Latin America & the Caribbean • Brazil

Natura’s Ekos: Perfume Essences Produce Sustainable Development in Brazil

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Summary

Natura is a Brazilian cosmetics company whose overarching philosophy was to simultaneously maximize benefits for the natural environment, communities and the company, through business pursuits. It has achieved consistent rates of growth since its inception in 1969, building a network of 600,000 direct selling consultants and expanding its market abroad. In 2000, Natura implemented a strategy of using raw materials extracted from the Brazilian botanical biodiversity as a platform for its products. These plants were the basis for Natura’s Ekos, a line of successful cosmetic products. In order to scale up local production while guaranteeing sustainable extraction, the company built a new business model. It involved small communities, NGOs, and governments promoting local sustainable development in a process in which Natura participated and also differentiated itself by in the market.

As a part of Natura’s commitment to social responsibility, and the Ekos strategy, it established relationships with poor communities that extracted raw material from Brazilian vegetal biodiversity as suppliers. In Pará, three communities (Campo Limpo, Boa Vista and Cotijuba) were contracted in 2003 to produce príprioca, a kind of grass whose roots yield a rare, delicate fragrance. Sales of the Ekos line have been so successful that in 2006 Natura built a new industrial plant to produce soap in the remote region from which most of the vegetal biodiversity is extracted.

Positive Outcomes for the Poor

- Know-how acquired by farmers about new and more productive planting techniques
- Additional income streams for rural families
- Inclusion of small rural producers in stable commercial supply chains
- Strengthening of formal associations and cooperatives among small farmers
- Facilitation of access to credit in governmental banks

Key Barriers

- Lack of experience of the supply communities with large-scale production, and environmental, social and economic management
- Weak experience of all parts involved (government, NGOs, communities and the company) with the practical application of legislation applied to the industrial use of biodiversity
- Low level of organization of communities
- Historically, projects involving communities depend a lot on individual leaders, which becomes a problem when, for any reason, that leader is removed
Key Innovations

- Environmental management, including third party certification and organic techniques
- New planting techniques substituted traditional ones, resulting in surprising increases in productivity
- Benefit sharing of genetic assets
- Local diagnosis of development stages of local communities was used to start participatory planning of actions for the improvement of quality of life
- A fund created from a portion of the profits from Ekos products will support local sustainable development (defined in the participatory process)
- Internal structures, processes and policies in the company were shaped to improve its conditions and promote the sustainable development of supply communities

Opportunities and Challenges for Scaling Up

- Natura built a new soap mill in the region. It has the potential for including more than 5,000 families in the production of raw materials for cosmetic purposes
- Other plants and essences will permanently be absorbed as raw materials for new cosmetic purposes
- Association with production of plants to be bio-combustibles may lead to new innovations
- The main challenge for Natura is scaling up its supply chains to meet the growing demand for its product, while maintaining the social and environmental standards it requires