

## Basis of preparation

2022 Natura &Co Latin America  
*Integrated Report*

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### *2022 Natura &Co Latin America Integrated Report*

#### **1. Introduction**

The Basis of preparation of the 2022 Integrated Report of Natura &Co Latin America, a business unit of Natura &Co Holding S.A, constitutes a complement to the assurance process conducted by PwC Brasil, with a view to facilitating comprehension of the boundaries and the premises adopted in the indicators that make up this publication.

Natura &Co operates in 18 countries in Latin America. Activities are focused principally on the cosmetics and hygiene area and are represented by the Natura, Avon, The Body Shop, Aesop and &Co Pay brands.

This report was developed in accordance with the Global Reporting Initiative (GRI) - Universal Standards 2021 guidelines, and aligned with the Integrated Reporting guidelines of the International Financial Reporting Standards (IFRS), including SASB indicators. The report also portrays the main performance highlights and the initiatives that are part of the group's public targets linked with its Commitment to Life (2030 Vision).

Other important references for the publication are international ones such as the principles of the United Nations (UN) Global Compact, to which the organization is a signatory, and the Sustainable Development Goals (SDGs).

#### **2. Organizational boundaries**

As a priority, the disclosures are presented on a consolidated basis for Natura &Co Latin America. In the event of the unavailability or non-applicability of consolidated information, the scope presented is indicated clearly in the texts and the notes in the body of the report.

#### **3. Accounting information**

The financial data in the 2022 Natura &Co Latin America Integrated Report are consolidated for the business unit and, therefore, are limited to the group's four brands in the region: Natura in all its geographies and the Avon, The Body Shop, Aesop and &Co Pay operations in Latin America.

The currency used to present the group's financial data is the Real (BRL). If it is necessary to convert the US dollar (USD) to Real, the exchange rate used for 2022 is 1 USD = 5.16 BRL. If the data presented have been converted from other currencies, the respective exchange rates used will be in the footnotes.

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### *2022 Natura &Co Latin America Integrated Report*

#### **4. Reporting systems**

The collection of information for the 2022 Natura &Co Latin America Integrated Report involved interviews with the leaders of the business units and access to internal and public documents. An internal process was also undertaken to collect GRI Universal Standards 2021 and SASB (Household and Personal Products Sector) indicators. The limited assurance process, conducted by PwC Brasil, was based on a sample aligned with the organization's materiality and was complemented by the specifications of each indicator listed below.

Indicator/ Disclosure/ GRI Content*	Title	Reporting criteria and premises
2-6 (2021)	Activities, value chain and business relationships	"Relevant business relationships" are understood to be all the relationships with the stakeholders in the value chain [consumers, consultant and representative network, social biodiversity supplier communities and suppliers]. "Significant changes" are understood to be strategic alterations in the business and/or in relations with the value chain. Between 2021 and 2022 there were no significant changes in the activities, value chain and business relationships. However, during the period the materiality process presented in the 2022 Natura &Co Latin America Integrated Report was finalized.
2-7 (2021)	Employees	In the Portuguese version of the 2022 Natura &Co Latin America Integrated Report, the term "colaboradores" is equivalent to the term "empregados". The definitions related to this indicator are: <b>Employees:</b> workers with a work contract administered directly by the company, working for and in the Natura &Co Latin America operations, under "permanent" and "fixed term" contracts; <b>Temporary employees:</b> employees hired under "fixed term" contracts"; <b>Full-time employees:</b> employees hired with a workload of 40 or 44 hours a week; <b>Part-time employees:</b> employees hired with a workload of approximately 20 hours a week. The category "Employees without a guaranteed workload" does not exist in the company. The categories "interns" and "apprentices/development program" are not included in the company headcount.
2-8 (2021)	Workers who are not employees	This category covers third-party workers in the Natura &Co operations in Latin America. However, this type of hiring is an exception. In this cycle there are no consolidated data on the total number of third-party workers.
2-9 (2021)	Governance structure and composition	The current composition of the Board of Directors has members with a term of office of: between one year and less than three years (eight); more than three years (five). There are no alternate members on the Board of Directors. Further information is available on page 143 of the 2022 Natura &Co Latin America Integrated Report and in the <a href="#">Reference Form</a> .
2-15 (2021)	Conflicts of interest	In addition to the practices required by law to avoid situations involving conflicts of interest, we adopt a Policy of Transactions with Related Parties and Management of Conflicts of Interest, approved by the Board of Directors on July 17, 2019. A conflict of interest is understood to be an event or circumstance in which a Related Party is involved in a determined decision making process, deal or potential deal, in which the party has the power to influence or direct the result of this process and thus ensure a benefit for him/herself or for someone close to him/her, jeopardizing the best interests of the company and/or its subsidiaries. For further information, access the policy <a href="#">here</a> .
2-16 (2021)	Critical concerns.	The materiality process conducted in 2022 grouped the priority impacts under the macro-topics "circularity", "distribution of value", "regeneration of nature", "social impact" and "climate action". Furthermore, critical and priority concerns are considered to be those related to the group's public commitments, in particular the 31 targets in the company's 2030 Vision (Commitment to Life).
2-20 (2021)	Processes to determine remuneration	Base salary is understood to be the fixed remuneration (pro-labore or salary) defined for each manager or employee, in accordance with the Manager Remuneration Policy available <a href="#">here</a> . Remuneration policy is evaluated in the Ordinary General Meeting, for approval by the shareholders.
2-21 (2021)	Annual total compensation ratio	The full employee headcount and the base salary are considered to calculate the ratio of the highest paid employee to the median salary.. The calculation considers the ratio of the annual average of the total remuneration of the highest paid employee to the annual average of the total remuneration of the other employees (with the exception of the highest paid employee).
2-23 (2021)	Policy commitments	With respect to the "Precautionary Principle", the company follows the premises adopted by the United Nations in Principle 15 of the Rio Declaration on the Environment and Development: "In order to protect the environment, the precautionary principle should be widely applied by the States, according to their capabilities. Where there are threats of serious or irreversible damage, the lack of absolute scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation". Moreover, Natura &Co is certified by the B System, whose certification criteria take the Precautionary Principle into account.
2-30 (2021)	Collective bargaining agreements	See detailed definition in disclosure 2 - 7
201-1 (2016)	Direct economic value generated and distributed	The Natura &Co Latin America financial statements are consolidated in line with Natura &Co holding company definitions. Access <a href="#">here</a> the complete publication relative to the period from January 1 <sup>st</sup> to December 31 <sup>st</sup> , 2022.

\*The GRI Universal Standards published up to December 2021 were considered

Indicator/ Disclosure/ GRI Content*	Title	Reporting criteria and premises
201-2 (2016)	Financial implications and other risks and opportunities due to climate change	In the context of the indicator, "substantial changes" are understood to be those with the potential to impact the achievement of strategic goals. Therefore, we map the possible risks and seek to maintain a robust and effective internal controls environment. The analysis of financial risk associated with climate change considers the recommendations of the TCFD and takes the short-term (2030), medium-term (2050) and long-term (2070) time frames into account.
202-1	Ratio of lowest wage compared to local minimum wage, by gender	Indicator responded based on living wage criteria, a parameter that exceeds the value of the minimum wage and comprehends the minimum income necessary for a person and their family to meet their basic needs: food, rent, healthcare, education, clothes, transportation and savings. The reference amount is calculated based on information provided by the Wage Indicator Foundation, which uses the lowest monthly amount for the family category (two economically active members plus the number of children in accordance with the birth rate in the country) <a href="https://wageindicator.org/salary/living-wage/regional-living-wages-1">https://wageindicator.org/salary/living-wage/regional-living-wages-1</a> .
203-1 (2016)	Investments in infrastructure and services supported	In the context of the indicator "significant investments" are considered to be investments linked to projects that enable strategic planning; "positive impact" is considered to be a positive contribution to one or more dimensions of well-being; "negative impact" is considered to be a negative contribution to one or more dimensions of well-being; "well-being" is considered to be a state of being comfortable, healthy or happy. Well-being can be measured in absolute or relative terms in relation to a person. "Relevant impact" is considered to be a positive or negative contribution capable of changing the level of one or more dimensions of well-being for people and for the environment.
203-2 (2016)	Significant indirect economic impacts	"Significant indirect economic impacts" are considered to be a positive or negative contribution in the economic dimension due to our operations.
204-1 (2016)	Proportion of spending on local suppliers	Local supplier communities are considered to be those whose inputs come from the social biodiversity chain. Additionally, we use the same definition as BCorp certification for local suppliers, that is, suppliers located up to 80 km from our important operational units, which are: Cajamar, Benevides, Interlagos, Moreno (Argentina) and Celaya (Mexico). All supplier categories are considered in the calculation. The calculation is based on [(total amount spent on local suppliers / total amount spent on suppliers)*100].
205-1 (2016)	Operations assessed for risks related to corruption	Operations are considered to be the units [office, distribution centers and factories] in Latin America. In this indicator, commercial operations [contracts] between the group and its suppliers are also considered. The company understands corruption to be "any act of offering, promising, providing or authorizing, directly or indirectly, any person to give money or any other item of value to a civil servant or to any private individual or company with the intention of obtaining or maintaining any unwarranted advantage" In the context of the indicator, "significant risks" are considered to be any potential action contrary to the laws in force in the countries in which we operate, as well as to related internal policies, such as: Natura &Co Anti-corruption Policy, Transactions with Related Parties and Management of Conflicts of Interest Policy.
205-2 (2016)	Communication and training in anti-corruption policies and procedures	The indicator reflects the number of employees (see definition in indicator 2-7) communicated and trained during the year of reference [2022]. It also includes business partners, that is, it covers the companies and third-party institutions that maintain commercial and institutional relations with Natura &Co Latin America, whether they are suppliers or organizations supported by the company. The training is aimed at disseminating our policies and is transmitted via our internal communication channels, which are: general email, weekly newsletter, sharepoint news, activation in administrative areas to drive awareness of the topic, as well as mandatory online training courses.
205-3 (2016)	Confirmed incidents of corruption and actions taken	Confirmed cases of corruption are ones that have been investigated by the company or by public authorities and duly defined as substantiated incidents of corruption. For the definition of employees and workers, see indicators 2 -7 and 2-8.
301-1 (2016)	Materials used by weight or volume	This indicator is presented on a consolidated basis. It considers the total mass of packaging material, discriminated by type, taking into account the technical specification of each item in the portfolio, weighted by the respective volume billed in 2022 by Natura and Avon in Latin America. The analysis includes only primary (bottles, caps, seals and others) and secondary (cartons, plastic wrapping film for pallets, labels, stickers and others ) components; tertiary components (shipping cartons, plastic wrapping film for pallets, and others) were excluded. All the products commercialized by Natura and Avon in Latin America are considered, with the exception of Avon Fashion & Home products. Resources of renewable origin are considered to be those with the potential to be restored and renewed naturally; non-renewable origin refers to resources that cannot be renewed or regenerated.
301-2 (2016)	Recycled input materials used	This indicator is presented on a consolidated basis. The calculation of the indicator considers the [(total value of packaging material mass from recycling, by type/total value of packaging material mass, by type)*100] weighted by the respective volume billed in 2022 by Natura and Avon in Latin America. The analysis considers the main products cited in 301-1.

Indicator/ Disclosure/ GRI Content*	Title	Reporting criteria and premises
301-3 (2016)	Reclaimed products and their packaging materials	This indicator is presented on a consolidated basis. The calculation of the indicator considers the [(total value of packaging material mass from recycling in the reference year, by type / total value of packaging material mass in the previous year, by type)*100] weighted by the respective volume billed in 2022 by Natura and Avon in Latin America. The analysis considers the main products mentioned in GRI disclosure 301-1.
302-1 (2016)	Energy consumption inside the organisation	Considers the total energy consumed at all the sites and operations of Natura &Co Latin America. The data were reported in GJ and their multiples in line with GRI standard requirements.
302-2 (2016)	Energy consumption outside the organisation	Third-party manufacturers who manufactured 80% of the total units produced by third-parties in 2022 for the Natura and Avon brands were considered. The data were reported in GJ and their multiples in line with GRI standard requirements.
303-3 (2018)	Water withdrawal	The indicator was reporting considering all the operations of Natura &Co in Latin America.
303-4 (2018)	Water discharge	The indicator was reported considering all the operations of Natura &Co in Latin America. For sites supplied with surface or ground water, potability analyses are conducted in accordance with the parameters established in consolidation ruling nº 5 dated September 28, 2017 and in internal procedures.
303-5 (2018)	Water consumption	For definitions see indicators 303-3 and 303-4. Furthermore, in the context of the indicator, "significant impacts" are ones that are classified as highly severe and capable of causing environmental damage that is irreversible or difficult to reverse. Water consumption is equivalent to the difference between the total volume of water withdrawn (GRI 303-3) and the total volume of water discharged (GRI 303-4).
304-1 (2016)	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	"Owned operational sites" are understood to be those belonging to the company; leased sites are ones not owned by the company but used by company operations; and managed sites are ones managed solely by the company or managed jointly with another party. The following legislation is considered ( <a href="#">Environment Ministry Ruling 443: Official National List of Flora Species threatened with extinction</a> ), the <a href="#">UNEP Convention on International Trade in Endangered Species of Wildlife Fauna and Flora</a> and the International Union for Conservation of Nature red list as a basis for monitoring biodiversity. Date of consultation of the <a href="#">IUCN list</a> : 31 <sup>st</sup> December, 2022. Law 9.985/00 is considered, the Sistema Nacional de Unidades de Conservação da Natureza (SNUC), as a basis for environmental protection areas and areas of biodiversity value characterized by the attribute of being an environmental protection area.
304-2	Significant impacts of activities, products and services on biodiversity	In the context of the indicator, positive or negative contributions to natural capital that are permanent or long-lasting in nature are considered to be "significant impacts", whether "direct" or "indirect". The significant impacts related to suppliers in the operation of the Natura &Co Latin America business unit are presented in its Business Model, available on page 26 of the 2022 Natura &Co Latin America Integrated Report.
304-3	Habitats protected or restored	In the context of the indicators "independent external specialists" are considered especially to be academics known for their knowledge in the area. The methodology adopted for surveying the area reported is the PRODES Amazon forest satellite monitoring project (Projeto de Monitoramento do Desmatamento da Floresta Amazônica Brasileira por Satélite) conducted by the Instituto Nacional de Pesquisas Espaciais (INPE).
304-4 (2016)	IUCN Red List species and national conservation list species with habitats in areas affected by operations.	"Owned operational sites" are understood to be those belonging to the company; leased sites are ones not owned by the company but used by company operations; and managed sites are ones managed solely by the company or jointly with another party. The following legislation is considered ( <a href="#">Environment Ministry Ruling 443: Official National List of Species threatened with extinction</a> ), the <a href="#">UNEP Convention on International Trade in Endangered Species of Wildlife Fauna and Flora</a> and the International Union for Conservation of Nature red list as a basis for monitoring biodiversity. Date of consultation of the <a href="#">IUCN list</a> : 31 <sup>st</sup> December, 2022.
305-1 (2016)	Direct (Scope 1) GHG emissions	The emissions inventory reflects the scope of the Natura Latin America operations and considers the greenhouse gas emissions of the brand's operations, from the extraction of raw materials, through internal processes and those in the production chain, to the disposal of post-consumer packaging. The method of gathering and systematizing data on emissions is based on the standards of the GHG Protocol and the principles of the Brazilian ABNT NBR ISO 14064-1 standard, which establish the rules for the conception, development, management and elaboration of the inventory. In accordance with the GHG Protocol guidelines we modified the 2020 inventory by updating the GWP (Global Warming Potential) of the gases, migrating from version AR4 to AR5, referring to distinct assessments undertaken by the IPCC (Intergovernmental Panel on Climate Change). The limited assurance of the Natura GHG Inventory in 2022 was conducted by PwC Brasil.
305-2 (2016)	Energy Indirect (Scope 2) GHG emissions	
305-3 (2016)	Other indirect (Scope 3) GHG emissions	
305-5 (2016)	Reduction in GHG emissions	
305-6 (2016)	Emissions of ozone-depleting substances (ODS)	

Indicator/ Disclosure/ GRI Content*	Title	Reporting criteria and premises
305-7 (2016)	Nitrogen oxides, NO <sub>x</sub> , and sulfur oxides, SO <sub>x</sub> , and other significant air emissions	The emissions reported reflect the scope "Natura & Co Latin America" and account for the company's internal production processes. Significant air emissions are defined as those regulated by international conventions and/or national laws or regulations. The emissions include the ones mentioned in the organization's operational environmental licenses.
306-1 (2020)	Waste generation and significant waste-related impacts	In the context of the indicator "significant actual or potential impacts" are ones that are classified as highly severe and capable of causing environmental damage that is irreversible or difficult to reverse.
306-2 (2020)	Management of significant waste-related impacts	
306-3 (2020)	Waste generated	
306-4 (2020)	Waste diverted from disposal	This considers all the waste generated and disposed of by the Natura, Avon, The Body Shop and Aesop operations in Latin America. Additionally, it takes into account third-party manufacturers who manufactured 80% of the total units produced by third-parties in 2022 for Natura and Avon.
306-5 (2020)	Waste directed to disposal	
308-1 (2016)	New suppliers that were screened using environmental criteria	"New suppliers" are considered to be those approved in the reference year of the report. Our process for auditing critical suppliers and new suppliers, selected in accordance with the nature of the activities they perform and the environmental risks they present, assesses a set of environmental criteria, such as: compliance with legal requirements (environmental operating licenses and water withdrawal permits, among other documents), the existence and dissemination of an environmental policy, environmental emergency and waste rendering plans, environmental risk assessments, non-use of ingredients prohibited on international lists, and management of water and energy consumption, waste generation, control of effluents and atmospheric emissions. The calculation (in %) considers the total number of new suppliers screened using environmental criteria (numerator) as a proportion of all the new suppliers contracted in the period (denominator).
308-2 (2016)	Negative environmental impacts in the supply chain and actions taken	In the context of the indicator, we understand "screening suppliers using environmental criteria" as the application of the assessment criteria established in our <a href="#">Global Supplier Code of Conduct</a> . In the context of the indicators, we consider "actual or potential environmental impacts" to be the lack of compliance with the socio-environmental impact assessment criteria established in our Global Supplier Code of Conduct, principally with respect to waste management, atmospheric emissions of pollutants and greenhouses gases, management and use of water, general environmental licenses and environmental management systems. In the context of the indicator "significant actual or potential negative environmental impacts" are ones that are classified as highly severe and capable of causing environmental damage that is irreversible or difficult to reverse. All suppliers are assessed for socio-environmental criteria.
401-1 (2016)	New employee hires and employee turnover	For the definition of "employees and workers", see disclosures 2 -7 and 2-8. The hire and termination rates are calculated in accordance with the following rationale $\{[(\text{number of hires} + \text{number of terminations})/2]/\text{total headcount}\}$ .
401-3 (2016)	Parental leave	For the definition of employees and workers, see disclosures GRI 2 -7 and 2-8

Indicator/ Disclosure/ GRI Content*	Title	Reporting criteria and premises
403-1 (2018)	Occupational health and safety management system	For the definition of employees and workers, see disclosures 2 -7 and 2-8. Health and Safety operational conduct is applicable to the entire organizational work force (employees and third-parties).
403-2 (2018)	Hazard identification, risk assessment and incident investigation	
403-3 (2018)	Occupational health services	
403-4 (2018)	Worker participation, consultation, and communication on occupational health and safety.	
403-5 (2018)	Worker training on occupational health and safety	
403-6 (2018)	Promotion of worker health	As part of the Occupational Health and Safety Program, in the units in Benevides (PA), Cajamar (SP) and NASP, in the city of São Paulo, we have a Health Space, with a team that provides first aid and emergency care. Worthy of note is the fact the emergency care is guaranteed for everyone on Natura premises, both employees and service providers. Since the Covid-19 pandemic, health promotion strategies for everyone in our network have been intensified, such as the provision of assistance for our networks of consultants and representatives.
403-7 (2018)	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health and safety impacts are associated with the mapping of occupational risks, aligned with the ISO 45.001 standard. Furthermore, in the context of the indicator "significant negative impact" is considered to be a long-lasting or irreversible negative incident in one or more dimensions of well-being.
403-8 (2018)	Workers covered by an occupational health and safety management system	For the definition of employees and workers, see disclosures GRI 2 -7 and 2-8.
403-9 (2018)	Work-related injuries	
403-10 (2018)	Work-related ill health	
404-1 (2016)	Average hours of training per year per employee	For the definition of "employees and workers", see disclosures 2 -7 and 2-8. The definition of the functional categories is conducted by the organization itself, in accordance with its personnel management system and reflects the main career levels. The result of the indicator refers to the average number of hours training for employees, in accordance with each segment required by the GRI. Training programs, courses and training sessions offered internally by internal or external trainers and recorded in the organization's management system.
404-3 (2016)	Percentage of employees receiving regular performance and career development reviews	For the definition of "employees and workers", see disclosures 2 -7 and 2-8. In the context of the indicators, "regular performance reviews" are understood to be formal performance assessment initiatives adopted by the organization and registered in its management systems.

Indicator/ Disclosure/ GRI Content*	Title	Reporting criteria and premises
405-1 (2016)	Diversity of governance bodies and employees	For the definition of "employees and workers"; see disclosures 2 -7 and 2-8. The organization itself defines the functional categories in accordance with its personnel management system, which reflects the main career levels.
405-2 (2016)	Ratio of basic salary and remuneration of women to men	In 2022, we conducted a third edition of the study to address this question in the annual salary review cycle. Our activities are focused on the unexplainable salary differences, by gender and by race. The disclosure of information by functional category is not part of the strategy in this area. The information was synthesized in accordance with a specific company methodology.
406-1 (2016)	Incidents of discrimination and corrective actions taken	"Incidents of discrimination" are understood to be intentional or non-intentional behaviours that breach the company's policies related to diversity, understood here to be a broad set of individual aspects such as race/ethnic origin, beliefs, gender, sexual orientation, gender identity, disability, among others. Incidents may be reported via the Natura &Co Ethics Line. Further information in the "Ethics and Compliance" section on page 149 of the 2022 Natura &Co Latin America Integrated Report.
407-1 (2016)	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Our process for auditing critical suppliers and new suppliers, selected in accordance with the type of activity they perform and the socioenvironmental risks they present, assesses a set of socioenvironmental parameters. Examples are: the existence and dissemination of codes of conduct, commitment to human rights and decent working conditions (prohibition of child and forced labour), commitment to anti-corruption practices and to community development actions.
408-1 (2016)	Operations and suppliers at significant risk for incidents of child labor	We employ the International Labor Organization (ILO) definition. Child labor is understood to be an activity that "deprives children of their childhood, potential and dignity and that is prejudicial to their physical and mental development". Additionally, we consider the provisions of the Fair Labor Standards Act (FLSA), a federal law in the United States. To assess risk situations considering the countries or the geographical areas of our operations and suppliers, we use the Verisk Maplecroft risk indicators, comprising distinct pillars and updated every 6 months.
409-1 (2016)	Operations and suppliers at significant risk for incidents of forced or compulsory labour	According to art. 149 of the Brazilian Penal Code, forced or compulsory labor is characterized by the submission of a person to forced labor or exhaustive working conditions, either subjecting them to degrading work conditions or restricting their movements, by any means, through debt contracted with the employer or representative. We also follow the definition of the International Labor Organization (ILO), which characterizes slave labor as "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself [or herself] voluntarily". To assess risk situations considering the countries or the geographical areas of our operations and suppliers, we use the Verisk Maplecroft risk indicators. This index comprises distinct pillars and is updated every 6 months.
411-1 (2016)	Incidents of violations involving rights of indigenous peoples	The universal reference related to this question is the United Nations Declaration on the Rights of Indigenous Peoples, <a href="#">as well as Brazilian legislation as set forth in the Indian Statute</a> . The procedures established to identify cases of violation of indigenous people's rights include the ombudsman channels, formal field monitoring programs and the audit process for the Union for Ethical Biotrade (UEBT) certification.
413-1 (2016)	Operations with local community engagement, impact assessments, and development programs	Operations are considered to be the units [office, distribution centers and factories] in Latin America. In this indicator, the commercial operations (contracts) between the group and its suppliers are also considered. The communities supplying social biodiversity ingredients are especially considered to be local communities.
413-2 (2016)	Operations with significant actual and potential negative impacts on local communities	The Natura &Co Latin America operations are detailed in disclosure 2-2 of this document. The communities supplying social biodiversity ingredients are especially considered to be local communities. In the context of the indicator, "Significant actual or potential negative impacts on the local communities" are those which, if they occur, are classified as highly severe and capable of causing irreversible damage or damage that is difficult to reverse in social, environmental and economic aspects of the social biodiversity supplier communities.
414-1 (2016)	New suppliers that were screened using social criteria	"New suppliers" are considered to be those approved in the reference year of the report. Our process for auditing critical suppliers and new suppliers, selected in accordance with the type of activity they perform and the socioenvironmental risks they present, assesses a set of social parameters. Examples are: the existence and dissemination of codes of conduct, commitment to human rights and decent working conditions (prohibition of child and forced labour), commitment to anti-corruption practices and to community development actions. For suppliers in Brazil, we require compliance with established quotas for hiring disabled people and apprentices. The calculation (in %) considers the total number of new suppliers screened using social criteria (numerator) as a proportion of all the new suppliers contracted in the period (denominator).