



DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.



DISCLOSURE QUESTIONNAIRE

PROVIDED BY:

NATURA COSMETICS

UPDATED AS OF:

03/11/2020

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services		√
Biodiversity Impacts		√
Chemicals		√
Company Explanation Of Disclosure Item Flags		√
Disclosure Alcohol		√
Disclosure Firearms Weapons		√
Disclosure Mining		√
Disclosure Pornography		√
Disclosure Tobacco		√
Energy and Emissions Intensive Industries		√
Fossil fuels		√
Gambling		√
Genetically Modified Organisms		√
Illegal Products or Subject to Phase Out		√
Industries at Risk of Human Rights Violations		√
Monoculture Agriculture		√
Nuclear Power or Hazardous Materials		√
Payday, Short Term, or High Interest Lending		√
Water Intensive Industries		√
Other		√

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		√
Child or Forced Labor		√
Negative Environmental Impact		√
Negative Social Impact		√
Other		√

Other Disclosures	Yes	No
		√

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		√
Breaches of Confidential Information		√
Bribery, Fraud, or Corruption		√
Company Explanation Of Disclosure Item Flags		√
Company has filed for bankruptcy		√
Consumer Protection		√
Financial Reporting, Taxes, Investments, or Loans		√
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)		√
Labor Issues		√
Large Scale Land Conversion, Acquisition, or Relocation		√
Litigation or Arbitration	√	
On-Site Fatality	√	
Penalties Assessed For Environmental Issues	√	
Political Contributions or International Affairs		√
Recalls		√
Significant Layoffs		√
Violation of Indigenous Peoples Rights		√
Tax Litigations	√	

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		√
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		√
Company Explanation Of Disclosure Item Flags		√
Company prohibits freedom of association/collective bargaining		√
Company workers are prisoners		√
Conduct Business in Conflict Zones		√
Confirmation of Right to Work		√
Does not transparently report corporate financials to government		√
Employs Individuals on Zero-Hour Contracts		√
Facilities located in sensitive ecosystems	√	
ID Cards Withheld or Penalties for Resignation		√
No formal Registration Under Domestic Regulations		√
No signed employment contracts for all workers		√
Overtime For Hourly Workers Is Compulsory		√
Payslips not provided to show wage calculation and deductions		√
Sale of Data		√
Tax Reduction Through Corporate Shells		√
Workers cannot leave site during non-working hours		√
Workers not Provided Clean Drinking Water or Toilets		√
Workers paid below minimum wage		√
Workers Under Bond		√
Other		√



B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY:

NATURA COSMETICS

UPDATED AS OF:

03/11/2020

DISCLOSURE QUESTIONNAIRE CATEGORY	Facilities located in sensitive ecosystems
TOPIC	Natura has acquired 172 hectares in an area of environmental protection to build an industrial complex in Pará - Brazil
SUMMARY OF ISSUE	In 2014, Natura inaugurated its second largest manufacturing facility called Ecoparque. The facility is located in Benevides (Pará State - Brazil) and houses a manufacturing facility that produces soaps, fixed oils, and part of Natura's essential oils. The facility has actually 266 employees and an area of 1.729 mil m ² . Ecoparque is located in a permanent protection area inside the unit (areas close to a tributary of the Benfica River and a spring). Ecoparque was based on sustainable chain concepts to promote a kind of symbiosis among the various companies operating there, effectively becoming an industrial center based on strong sustainability concepts, while also contributing to the development of local communities.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	172 hectares of campus operating area US\$64.6 million investment. Production capacity: 500 million bars of soap per year, and where 80% of Natura's bar soaps are manufactured today.
IMPACT ON STAKEHOLDER(S)	Environmental impact on flora and fauna; economic impact on the local communities. In this location, Natura make a significant contribution to the generation of employment and income, not only through the direct jobs created by Natura, but also through indirect employment opportunities connected in some way to the business. They also stimulate the development of surrounding areas by means of partnerships with local suppliers.
IMPLEMENTED MGT PRACTICES	Natura presented environmental impact assessments and a detailed construction plan with the environmental department and governmental agencies, and obtained the licenses necessary for construction and operation of the facility. In 2019, they inaugurated a pilot biorefinery, located at Ecoparque site. The inauguration coincides with the 15 years of work innovation strategy in the Amazon, which has as its premise to leverage the area of research and development in the region and, at the same time, contribute to maintaining the forest standing and promoting the socioeconomic development of local communities.
REPORT	Ecoparque was built in an area that is considered urban; however, it is considered a preservation area since it is located in the amazon ecosystem (the whole amazon region is an area of environmental protection). Pará State government, which monitors the forest maintenance, established environmental conditions for operating the site, such as obtaining licenses, specific terms for use of the vegetation, a construction environmental plan, and monitoring flora and fauna in order to avoid negative environmental impacts.
OTHER MANAGEMENT COMMENTS	Natura incorporated environmental design strategies in order to mitigate the impact of the construction and operation of Ecoparque such as energy efficient technologies, a geothermal system for air conditioning efficiencies, natural lighting, electric vehicles, pavement permeability, and filtering gardens for wastewater treatment.

DISCLOSURE QUESTIONNAIRE CATEGORY	Onsite fatality
TOPIC	Employee fatality while in transit to a business meeting.
SUMMARY OF ISSUE	In 2017, a salesforce employee was involved in a traffic accident while traveling for a business meeting with consultants and, unfortunately this accident was fatal.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	Only one occurrence during the past five year period.
IMPACT ON STAKEHOLDER(S)	Loss of life experienced by the deceased people and the related loss experienced by their family.
IMPLEMENTED MGT PRACTICES	<p>Natura has invested in a Driving Safety Program for Sales Force. The training consists in 4 hours of theory and 1 hour practice (driving). In addition they changed the cars of all sales force (about 630 employees) for a safer model (VW Virtus – 5 stars on LatinNCAP).</p> <p>They extended the practices for administrative employees, Natura has implemented theoretical training (4 hours) and practical (1 hour) for all executives that has a car as benefit. Furthermore, Natura has implemented annually safety traffic campaigns for all operations, every May (month dedicated to enhance awareness about traffic accidents in Brazil) and also extending these campaigns for operational employees, discussing safety for cars and motorcycles.</p>

DISCLOSURE QUESTIONNAIRE CATEGORY	Litigation and Arbitration
ISSUE DATE	Ongoing
TOPIC	Labor litigation
SUMMARY OF ISSUE	Labor suits involve a range of actions filed by former employees, third parties and autonomous workers relating, among other things, to severance pay, occupational diseases, additional wages, overtime and amounts due to subsidiary liability and the recognition of the employment relationship.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	<p>As of the end of 2019, Natura had 1.545 open labor lawsuits. The total amount claimed in said proceedings is approximately R\$1.2 billion and a projected payout value (provision) of R\$ 61 MM, yielding a 5% expected payout rate. Case classifications are divided below:</p> <p>(i) Employees cases: 339 cases which, compared to a total base of 6.820 employees, yield a 5% litigation rate. The projected payout is R\$ 26MM</p> <p>(ii) Business Leaders Consultants: 712 cases which, compared to a total base of 6.457 leaders consultants, yield a litigation rate of 11%. The projected payout is R\$ 27MM</p> <p>(iii) Third-Parties: 490 cases with a projected payout of R\$ 2.5MM;</p> <p>(iv) Collective labor claims (filed by Unions): 4 cases with a projected payout of R\$ 5.4MM</p>
IMPACT ON STAKEHOLDER(S)	The primary impacts related to labor litigation is a financial impact on employees, consultants, and other third party contractors.
RESOLUTION	All cases reported above are open and have not yet been resolved.
IMPLEMENTED MGT PRACTICES	When receiving a notice of a lawsuit, Natura investigates internally the reasons why the case may have occurred and takes corrective actions if it finds that a practice should be changed in order to avoid similar occurrences in the future.

OTHER MANAGEMENT COMMENTS	Natura calculates the monetary value of its liabilities by using a complex methodology, which includes consulting with a team of lawyers internally and externally, considering the results of similar lawsuits in the industry, and receiving regular updates on the cases' statuses. There is usually very little discrepancy between the real value paid as a result of a loss and the provisioned amount (liability) calculated by Natura. Therefore, Natura considers the calculated liability value of R\$ 61MM to be an accurate prediction of the amount that Natura will eventually have to pay for the 1.545 open cases as of the end of 2019. It is worth noting that the total 1.545 cases open will not all result in losses for Natura when they come to resolution. In some, Natura will prevail, and in others, there will be agreements or determinations by the relevant authorities to pay a determined amount after the ruling; this amount is the amount reported as liability. Also, it is important to point out that the 1.545 cases are all current open cases from lawsuits that in many cases may have been filed over 5 years ago. According to Natura, employees can file for any case that they consider irregular, and ask for any value when filing a lawsuit, therefore, there is a high discrepancy between the values of merit and values of provision.
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DISCLOSURE QUESTIONNAIRE CATEGORY	Environmental Penalties
ISSUE DATE	Infraction notices issued by IBAMA in 2010 and 2011.
TOPIC	Infraction notices from Brazilian Institute of Environment and Renewable Natural Resource (IBAMA) regarding access to genetic heritage and associated traditional knowledge regarding Brazilian raw materials.
SUMMARY OF ISSUE	There have been 68 infraction notices (administrative procedures) issued by IBAMA against Natura due to supposed irregularities in the company's access to genetic heritage and associated traditional knowledge regarding Brazilian biodiversity raw materials. All infraction notices charge a penalty.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	The total financial value associated with these infractions is R\$ 26,593,052, but Natura's internal and external legal advisors have classified these as a remote likelihood of loss, considering that the new law of biodiversity has suspended the enforceability of the sanctions, conditioned to the signing of a deed of undertaking by the company.
IMPACT ON STAKEHOLDER(S)	There has been no impact determined yet, as these infractions are still in the negotiations phase.
RESOLUTION	The infractions and related penalties are currently being appealed
IMPLEMENTED MGT PRACTICES	In May 2015, the "New Biodiversity Law" (Federal Law No. 13,123) was enacted, replacing the Provisional Measure No. 2,186 of 2001. The new legislation established new rules for access to the Brazilian genetic resources and traditional knowledge, as well as for the benefit sharing from economic exploitation involving assets of Brazilian biodiversity. In addition, a new system, SisGen, was also implemented, in which the users of these resources must register the accesses, as well as the notification of the related products. Given that Natura uses biodiversity assets as ingredients of its cosmetic products, its adherence to the biodiversity legislation is mandatory, having already included all the information required in SisGen. The regularization for the new legislation is being managed through Consent Agreements executed with the Ministry of the Environment. It is important to note, however, that the benefit sharing agreements executed between Natura and the traditional communities during the term of the Provisional Measure remain valid. Only new agreements follow the regime established by the new law.



DISCLOSURE QUESTIONNAIRE CATEGORY	Tax Litigation
ISSUE DATE	Ongoing
TOPIC	Tax infringement cases alleging underpaid taxes
SUMMARY OF ISSUE	As of end of the year 2019, Natura has 325 open cases of tax litigation by the tax authorities alleging underpayment of taxes, including taxes on industrialized products, social security contributions, VAT and income taxes.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	The total value of the claims is approximately \$1.2 billion USD, which includes the taxes owed and any potential interest or penalties. Based on the resolution of past cases and the likely outcomes of these cases, Natura's expected future payout is 1.5% of the total claimed value (~\$18 million USD).
IMPACT ON STAKEHOLDER(S)	Financial impact
RESOLUTION	All cases reported here are open and have not been resolved.
RELATED INCIDENTS	Since Natura's previous certification 2016, there have been 9 similar tax cases that have been closed and resulted in payment by Natura. The total value of payments is approximately \$61.7 million USD, which includes cases where there is a conversion into Union / State income, as well as payments made due to adherence to installments.