to prepare reports about their activities in the social and environmental areas based on the models of their financial and business reports, following transparency and accuracy rules.

Natura started to prepare the social report in 2001, and has followed the Global Reporting Initiative model, which has approximately 96 indicators that are already contemplated by companies around the world. "We want to be able to compare ourselves at a global level, especially because we are preparing to enter Europe soon", said Rodolfo Guttilla, Natura's Corporate Affairs Director.

For him, the importance of social and environmental responsibility in the analysis of a company's potential is clear. Natura is considering the possibility of going public by 2005. "The market and investors value companies with solid social and environmental policies because they identify in these a concern with the future of consumers," Guttilla said. He cited a survey in which the majority of Natura's target consumers of Natura mentioned social responsibility as one of the three most important issues when choosing a brand.

However, in his opinion, socially responsible actions must not be assigned to a foundation organization, or an entity that is separated from the company's management. Last year, Natura set up a sustainability committee, that brings together executives from different areas of the company to discuss and manage social and environmental issues. "Brazilian companies still address this issue in a very fragmented way."

The social reports for 2001 of 170 companies were considered for the award, which was set up by the *Associação Brasileira dos Analistas do Mercado de Capitais* (Brazilian Association of Analysts of the Capital Markets); the *Associação Brasileira de Comunicação Empresarial* (Brazilian Association of Corporate Communication); the *Fundação Instituto de Desenvolvimento Empresarial e Social* (Institute of Corporate and Social Development Foundation); the *Instituto Ethos de Empresas e Responsabilidade Social* (Ethos Institute of Companies and Social Responsibility) and the *Instituto Brasileiro de Análises Sociais e Econômicas* (Brazilian Institute of Social and Economic Analyses).

The best regional social reports were also awarded. For the Mid-Western region of Brazil, the winner was *Banco do Brasil*, for the state of São Paulo, it was *Banco Itaú*, for Northern and North-Eastern regions, *Companhia Energética de Pernambuco* (Celpe), for the South-Eastern region of Brazil (excluding the state of São Paulo), *Petrobras*; and for the South of Brazil *Gerdau*. The Ribeirão Preto (state of São Paulo) publishing company *Palavra Mágica* was granted the Micro and Small Businesses award.

Ibase grants the *Balanço Social Ibase/Betinho* (the Ibase/Betinho Social Report) seal of approval to the companies that use its social reporting model.

Models
Natura
By its nature

NATURA SHOWS THAT SOCIAL RESPONSIBILITY GOES MUCH FURTHER THAN SOCIAL ACTION. IT HAS TO BE IN THE COMPANY'S DNA

By Roberta Paduan

Legenda: Leal (in the center, wearing a blue shirt) and Natura's employees: values

In 1991 Nature confronted a very serious problem. Perhaps, the worst problem in its 33 years of existence. A cleaner, an employee of the cleaning service provider, died by electrocution in the former plant in Itapecerica da Serra, in greater São Paulo. The lawyers contracted to settle the case suggested to the company's executives a way out that could have gone beyond the limits of what one would call ethical: with a "donation" it would be possible to resolve the problem with the local police. No proceedings, no statements, no indemnities; to state it clearly, the solution was to bribe the authorities. "We decided that we would not become a hostage to anyone", said Guilherme Peirão Leal, the company's CEO. "We would defend ourselves, but if we might have done something wrong, we would pay for our mistake."

The decision not to take part in the shameful, but usual, practice of corruption resulted in a legal action for nearly five years against Nature and three of its employees, who were directly responsible for the plant. (In the end, all were exonerated). This behavior also resulted in one of the most successful examples of social responsibility, a reason for which Natura can be considered to be one of the most advanced Brazilian companies in this concept. "To be socially responsible is not only helping an institution or working as a volunteer," said Leal. Social responsibility has to be practiced by the company when it contracts or dismisses an employee, when it develops, sells or buys a product."

In practice, Leal's speech can be illustrated by the two following cases:

- For nearly three years, Natura's product advice leaflets have been produced by the printing company of the Laramara association, an entity that supports visually impaired people. The services provided by the printing company are one of the sources of income to this association.
- In 2000, Natura started the program for the certification of forestry assets in some areas of the Amazon, and the Atlantic forest, of fields in Southern Brazil and in the cerrado savannah. The objective is to select communities, to act as suppliers, which cultivate and extract, in an environmentally correct way, plants from the Brazilian biodiversity used in the Ekos line of toiletries. Among these species are the Brazil nut, buriti (*Mauritia flexuosa*), cupuaçu (*Theobroma grandiflora*) and the yerba maté (*Ilex paraguariensis*). The program includes not only the checking of the actual current cultivation and extraction conditions but also the education of the producers so that they learn to work in an economically sustainable way.

It is true that Natura could contract any other printing company to print its product advice leaflets. It could also buy in cupuaçu and yerba maté without worrying about how they were cultivated or extracted. In the first case, however, the decisive factor in choosing the Laramara printing company was the opportunity to generate income for a supplier that supports a section of the population that is confronted with more barriers

when entering the employment market. (This does not preclude quality control or price negotiations. Therefore, the choice had nothing to do with philanthropy).

In the second case, Natura valued the preservation of the environment and the preservation of the sources of economic development in remote areas of Brazil, two values of the company's founders. "Society is a unique and living organism," said Leal. "To think that an economy exists for its own ends is absolutely ridiculous."

The objective of including the social responsibility concept into the company's daily life does not mean that Natura has stopped investing in social projects. Last year, the company invested 4.5 million Brazilian reais in programs that range from cultural workshops for needy young people to the construction of reservoirs in Canudos, a town in the semi-arid area of the state of Bahia.

The idea, however, is to favor projects that exploit resources related to the company's assets. "We realized that the most successful actions are those that use the skills of our employees," said Rodolfo Guttilla, the company's Corporate Affairs Director, the department of which Natura's Social Responsibility Department is a part. "We know that digging wells in Canudos changed the life of 50 families, but it was not a campaign that worked as well as the *Crer para Ver* (Seeing is Believing program) and the make-up workshops that use the talents of our employees," he said.

Since 1995, Natura has employed people and financial resources exclusively for its social responsibility initiatives. In total, five people work in this department. "Our challenge now is for every employee to realize his share of responsibility and to discover the action possibilities within the tasks they perform in the company," said Guttilla.

The path that Natura has chosen to follow is neither easy nor fast. It depends on the involvement of the majority of the company's 2,900 employees, who are people with different life experiences and values. However, some actions show that the company is heading in the right direction. It was thanks to a note found in one of the suggestion boxes placed around the company that the packaging for the *Erva Doce* line started to show instructions in Braille. This initiative was suggested by an employee from the supply department who knew of the company's work with the printing company of the Laramara association. "The worst thing that could happen would be if the rest of the company believed that social responsibility is a department linked to my area," said Guttilla. "This is everybody's mission. We are only the drummer players, who open the parade for a samba school in Carnival."

Criteria Scoring

	Grades*	
Values and transparency	92.3	△△△△△
Workers	73.1	△△△△△
The environment	75.0	△△△△△
Suppliers	81.3	△△△△△
Consumers/clients	97.1	△△△△△
The community	91.3	△△△△△
Government and society	83.3	△△△△△

* In a total from 0 to 100