

# General information on company and sector

Company: Natura &Co 1 2 3 4 5 6 7 8 9

- Multi-channel group of purpose-driven beauty brands that includes Avon, Natura, The Body Shop, and Aesop.



- Natura &Co positions itself as a company passionate about both personal welfare and environmental welfare.
- Governance structure:** Cooperative, for-profit
- Headquartered:** São Paulo, Brazil
- Product portfolio:** is extensive consisting of make-up, skin/face care, bath & body care, hair care, hand care, oral care, fragrances, health & wellness products, but also jewellery, fashion and home products (e.g. kitchen essentials, pet care and candles)
- Operations:** "in more than 110 countries, with over 3,700 stores, 35,000 employees and 8 million representatives and consultants" (Natura &Co 2021, p. 9).
- World's fourth-largest pure-play beauty group.
- World's largest B Corp.
- This poster will address the challenge for Natura &Co in creating and managing a **proper partnership portfolio**.



Sector: Cosmetics and personal care 1 10 11 12 13 14 15

- The sector is highly competitive.
- One of the fastest growing consumer markets, driven mainly by the cosmetics and skin care segments
- Skincare products make up 40% of the total sector as the industry has witnessed a shift to a younger consumer base
- Digitalisation and COVID-19 have shifted the sector into the online realm
- Natural care products are increasingly important to consumers in this sector.

## Industry challenges

- Most of the main challenges facing the cosmetics and personal care industry are related to sustainability and ethics, which is also why partnerships are a very important challenge as wicked sustainability issues cannot be tackled alone.
- Replacing the unsustainable synthetic ingredients for sustainable alternatives<sup>14</sup>
  - Limiting the use of hazardous chemicals in the products, linked to e.g. birth defects and breast cancer<sup>15</sup>
  - No clear definition of 'green products'<sup>15</sup>
  - Lack of governmental regulations in many countries<sup>15</sup>
  - Lack of harmonization between different certification systems for green cosmetics<sup>15 16</sup>
  - Challenges regarding the industry's environmental impacts<sup>15 17 18</sup>

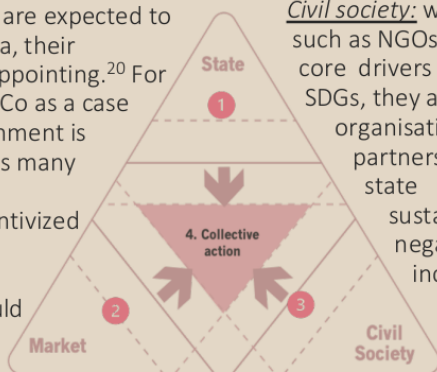
## Societal triangulation: partnerships

**Outside-in:** firstly, the question is to what extent each of the societal sectors *have* responsibility for the problem of 'partnerships'. All sectors are necessary to form effective partnerships to tackle the Sustainable Development Goals (SDGs).<sup>20 36</sup> So, all sectors have responsibility.<sup>19</sup> Therefore, all three parties are part of the problem and hence need to be part of the solution.

**Inside-out:**

**State:** while governments are expected to be leading the SDG agenda, their performance is often disappointing.<sup>20</sup> For example, Taking Natura &Co as a case study, the Brazilian government is rather inactive and ignores many sustainability issues, and therefore, is also not incentivized to set up partnerships for sustainability.<sup>21 38 39</sup> The Brazilian government would be classified as level 1.

**Civil society:** while civil society actors such as NGOs are not expected to be core drivers of progress for the SDGs, they are. Many civil society organisations try to set up partnerships with both the state and market for sustainability to reduce negative externalities and increase positive externalities.<sup>19 20</sup> Therefore, they are classified at level 3.



**Market:** companies are also expected to lead the SDG agenda, and while their performance is still regarded as poor, companies in the cosmetics and personal care sector, such as Natura &Co, have been partnering up to tackle SDG issues.<sup>2 18 20</sup> However, they are often not a main focus of the companies and many challenges limit their effectiveness. Hence, the market sector is classified at reactive at level 2.

# Making Natura &Co truly proactive

natura &co

Erasmus University Rotterdam

## Mapping motivation results<sup>2 9 20 22</sup>

	Inactive	Reactive	Active	Proactive
Generic motivation				natura &co
Systemic motivation			natura &co	natura &co
ICR approach				natura &co
Supply chain			natura &co	
Marketing				natura &co
HRM			natura &co	
Finance				natura &co
Natural sourcing			natura &co	
Innovation				natura &co

## Trigger events<sup>2 9 20</sup>

- Climate crisis
- Paris Agreement
- Deforestation in the Amazon
- Covid-19 crisis

## CSR strategy

**Mission statement:**

"to nurture beauty and relationships for a better way of living and doing business."<sup>2 (p. 3)</sup>

**CSR strategy**

Natura &Co's CSR attitude is relatively **proactive**.<sup>23</sup> However, based on the **motivations mapping**, it becomes clear the company also still has some departments in the **active** stage. Nevertheless, the company aims to live up to their mission through their comprehensive sustainability vision "Commitment to Life" based on three pillars all including multiple targets:<sup>2</sup>

1

**Addressing climate change and protect the Amazon**

- E.g. net zero in 5-10 years<sup>2</sup>

2

**Defend human rights and be human-kind**

- E.g. increasing gender balance to 50% on senior team<sup>2</sup>

3

**Embracing circularity and regeneration**

- E.g. reaching 95%+ natural ingredients in 5-10 years<sup>2</sup>

## SDG approach

**Natura &Co's SDG approach**

Based on an analysis of the company, Natura & Co's CSR strategy is closely related to achieving sustainability and also most of the Sustainable Development Goals (SDGs), even though they are not mentioned often by the company:<sup>29</sup>



**Connection between the SDGs**

The SDGs and their sub targets are connected. Specifically, (the challenge of) **partnerships**, incorporated in SDG 17, is connected to all the other 16 SDGs. As the only way to reach the other SDGs is through partnerships. The problems the SDGs aim to tackle are wicked and can only be achieved with strong partnerships between governments, businesses and civil society.<sup>20</sup>



## Challenge

As previously established, Natura &Co's position is **relatively proactive**, or on the **collaboration route**, but the company still has departments in the active stage. The transition path towards becoming truly proactive is characterised by challenges consisting of 'bears on the road' that the company will have to overcome.



One relevant challenge on the collaboration route is that it is often characterised by the realisation that sustainability challenge cannot be solved alone and that serious collaboration is required.<sup>23</sup> Therefore, a very important challenge at this stage is creating and managing a **proper partnership portfolio** to increase Natura &Co's sustainability impact.<sup>20</sup>

## Barriers

**Bear route A/B: context matters**

Natura &Co is active in over 110 countries.<sup>2</sup> CSR understanding is heavily dependent on cultural norms and values and historical factors, and can therefore be different across cultures and countries.<sup>24</sup> For example, in some developing countries 'abiding by the law' is even considered to be a sign of corporate responsibility.<sup>20</sup> Moreover, in the United States, where Natura &Co is looking to expand, CSR is often regarded to be 'responsive' rather than 'responsible business' meaning American companies often miss most of the opportunities that sustainable enterprises offer.<sup>20</sup> These are just a few examples but many more different interpretations of CSR exist. This means that when partnering up with foreign partners, there can be a real gap in terms of CSR understanding. Partnerships for sustainability where the parties have different understandings of concepts such as corporate social responsibility and sustainability, will not be effective at reaching their goals. Besides the differences in CSR understanding, context also matters due to another barrier existing in the collaborative route, which is **distance**.<sup>26 27</sup> If Natura &Co does not consider the distance between themselves and their partners, this means they probably do not consider the local context related to, for example, assumptions, values, culture, government policies and regulations, and this can lead to very ineffective partnerships.<sup>26 27</sup>

**Advice<sup>20</sup>**

- When setting up new partnerships, Natura &Co needs to analyse possible differences in CSR understanding and get all partners on the same page.
- This implies a leadership challenge, as leaders at Natura &Co have to effectively communicate their values and missions to (possible new) partners.
- When engaging in partnerships aiming to tackle issues in other countries, Natura &Co must consider the context in which the issue occurs, as what may work to solve an issue in one country, may not work for another.



**Bear route C/D: partnering challenge**

Natura &Co already has partnerships.<sup>4 9 28 29 20 31 32 33 34</sup> Truly pro-active business models should contain in particular cross-sector partnerships.<sup>20</sup> The company has bi-partite partnerships, such as the partnership for the development of the *PlenaMata* tool where they partner with a media organisation and an initiative of the Greenhouse Gas Emissions Estimation System.<sup>30 35</sup> The partnership portfolio should not only include non-profit partnerships but also with governments and even with both parties.<sup>36 37</sup> Especially transformational (tripartite) partnerships are interesting for Natura &Co as these are the partnerships that can really bring about systemic change.<sup>38</sup> However, tripartite partnerships are lacking in Natura &Co's partnership portfolio. Therefore, the partnering challenge they have to overcome is to establish more tripartite partnerships to get a proper partnership portfolio.

**Advice<sup>20</sup>**

- Transformational / tripartite partnerships are for systemic change. Therefore, if Natura &Co aims to become truly proactive and really increase their sustainability impact, they should engage in more transformational partnerships.
- However, tripartite partnerships are also the most difficult to manage so the company should not set up too many to ensure the effectiveness of the partnerships.
- Effective partnerships require formation time.<sup>21</sup> Therefore, when setting up the new partnerships, Natura &Co should really invest time and effort into the transformational partnerships required for systems change.
- Natura &Co should also be more transparent in their communications and information concerning their partnerships to avoid lack of trust or suspicion from consumers.



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