

5.1

natura

value chain

NATURA'S MAIN RESULTS IN 2011, FROM RAW MATERIAL EXTRACTION TO PACKAGING DISPOSAL

STAGE 1: EXTRACTION AND TRANSPORTATION OF RAW MATERIALS AND PACKAGING (DIRECT AND INDIRECT SUPPLIERS).

R\$ 4,3 BILLION paid to suppliers for purchases of inputs and services 81% satisfaction among suppliers

81% satisfaction among suppliers

37 forestry **ASSETS** certified

117.276 TONS of greenhouse gases (GHG) emissions from extraction and transport of raw materials and packaging (44% of Natura's total emissions)

21.299 TONS of GHG emissions by direct suppliers (processing and transport to Natura) (8% of total)

STAGE 3: PRODUCT SALES (TRANSPORT AND DISTRIBUTION)

2,9 BILLION paid to Consultants for product sales, an increase of around 6% compared to 2010

1,4 MILLION Consultants in all operations, 16.3% growth in our Consultant base

19% Consultant loyalty rate, against 21% in 2010

24% NCA loyalty, against 33% in 2010

164 new products launched in 2011

EN29 **38.279 TONS** tons of GHG emissions in transport of products to consultants and consumers (14% of total Natura emissions)

STAGE 2: INDUSTRIAL PROCESS AND INTERNAL PROCESSES

R\$ 634 MILLION distributed to employees in benefits and salaries, a

147 MILLION invested in innovation

0,40 LITERS of water consumed per unit produced, 4.7% down on 2010

20 GRAMS of solid waste generated per unit produced, 13% down

24.731 TONS of GHG emissions from internal processes (9% of total)

STAGE 4: PRODUCT USE AND PACKAGING DISPOSAL **EN26**

17% refills among items invoiced in Brazil

123 MPT/KG, environmental impact of packaging per quantity of product¹, 10% down on 2010

63.431 TONS of GHG emissions in disposal of products and packaging (24% of total Natura emissions)

1. Indicator also includes impact on extraction and transformation of packaging.

CROSS INDICATORS

1,4 BILLION paid to government in direct and indirect taxes, the same level as the previous year

763 MILLION distributed to shareholders in dividends and interest on own capital, on a cash basis, an 18% increase

R\$ 830,9 MILLION in net earnings, up 11.7%

R\$ 5.591,4 MILLION in net revenues, up 8.9%

EBITDA R\$ 1.425,0 MILLION an increase of 13.4%

EBITDA margin of 25,5% (against 24.5% in 2010)

70 MILLION in sustainability investments

5.2 generating environmental value

DMA EN

Natura's business expansion has been accompanied by an increase in environmental programs and practices aimed at reducing impacts. From the start, the programs developed to meet the complexity of the business incorporated a broader perspective involving the entire production chain. This approach has guided initiatives to reduce carbon emissions, water consumption and solid waste generation, subjects Natura considers to be priorities (*more on page 26*).

To fully assess Natura's environmental impact, we also monitor indicators from our main third-parties that supply raw materials and packaging. In addition to the Cajamar and Benevides plants, data includes the Casas Natura (Natura's space for product testing) and distribution centers located in different regions in the country. It was noted that in comparison with the more mature units, some newer ones still need to refine environmental management. To guide this process and identify improvement opportunities, last year we created an operational sustainability committee to integrate the different areas involved and improve management at the new sites.

We also recognize that we need to further integrate environmental performance into the international operations, which have grown in importance since 2010.

EN18

CARBON NEUTRAL

The Carbon Neutral program was launched in 2007. Since then the climate change debate has grown in importance. At Natura, our initiatives are centered on ongoing reduction of greenhouse gases (GHG) emissions and offsetting all emissions that cannot be avoided. The program's initial target was a 33% reduction in relative emissions by 2011, against a 2006 baseline. However, as we learned and dealt with numerous challenges, the decision was taken to extend this target to 2013.

In 2011, while our net revenue grew 8.9%, our absolute emissions totaled 265,015 metric tons of CO₂e, an approximate 5% increase in volume over 2010. However, our relative emissions decreased 5.3%. In this calculation, absolute emissions are divided by the kilograms of products sold. On an aggregate basis since 2006, relative emissions were reduced by 25.4%.

ENI 6; ENI 7

TOTAL CO₂ E EMISSIONS
(in metric tons)

