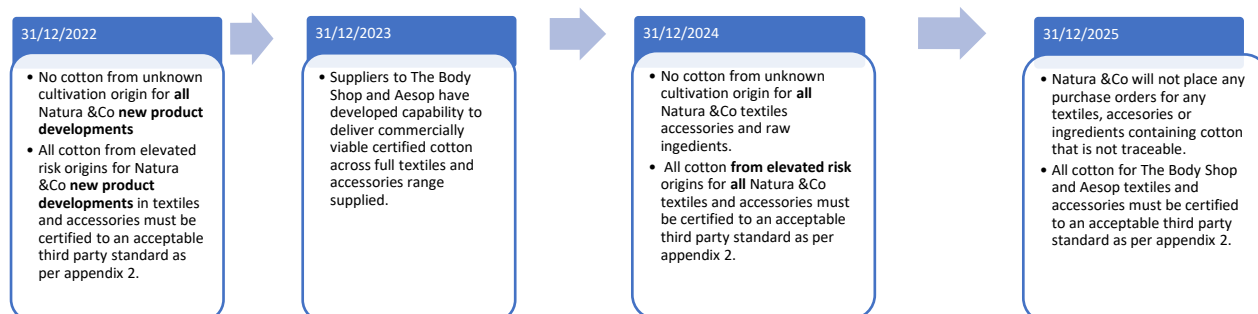


# Natura &Co *Sustainable Cotton* Procurement Policy for suppliers

*Unanimously approved by the Group Operating Committee in July 2022*

## 1. Introduction

- **Commitment to Life target:** At Natura &Co, our sustainability vision calls for an approach to business that gives back more than it takes, including in our procurement activities. As part of our [Commitment to Life](#), we recognise that some materials we use have significant social or environmental concerns. We therefore aim for full traceability and/or certification of our critical supply chains (palm, soya, ethanol, mica, cotton and paper) by 2025.
- **Key social and environmental risks:** Cotton is a high sustainability risk material from both an environmental and social perspective. Key risks in cotton cultivation are intensive water and agrochemical use, loss of biodiversity, significant GHG emissions, soil depletion and degradation as well as labour exploitation such as forced or child labour. Traceability and certification are tools Natura &Co is using to manage and significantly reduce these risks in our supply chains.
- **Scope:** Natura &Co uses cotton primarily in textiles, as well as part of some cosmetic accessories and ingredients. All finished goods and ingredients containing cotton supplied to Natura &Co must meet the sustainability requirements set out below. These requirements will be applied in Natura &Co tenders, supplier and material approval processes and are applicable to all cotton used in goods for resale or indirectly, whether manufactured internally or by third parties. Should we find that any purchased goods or materials do not meet these requirements, we will engage the supplier to change practices and/or re-evaluate our relationship with them.
- **Traceability and certification requirements in brief:**
  - The preference is given to recycled cotton over virgin cotton.
  - All Natura &Co suppliers must provide accurate information on the origin of cotton cultivation for all relevant goods.
  - All cotton containing textiles from elevated risk origins must be certified by end of 2024, as per appendix 2.
  - For the remaining origins, all cotton containing textiles supplied to Aēsop and The Body Shop, must be certified to an acceptable third-party standard as per appendix 2, by the end of 2025. All cotton-containing textiles supplied to Avon and Natura must be certified to an acceptable third-party standard by 2030, with pilot certification programmes to be implemented in selected supply chains by 2025.
  - Cosmetic ingredients containing cotton cellulose are not required be certified by 2025, but suppliers must declare cotton origins and be working towards achieving certification in their supply chains. More details are given in section 2 of this policy.
- **Supplier milestones:**



## 2. Detailed Requirements

### Traceability

**All Natura &Co suppliers** of products and ingredients containing cotton must provide (at a minimum) accurate information on the origin country/ies of cotton cultivation for the materials supplied, as part of Natura &Co tenders, supplier, product and ingredient approval procedures and annual reporting. Failure to provide accurate and timely traceability information on request may result in rejection. Some suppliers may also be invited to participate in additional supply chain traceability initiatives in line with Natura &Co sustainability goals or risk management procedures. Natura &Co would like to understand the measures that suppliers are taking in order to ensure traceability of their cotton supply chains and encourage suppliers to work with us on this area.

### Elevated risk origins

Countries where cotton is grown are typically China, India, United States, Brazil, Pakistan, Uzbekistan, Turkey, and Australia. Some countries have been identified as elevated risk origins for cotton cultivation (appendix 1) and sourcing from these regions could support environmental or human rights abuses which Natura &Co have committed to reducing. This list may be subject to change.

Cotton containing textiles and accessories supplied to Natura &Co with elevated risk origins for cotton cultivation must achieve relevant third party certification as per appendix 2, from 31/12/2022 for new product developments and no later than 31/12/2024 for all materials supplied to Natura &Co.

### Certification requirements for cotton containing textiles and accessories

**All Natura &Co suppliers** must provide valid evidence for the applicable third-party certification standard for the cotton materials supplied, and (where applicable) supplier chain of custody certification, in the format required by Natura &Co. Acceptable certification standards and timelines **differ by brand as outlined in appendix 2**.

### Certification requirements for cosmetic ingredients that include cotton cellulose feedstocks

Cotton-derived cellulose is used in speciality functional cosmetic ingredients in very small volumes by Natura &Co group companies. The cotton feedstocks used in these cosmetic ingredient supply chains are not yet typically certified. Suppliers of cosmetic ingredients that include cotton cellulose feedstocks will be expected to provide accurate origin information for the materials supplied and develop a plan by 31/12/2025 to reach 100% certification for the cotton in their supply chains.

### Unacceptable sources of cotton

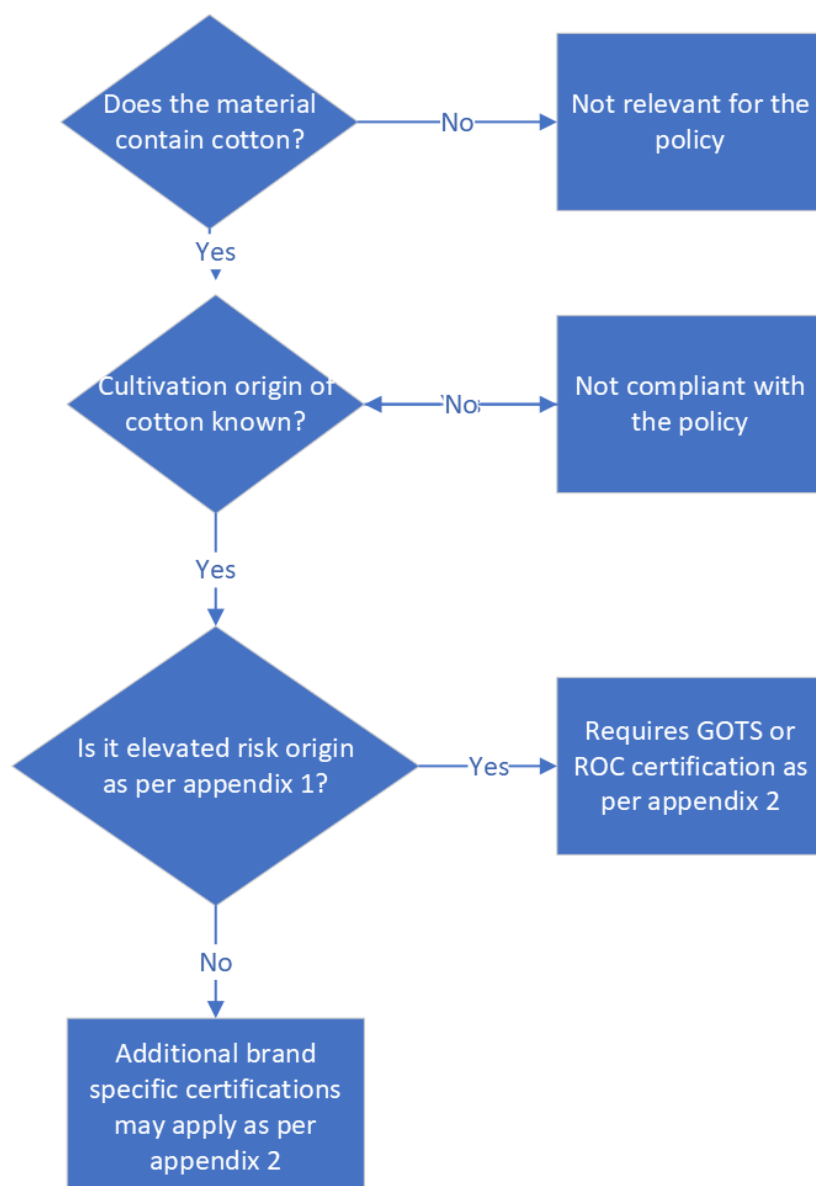
Natura &Co will support suppliers to grow their capabilities in the areas of traceability and certification, however if suppliers are not willing to develop capability to deliver commercially viable traceable, certified cotton materials as per the requirements of this policy, they will not be used to supply cotton containing textiles and accessories to Natura &Co after 31/12/2023. Any suppliers, from any country of cotton cultivation origin, found to be involved in human rights violations, environmentally destructive practices or otherwise violating the Natura &Co supplier code of conduct may be exited.

### 3. Collaboration and contact

Above and beyond these requirements, we encourage you and your suppliers to participate in and support collaborations to ensure that poor labour conditions and environmental damage are eliminated from cotton supply chains in the apparel, textiles and cosmetics sectors. We also need support from suppliers to help us meet the Natura &Co commitment to become Net Zero by 2030 and set a Carbon reduction pathway in line with the SBTi requirements. We further encourage our suppliers to come forward with proposals for more traceable and sustainable cotton containing materials that we can use in our business. Natura &Co is a member of Textile Exchange and we encourage you to join this and other collaborations to deliver sustainable improvements across cotton sector.

For further information on this policy, possible exceptions and Natura &Co plans to achieve 100% traceable and/or certified cotton by 2025, please contact [Paula.Kasprzyk@avon.com](mailto:Paula.Kasprzyk@avon.com)

**Flow chart - Requirements for cotton containing textiles and accessories**



### Appendix 1

Elevated risk origins for cotton<sup>1</sup>

Country
Benin
Burkina Faso
China
Kazakhstan
Tajikistan
Turkmenistan
Uzbekistan

<sup>1</sup> Based on U.S. Department of Labor List of Goods Produced by Child Labor or Forced Labor  
 Natura & Co **Sustainable Cotton** Procurement Policy July 2022

## Appendix 2


### Acceptable certification standards for elevated risk origins

From 31/12/2022 (for new product developments in textiles and accessories) and no later than by 31/12/2024 (for the remaining textiles and accessories), cotton from elevated risk origin to all Natura &Co brands, must be ROC or GOTS certified.

For the remaining cotton origins, by 31/12/2025 at the latest, all cotton textiles and accessories supplied to The Body Shop and Aēsop must be certified to at least one of the third-party standards as per the table below.

Cotton supplied to Natura and Avon must be certified to at least one of the third-party standards as per the table below by 31/12/2030 at the latest.

Recycled materials are preferred to support Natura &Co to meet its targets on circularity and carbon reduction.

	GRS*	RCS*	GOTS	OCS	ROC	FLO	USCTP	CMiA HIP	CMiA MB
Elevated Risk Origins for all brands			✓		✓				
<b>AVON</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓
	✓		✓		✓	✓	✓	✓	
 THE BODY SHOP	✓		✓		✓	✓	✓	✓	
Aēsop.	✓		✓		✓	✓	✓	✓	

\*100% recycled content is preferred in case of recycled standards. Lower % of recycled content can be accepted, with appropriate level of due diligence for virgin cotton in the mix.

Certification name	Certification abbreviation & website	Certification description
Global Recycled Standard	<a href="#">GRS</a>	International, voluntary standard that set requirements for third-party certification of recycled input and chain of custody. GRS requires environmental and social responsibility audits.
Recycled Claim Standard	<a href="#">RCS</a>	International, voluntary standard that set requirements for third-party certification of recycled input and chain of custody.
Regenerative Organic Certified	<a href="#">ROC</a>	An international standard that sets requirements for soil health, animal welfare, and farmworker fairness.
Global Organic Textile Standard	<a href="#">GOTS</a>	Worldwide textile processing standard for organic fibres, including ecological and social criteria, backed up by independent certification of the entire textile supply chain.
Organic Content Standard	<a href="#">OCS</a>	An international standard that sets requirements for third-party certification of certified organic input and chain of custody.
Fairtrade	<a href="#">FLO</a>	An international standard designed to support the sustainable development of small producer organizations and agricultural workers in developing countries.
U.S. Cotton Trust Protocol	<a href="#">USCTP</a>	An internationally recognized standard for sustainable cotton production, covering six key sustainability metrics – land use, soil carbon, water management, soil loss, greenhouse gas emissions, and energy efficiency.
Cotton Made in Africa Hard Identity Preserved	<a href="#">CMiA HIP</a>	An internationally recognized standard for sustainable cotton from Africa. Hard Identity Preserved system requires separation of certified cotton from regular cotton.
Cotton Made in Africa Mass Balance	<a href="#">CMiA MB</a>	An internationally recognized standard for sustainable cotton from Africa. Mass Balance system allows for cotton to be mixed with regular cotton.

Additional third-party standards may be added to this list if they provide acceptable levels of traceability, social and environmental sustainability assurance in cotton supply chains.