

natura &co

Responsible Procurement Due
Diligence Supplier Guidelines

Purpose

The primary purpose of these guidelines is to establish and outline Natura &Co's (Avon International, Natura &Co LATAM) ¹ processes and procedures relating to its Responsible Procurement Due Diligence and as part of our [Commitment to Life](#). These guidelines provide information on Natura &Co's supply chain Responsible Procurement due diligence and related sourcing and buying policies. Natura &Co expects suppliers to understand and to take ownership for implementing the procedures outlined in these guidelines and to ensure compliance to Natura &Co's Global Supplier [Code of Conduct](#), as well as all applicable laws and regulations.

What is Responsible Procurement Due Diligence?

Natura &Co is strongly committed to guaranteeing the integrity of all our commercial operations. The Natura &Co supply chain Responsible Procurement Due Diligence exists to protect the environment, health, safety and well-being of the workers in all the factories that make our products in our supply chain. We expect that the factories, outsourced manufacturers, suppliers, agents and service providers (defined as "our suppliers") act responsibly in all ways and do as much as possible to ensure that there are no abusive, exploitative, or illegal conditions at their workplaces.

Four Steps of Responsible Procurement Due Diligence for New Supplier Onboarding

1. Supplier Minimum Entry Requirements Questionnaire

Suppliers will be required to complete a set of questions triggered by category taxonomy in Vendor Assessment Portal (VAP) to understand if they meet essential sustainability criteria as part of the vendor onboarding process. Questions may cover core sustainability topics, such as compliance with Critical Materials policies, carbon and packaging commitments, working conditions and environmental conditions in production facilities.

Failure to comply with Minimum Entry Requirements, may result in failure to be onboarded as a Supplier to Natura &Co.

2. Completion of Factory Details for manufacturing sites in Vendor Assessment Portal

Suppliers are required to submit details of the site(s) that will be involved in the production of products for Natura &Co.

In the Natura &Co Vendor Assessment Portal (VAP), suppliers will be given the option to add the details for either 'Factories' or 'Subcontractors'.

¹ Aesop is not currently in scope for RPDD Programme. Please refer to Aesop Vendor Onboarding Programme

Illustrative screenshot of the VAP:

The screenshot shows the 'Factory/Subcontractor creation' page in the Natura & Co Vendor Assessment Portal. The page header includes the Natura & Co logo and navigation links for 'Factories', 'My List', 'Assessments', 'Issues', 'Tasks', 'FAQ Page', and 'RPC'. The breadcrumb trail indicates the user is in 'Home > All Catalogs > Supplier Self Service > Factory & Subcontractor Registration > Factory/Subcontractor creation'. A search bar is located in the top right corner. The main form area contains a title 'Factory/Subcontractor creation' and a sub-header 'Factory/Subcontractor creation'. Below this, a note states 'Please complete all mandatory fields marked with asterisk (*)'. The first mandatory field is 'Please identify the type of the site registered:', which is a dropdown menu. The dropdown is open, showing three options: '-- None --', 'Factory', and 'Subcontractor'. The 'Factory' option is highlighted in green and circled in red. Below this field are two more mandatory fields: 'Contact name:' and 'Contact e-mail:'. To the right of the form is a 'Submit' button and a 'Required information' section with red bars indicating missing data.

Suppliers should enter details according to the guidelines below:

Click **'Factories'** to register sites that meet the following definition:

- Sites that are owned (or part owned) and operated by the supplier that will be manufacturing or refining **complete, finished or end products**, components or ingredients that are supplied to Natura &Co.

Click **'Subcontractors'** to register sites that meet the following definitions:

- Sites that are **not** owned (or part owned) and operated by the supplier that will be manufacturing or refining **complete, finished or end products**, components or ingredients that are supplied to Natura &Co

Please Note: All Natura &Co Business Units (Avon International, Natura &Co LATAM) reserve the right to request the registration of additional sites not covered by the definitions above. Sites will need to be registered in the Natura &Co Vendor Assessment Portal (VAP) & may be required to complete additional due diligence steps.

3. *Factory Risk Assessment*

Suppliers of categories that are in scope for Responsible Procurement Due Diligence will be required to complete a factory risk-assessment to determine the additional level of Responsible Due Diligence required.

After submitting factory details, the supplier will receive a notification to complete the Risk Assessment for each of the factories declared. The outcome of the Risk Assessment will determine whether a social audit will be required or not.

4. *Social Audit at manufacturing site booked*

A Natura & Co social audit (or equivalent – see below Audit Requirements section) may be required for those factories based on the result of the factory risk assessment.

Payment of audits

Suppliers must organize the audit with their preferred audit company (there are six available to choose from in VAP – Bureau Veritas, DNV, TUV Rheinland, Elevate, Intertek and SGS). Suppliers are responsible for paying for all audits carried out, whether they are the initial or follow-up audits, as well as upload fee for audit equivalents to VAP for audit and CAP.

Frequency of audits

Suppliers are required to undergo a full social audit for Natura &Co every two years. Audits are valid from the date of last full audit for up to two years, unless any follow up audit is required – see audit results section below.

Suppliers will receive an automatic notification in advance from the system that a new audit is required.

Definitions

- **Natura &Co Social audit** – verification and monitoring of working and environmental conditions in the supply chain, ensuring that the suppliers/factories comply with the local legal demands and the requirements laid out in the Natura &Co Supplier Code of Conduct.
- **Factories** - Sites that are owned (or part owned) and operated by the supplier that will be manufacturing or refining **complete, finished or end products**, components or ingredients that are supplied to Natura &Co.
- **Subcontractors** - Sites that are *not* owned (or part owned) and operated by the supplier that will be manufacturing or refining **complete, finished or end products**, components or ingredients that are supplied to Natura &Co
- **CAP** – Corrective Action Plan. When non compliances are found during an ethical audit, it is important for Natura &Co to know what measures the factory/supplier is taking to remediate each issue within a dedicated timeframe.
- **Follow up audit** - audit to verify actions taken to correct the issues identified during the initial ethical audit.

Audit requirements and ongoing monitoring

When it is necessary to undertake a social audit at a factory, it is acceptable for suppliers to submit an existing ethical audit to Natura &Co for review. Submitted audit reports must be:

- Complete – Natura &Co will only review complete initial audit reports that are submitted and will not accept factory self-assessments, corrective action plan reports, preliminary reports, follow-up audits or other forms of certification/guarantee.
- Recent – carried out in the last 12 months
- Conducted by an Association of Professional Social Compliance Auditors (APSCA) registered audit company and auditor
- Conducted to one of the accepted equivalent formats

We are aware that many suppliers may have already been through the social audit process for other customers and we do not want to add any unnecessary duplication. Examples of social audit methodologies that Natura &Co can accept for review include (but are not limited to):

- Natura &Co’s Social Audit (preferred)
- Sedex Members Ethical Trade Audit - SMETA
- Business Social Compliance Initiative - BSCI
- Disney International Labor Standards (ILS) Social Audit

Audit results

The audit results may be:

Classification	Level of Compliance	Corrective Action Plan Requirements	Follow-up Audit Requirements	Commercial Engagement
Green / Approved	Full compliance	No	No	Engagement
Yellow / Approved with restriction	Medium risk problems identified	To be sent to Natura &Co within 15 days of the audit	No — satisfactory outstanding CAP (corrective action plans) and supporting evidence (when necessary)	Engagement permitted with Corrective Action Plan
Orange / Approved with restriction	High risk problems identified	To be sent to Natura &Co within 15 days of the audit	May be necessary within 90 days of the audit	Engagement permitted with Corrective Action Plan and Follow up Audit in some circumstances
Red / Failed	Critical risk problems identified	To be sent to Natura &Co within 15 days of the audit	May be necessary within 90 days of the audit	New sites are not approved for production while there are outstanding critical risk issues.

In the event that social responsibility problems are identified, a complete Corrective Action Plan (CAP) report will also be issued to the supplier, so that it can be filled out and returned within the period given in the table above.

Zero Tolerances

The table below gives a sample of the problems that are considered critical risk/zero tolerance (red) when identified in a Natura &Co social audit:

CHILD LABOR	Hiring workers under 15 years of age or older, if the local law stipulates such older age.
FORCED LABOR	Use of any form of forced labor — including prison labor, debt servicing, retention of government issued identification documents, passports or work permits without the employees' consent, workers paying certain fees and expenses to obtain or retain employment
LABOR REGULATIONS	Compulsory overtime Illegal or compulsory wage deductions Retention of employee wages for deposit No payroll registrations Non-payment of wages
HEALTH AND SAFETY	In production areas or sleeping quarters — any situation which represents serious risk to life or injury, including (amongst others): Blocked or locked emergency exits No secondary emergency exit Missing emergency exit signs or lights Immediate fire hazard Inaccessible or missing firefighting equipment No fire alarm system Blocked corridors Structurally unsafe buildings
HARASSMENT	Any physical punishment or abuse Evidence of sexual harassment, verbal or mental abuse, or coercion and harassment.
WOMEN'S RIGHTS	Any forced pregnancy testing as a condition of employment Forced use of contraceptives Dismissal of workers due to pregnancy.
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	Any dismissal of workers for attempts to organize or establish collective bargaining.
MONITORING AND COMPLIANCE	Any intentionally falsified documents supplied Employees intentionally "trained" with misleading replies Any offers of bribes to auditors or any threats to auditors Any denial of access to facilities or part thereof during the audit

All audit reports received will be assessed using these items as reference points in the Corrective Action Plan.

Factory Information Updates

Suppliers are responsible for ensuring factory information in VAP is up to date. Suppliers must update the system when:

- there is a change of address or factory location
- if the factory is no longer being used for Natura &Co production.

Appendix

[Natura &Co Code of Conduct](#)

[Commitment to Life](#)

[Critical Materials Policies](#)

[Human Rights Statement](#)