



# LIVING OUR VALUES

THE BODY SHOP INTERNATIONAL PLC  
VALUES REPORT 2009



AGAINST  
ANIMAL  
TESTING

SUPPORT  
COMMUNITY  
TRADE

ACTIVATE  
SELF  
ESTEEM

DEFEND  
HUMAN  
RIGHTS

PROTECT  
OUR  
PLANET

# VALUES REPORT 2009

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# INTRODUCTION

It gives me great pleasure and pride to invite you to read The Body Shop Values Report for 2009.



The Body Shop is the original natural and ethical beauty brand. We are passionate about living our Values and responding to the growing challenges of living in a consumer society that is also in harmony with the planet. We have a unique opportunity to touch the lives of millions of people everyday and to help them look good, feel great and be confident enough to reach out to others. In this Report we explain the many ways by which we use this opportunity to bring our Values to life.

Since our last Report we have seen many changes, and this Report records both our achievements and some areas where we still have much to do. We are particularly proud that we have brought three new Community Trade suppliers into the business from Samoa, Kenya and Ecuador. There are notable improvements in increasing the use of reusable Gift packaging and the use of recycled materials in our packaging. Our customer facing campaigns go from strength to strength. There are significant results from our campaigns on HIV/ AIDS and domestic violence from our business around the world.

During 2008 we have added new resources to increase the Community Trade team, created a new focus for environment, health and safety to drive more measureable progress, and started a project to develop a sustainable business plan, focusing on developing products that derive their power and inspiration from the natural world.

Our five core Values are as relevant today as they were when Anita first set them out - we are always looking for new ways to bring them to life. We believe that our Values are at the heart of our commercial success and they are the key to growing our business. As we go forward we will be more creative in bringing our message to customers who are searching for brands with principles that they can trust. In doing this we will deliver more positive benefits to everyone that we touch.

Sophie Gasperment – Chief Executive of The Body Shop

# TRIBUTE TO ANITA RODDICK OUR FOUNDER



Anita founded The Body Shop, an ‘extraordinary’ company, with her own singular vision, that business could be a force for good, and that profits could be made without compromising principles. Anita’s belief that we could make innovative products without testing them on animals, without destroying the planet, and without exploiting the people that made them, helped The Body Shop to pioneer what is now called ‘ethical shopping.’

Well ahead of her time, Anita expected customers to want more than what they were being offered, and ran The Body Shop by promoting health and wellbeing, rather than reinforcing unrealistic models of female beauty. We are now seeing many commentaries

on the fundamental relationships between economic activity and human wellbeing that reflect Anita’s original analysis of the role of consumer products.

Traveling the world for natural ingredients and traditional recipes, Anita saw the opportunity to use trade to benefit marginalised communities normally bypassed or exploited by conventional business to business supplier relationships. We call this system ‘Community Trade’ and in many instances it demonstrates the interdependence of our Values.

The experience of COPPALJ in Brazil is a perfect example of Anita in action and the interdependency of our Values. She asked them to supply The Body Shop with organic babassu oil, a tropical nut oil used in many of our products. COPPALJ maintains a traditional livelihood from the babassu palm, helping to preserve the natural environment. The income they receive has enabled them to invest in the health and education of the whole community, which in turn has helped to build their self esteem. Of most importance, over time, it has given them the confidence to fight for their land rights.

As the company develops the strategy to grow into its next 30 years I am confident that Anita Roddick’s vision will remain ever present to guide us. In her book *Body and Soul*, Anita wrote that ‘there is no power on earth apart from business capable of making the changes we desperately need for the continued survival of the planet.’

Anita believed that selling The Body Shop to L’Oréal was the best way to guarantee our Values into the future. She said, “I have not worked all these years to be satisfied to have pioneered a new way of doing business that nobody else ever tries. I want to make things happen, to spread human values wider in business if I possibly can. And this sale gives us the chance to do so.”

Her legacy to us is to carry on with ‘business as unusual.’

Jan Buckingham – International Values Director

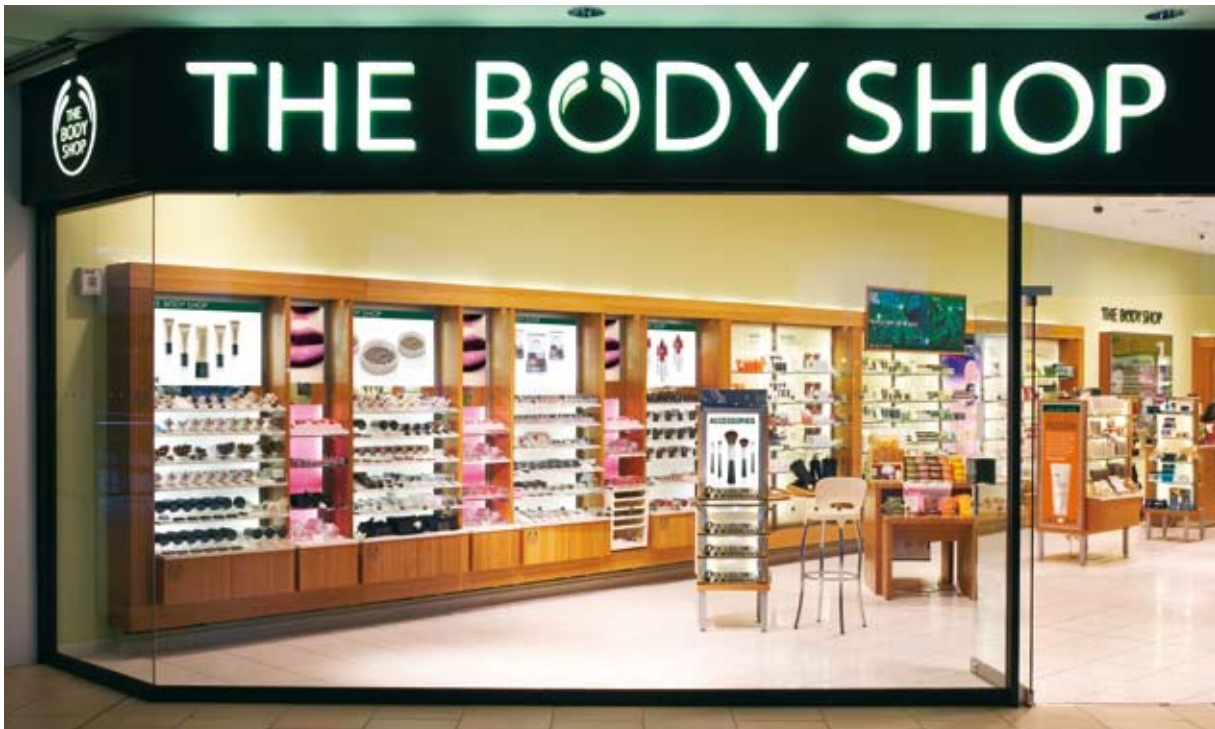
# THE BODY SHOP ABOUT US

The Body Shop International is a global manufacturer and retailer of naturally inspired, ethically produced beauty and cosmetics products. Dame Anita Roddick opened the very first The Body Shop® store in 1976 in Brighton, on the south coast of England. We now have over 2,500 stores in over 60 countries with a range of over 1,200 products. During 2008 we opened 124 new stores around the world, including new markets in India, Pakistan, Namibia, Poland, Slovakia, Monaco and Egypt.

As well as selling our products through our stores we also have a direct-selling channel called The Body Shop At Home™, where consultants sell products at parties in people's homes. This operates in two countries – the UK and Australia. Customers can also use our e-commerce websites for online shopping in the UK, the USA, Canada, Australia, Korea and Japan.

We have our own charity, The Body Shop Foundation. Launched in 1990, The Foundation gives financial support to pioneering, frontline organisations that otherwise have little hope of conventional funding. The Foundation's focus is to assist those working to achieve progress in the areas of human and civil rights, environmental and animal protection.

The Body Shop owns 100% of Soapworks, a soap factory based in Glasgow, Scotland, which represents the only manufacturing facility in the Company. Otherwise all other product manufacturing is outsourced.



## **PART OF THE L'ORÉAL GROUP**

The Body Shop became part of the L'Oréal Group in 2006. L'Oréal is listed on the Paris Stock Exchange. The Body Shop operates as a distinct entity, with its own Board and Executive Committee, within the L'Oréal Group.

# STAKEHOLDER PANEL COMMENTARY

Our Mission Statement requires us to run our business in a way that balances economic, social and environmental needs. As well as assessing ourselves against our Mission Statement we also ask for comment from those outside the business with whom we share common objectives. The 2007 Values Report was reviewed by an independent Stakeholder Panel, which comprised of a variety of different stakeholders: NGOs, employees, franchisees and suppliers.

The NGOs from the Panel met again in 2008 to review our progress against targets. The 2008 Stakeholder Panel consisted of representatives from the British Union for the Abolition of Vivisection (BUAV), Oxfam-UK, Traidcraft, and World Wildlife Fund (WWF) and focused on:

- Providing feedback on progress of The Body Shop against social and environmental objectives and recommendations made by the 2007 Stakeholder Panel.
- Discussion on the future 2008-2010 social and environmental targets of The Body Shop.

“This was a brave and transparent process for The Body Shop to undertake. It stands alongside the best of The Body Shop in its determination to maintain its leadership in keeping the company truly reflective of its roots.”

Gordon Roddick  
Chair of the Panel

The overall opinion of the Stakeholder Panel was that The Body Shop had performed well against our 2007 and 2008 targets. It was felt that future objectives and targets could be strengthened further, and the Panel offered some suggestions for consideration:

## GENERAL SUGGESTIONS

- Adopt a strategic, systematic approach to implementing our sustainability vision, including a review of how The Body Shop can best engage in policy work around sustainability and each of its core Values.
- Establish a corporate governance structure where all Directors have responsibility for specific Values targets.

## REDUCING OUR IMPACT ON THE ENVIRONMENT

- Reassess climate change targets in order to strengthen our commitment to being a carbon neutral retailer by 2010.
- Develop reduction targets around water use.
- Engage in the development of national and international climate change policy, identifying areas where we can support nature and communities to adapt to climate change.

## **RESPONSIBLE SOURCING**

- Review how to engage with our palm oil supply chain outside of the Roundtable for Sustainable Palm Oil (RSPO) and extend our RSPO commitments to include all products, which include traceable palm oil.
- Assess the feasibility of supporting emerging environmental concerns.
- Develop a formal Community Trade model to ensure support to organisations that strengthen marginalised farmers' ability to access markets.
- Developing a share system similar to 'Divine', where Kuapa Kokoo received 14% of the shares from The Body Shop and then shared the retail profits across those farmers involved with the cooperative.
- Focus less on compliance and more on reviewing supplier relationships to ensure that suppliers are treated as partners and helped to improve conditions for workers.

## **AGAINST ANIMAL TESTING**

- Discuss with L'Oréal the opportunity to make a joint statement committing to the end of all animal testing in cosmetics.
- Review the possibility of future campaigns and brand communications focusing on celebrating The Body Shop Against Animal Testing achievements.

We listened to the Panel carefully and have already responded to some of their suggestions. We will report again against these recommendations when the Panel meets again later in 2009.

## ABOUT THIS REPORT

The following Values Report will detail what we have achieved over the period January 2007 to December 2008. To support this Report we conducted a stakeholder review so that we can continually make sure that our Values activity is focussed in the right areas. We have always listened to our stakeholders – a combination of their views, our beliefs, and an analysis of where we can make the most difference, is where we want to direct all our energy. This is only the beginning of the process - we will continue to evolve and deepen this assessment of the materiality of our actions, ensuring that we are responding to our stakeholders and achieving the greatest social and environmental impact. For this Report we began our consultation by focussing on the following groups:

- **CUSTOMERS** – We launched a global Values survey to over 100,000 Love Your Body™ card members, asking them what concerns they have about the world and how they thought The Body Shop should be responding. In total, 3,615 customers completed the survey.
- **NGOS AND ACADEMIA** – Detailed meetings were held with a number of stakeholders to ask their views, including Forum for The Future, WWF, Business in the Community and The University of Manchester. These findings were triangulated with our usual partners with whom we work on a regular basis, and those on our Stakeholder Panel.
- **STORE STAFF** – Interviews were held with a small sample of store managers around the world.
- **EXTERNAL EXPERT** – In addition to continued engagement with our Stakeholder Panel and NGO partners, we asked an independent advisor, Alan Knight, to come into The Body Shop and review our Values approach and performance. Alan serves on the UK Sustainable Development Commission and is a highly respected voice, whom we felt would challenge and provoke us.

Following a review of stakeholder views, and a study of where we feel we can make the most impact, we decided that the following areas would be our focus for this Report:

- Sourcing Responsibly – How do we ensure that our products and ingredients are responsibly sourced?
- How are we minimising our impact on the environment? Particularly focussing on:
  - Climate change
  - Waste and reducing the impact of our packaging
  - Our responsible use of chemicals
- How do we ensure that our products and ingredients aren't tested on animals?
- How do we make our customers, staff and suppliers feel good about themselves?
- What do we achieve by campaigning?

This review will feed into the way we set targets over the coming years ensuring that our commitment to our Values remains focused and responsive to our stakeholders.

## EXTERNAL EXPERT

We asked Alan Knight, an independent external expert, to provide further commentary on the Report and our performance. We felt that Alan's retail experience would provide us with a different customer facing perspective to that normally provided by our Stakeholder Panel. Alan's activities included the following:

- Meetings with the Values Director and the Values team.
- Meetings with Functional Heads of department, responsible for driving Values activity.
- Roundtable meeting held with the Executive Committee.
- Detailed review of 2009 Values Report.

Alan's review did not include:

- An audit of social and environmental data. This data is now collected and submitted to be part of the Group audit process for publication in the L'Oréal Sustainable Development Report.

### ALAN'S DETAILED COMMENTS CAN BE VIEWED THROUGHOUT THE REPORT:

"The Body Shop has a place in my heart, not because I am a passionate user of soaps, shampoos and Body Butter, but because all accurate summaries of sustainability and retailing must recognise the contribution of The Body Shop, their Values and Anita Roddick. Jan Buckingham's tribute says it all. Being asked to review this Values Report was therefore an honour.

My journey around The Body Shop was a guided tour of the Brighton store, my own visits to other stores and interviews with key players and a discussion with the Executive Board. All credit to The Body Shop; everyone was open, accessible and interested.

This Values Report, is thorough, comprehensive, well written and one of the most interesting CSR reports I have read this year - trust me I have read a few, but, it feels a bit too dry, a bit too mainstream. The Body Shop for me is about being edgy, slightly cocky, and thought provoking. I encourage them to be brave and recapture their edge."

Alan Knight

# OUR VALUES WHAT WE BELIEVE

“The business of business should not just be about money, it should be about responsibility. It should be about public good, not private greed.”

Dame Anita Roddick  
Human Rights Activist.  
Founder of The Body Shop

Anita believed that businesses have the power to do good. That is why the Mission Statement of The Body Shop opens with the overriding commitment, 'To dedicate our business to the pursuit of social and environmental change.' Our Mission Statement is as relevant today as it was over 30 years ago, when the company was founded:

## MISSION STATEMENT OF THE BODY SHOP OUR REASON FOR BEING IS TO:

- Dedicate our business to the pursuit of social and environmental change.
- Creatively balance the financial and human needs of our stakeholders: employees, customers, franchisees, suppliers and shareholders.
- Courageously ensure that our business is ecologically sustainable, meeting the needs of the present without compromising the future.
- Meaningfully contribute to local, national and international communities in which we trade by adopting a code of conduct which ensures care, honesty, fairness and respect.
- Passionately campaign for the protection of the environment, to defend human rights, and against animal testing within the cosmetics industry.
- Tirelessly work to narrow the gap between principle and practice, whilst making fun, passion and care part of our daily lives.

97% of our loyal Love Your Body™ card members surveyed said that The Body Shop Values are either 'important' or 'very important' to them as customers.\*

In order to make sure that our business continues to live by this Mission Statement, The Body Shop created five core Values. These Values act as a practical guide to decision making at all levels of the company, helping us to ensure that our profits are made with principles.

**AGAINST**  
ANIMAL  
TESTING

**SUPPORT**  
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TRADE

**ACTIVATE**  
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**DEFEND**  
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PLANET

\* Survey sent to over 100,000 customers in the UK, the USA, Singapore and Canada. For more details go to section 'Making the most impact'

# IMPLEMENTATION OF OUR VALUES

At The Body Shop, people at all levels of the organisation are encouraged to take ownership of our Values. The International Values Director sits on the Executive Board, ensuring that Values remain at the forefront of commercial decision making. A Values Committee oversees the governance of Values in the business, which is chaired by the Director of Values and consists of senior managers responsible for implementation. Under each Value we have a detailed set of Values Principles, which help inform the strategic decisions we make.

The Body Shop recognises the importance of engaging with external stakeholders in developing our Values programme. We engage with a Stakeholder Panel consisting of social and environmental experts. This Panel reviews the policies and performance of The Body Shop on a regular basis and met in 2008 to review our progress against targets. Their comments can be viewed on our website at [http://www.thebodyshop.com/\\_en/\\_ww/values-campaigns/reports-policy.aspx](http://www.thebodyshop.com/_en/_ww/values-campaigns/reports-policy.aspx)

## GOVERNANCE

### EXECUTIVE BOARD

- Each Director is responsible for integrating Values into their own functions
- International Values Director is a member of the Executive Board
- Values issues championed by International Values Director at regular Executive meetings

## MONITORING AND EVALUATION

- Executives are updated on performance against targets by quarterly "Values Tracker", Community Trade, Ethical Trade, Climate Change and Against Animal Testing "Trackers"

### VALUES COMMITTEE

- Meets quarterly to discuss implementation of Values initiatives
- Comprises of senior managers and feeds into quarterly Executive meetings

- Values Report reviewed by Stakeholder Panel in 2007 and 2008, and by independent expert Alan Knight in 2009

### FUNCTIONAL OWNERSHIP

- Each function is responsible for implementing the Values - KPIs are integrated into appropriate annual objectives
- Informed by globally applicable Values Policies and Principles
- Some senior staff have a high portion of annual bonus dependent on various Values initiatives

- Ethical Trade programme reviewed annually by The Ethical Trading Initiative (ETI)
- Against Animal Testing programme audited every 3 years as part of BUAV's Humane Cosmetics Standard
- Regular, audited reports provided to WWF Forest and Trade Network and Roundtable on Sustainable Palm Oil
- Community and Ethical Trade programme to be reviewed by IMO in 2009

### GLOBAL VALUES TEAM

- Reports into International Values Director
- Responsible for stakeholder engagement, social and environmental campaigns, and internal and external Values reporting

# OUR COMMITMENTS

	WHAT WE SAID WE WOULD DO	PROGRESS	
<b>RESPONSIBLE SOURCING - HOW DO WE MAKE SURE THAT OUR PRODUCTS ARE RESPONSIBLY SOURCED?</b>	Visit every Community Trade supplier at least every 2 years	94% complete A number of suppliers were visited more frequently: GPI in Nepal; Teddy Exports in India; WBDI in Western Samoa; and CADO in Ecuador.	<b>SUPPORT COMMUNITY TRADE</b>
	65% of products will contain Community Trade Ingredients or be produced by a Community Trade supplier by year end 2008	<b>X</b> 64% - on track to increase further in 2009	
	We will only trade with suppliers that commit to and make demonstrable improvement to meeting requirements in The Body Shop Code of Conduct for Suppliers.	<b>✓</b>	<b>DEFEND HUMAN RIGHTS</b>
	We will ensure that all first tier product suppliers are assessed on a regular basis: low risk suppliers every two years and medium and high risk suppliers every year.	<b>✓</b>	
	All soaps made from RSPO certified palm oil by year end 2008	<b>✓</b>	<b>PROTECT OUR PLANET</b>
	100% of wood products from FSC sources by 2010	On track	
<b>HOW ARE WE REDUCING OUR IMPACT ON THE ENVIRONMENT?</b>	30% reduction in store carbon emissions by year end 2008	<b>X</b> We made improvements but cannot demonstrate an overall 30% reduction	<b>PROTECT OUR PLANET</b>
	90% of car fleet to be hybrid vehicles by year-end 2008	<b>✓</b>	
	Carbon Neutral retailer by 2010	Targeting lower emissions in 2009/10 Renewable sourcing is up in UK and EMEA	
	All air travel offset	<b>✓</b>	
	Phase out polycyclic musks from product formulations by year-end 2010	On track	
	Phase out phthalates in product formulations by year-end 2007	<b>✓</b>	
	65% of our packaging assortment will contain recycled content by year end 2008	<b>X</b> Currently at 50% and will increase in 2009. Introduced 100% recycled PET bottle and rolling this out across our ranges	
	We will double the recycled content of all of our PET bottles by year-end 2008 (currently 30%)	<b>✓</b>	
We will develop and communicate a company wide strategy on waste and packaging by year-end 2008	Strategy is being formulated in early 2009		

	WHAT WE SAID WE WOULD DO	PROGRESS	
<b>HOW DO WE ENSURE THAT OUR PRODUCTS AND THEIR INGREDIENTS AREN'T TESTED ON ANIMALS?</b>	Continue to be certified against the Humane Cosmetic Standard	✓	<b>AGAINST ANIMAL TESTING</b>
<b>WHAT DO WE ACHIEVE BY CAMPAIGNING?</b>	Stop Violence in the Home – Increase the number of markets who run the campaign to 50	✓	<b>ACTIVATE SELF ESTEEM</b> <b>DEFEND HUMAN RIGHTS</b>
	Stop Violence in the Home – Raise £700,000 per year for NGOs working on the issue	✓	
	Stop Violence in the Home – To create high-level ownership of and engagement in the campaign among all employees globally	✓	
	HIV/AIDS campaign in partnership with MTV – Raise £1,000, 000 over three years for the Staying Alive Foundation	✓	
	HIV/AIDS campaign in partnership with MTV – Run the campaign in 45 markets around the world	✓	

# RESPONSIBLY SOURCING HOW DO WE MAKE SURE THAT OUR PRODUCTS ARE RESPONSIBLY SOURCED?

89% of our loyal global customers surveyed feel that it was “very important” that we source in a responsible manner, treating people in our supply chain with dignity and respect.

**OUR MISSION STATEMENT SAYS THAT WE WILL “CREATIVELY BALANCE THE FINANCIAL AND HUMAN NEEDS OF OUR STAKEHOLDERS”**

A number of years ago The Body Shop took the decision to outsource its manufacturing, in order to focus efforts on the development and sourcing of innovative products. Whilst we no longer manufacture our own cosmetics, this does not mean we have outsourced our responsibilities - we have a passionate interest in the provenance of what we sell, and the rights and conditions of the workers in our supply chains.

Over the years our supply operations have become diverse and complex and we have learnt that our resources are best applied where we can effect most change. Anita’s vision was to use the business as a force for good and we are always most excited when we can work directly with suppliers to benefit all concerned. We acknowledge that this detailed level of engagement is not always possible with all parts of the supply chain – where our influence is more limited we will always ensure that minimum standards are met. The following programmes have been developed to ensure that we source responsibly:

- **COMMUNITY TRADE NATURAL INGREDIENTS**– 21 different natural ingredients sourced from marginalised communities, from Brazil to Samoa. We create stable long-term relationships with suppliers, paying a fair price and helping communities to thrive.
- **COMMUNITY TRADE GIFTS AND ACCESSORIES**– 65 different Gifts and Accessories, expertly produced for us by marginalised communities around the world. We have now been trading with Teddy Exports, our first Community Trade supplier for over twenty years.
- **CONTRACT MANUFACTURING**– all of our direct product manufacturers are monitored through our Ethical Trade programme, ensuring that workers human rights are respected in line with international standards.
- **SPECIAL FOCUS MATERIALS**– some ingredients deserve special attention. We source palm oil for our soaps, and wood for the majority of our wooden accessories, from well-managed sources that do not contribute further to deforestation.

## RESPONSIBLE SOURCING IN PRACTICE

The following example of a foot-care regime highlights the different components of our responsible sourcing programme:

### WASH YOUR FEET



### COCONUT SOAP

- Palm oil from a well-managed plantation in Columbia, that does not contribute to deforestation
- Community Trade organic virgin coconut oil is supplied by Women in Business Development Inc (WIBDI), an organic small-holder association in Samoa
- Our soap factory 'Soapworks' was set up in a deprived area of Glasgow to help provide local employment
- The factory is audited to establish compliance with our Code of Conduct, which provides information on the conditions of the thousands of workers in our supply chains, with reference to international standards

### FILE YOUR FEET



### FILE-A-FOOT

- File-A-Foot made with FSC certified Siberian Silver Birch, by Community Trade supplier, Timber Production from Russia

### RESCUE YOUR FEET



### PEPPERMINT INTENSIVE FOOT RESCUE

- Community Trade peppermint essential oil from Norfolk, which is grown without the use of pesticides.
- Community Trade cocoa butter from Kuapa Kokoo in Ghana.
- Community Trade organically grown soya oil from The Capenema Farmers in Brazil
- Community Trade organic beeswax from Africa
- Factory which manufactures the Peppermint Foot Rescue is audited to ensure Ethical Trade compliance

### MASSAGE YOUR FEET



### FOOTSIE ROLLER

- Footsie Roller made by Community Trade supplier, Teddy Exports in southern India. Our trade helps to provide vital employment and to develop valuable community development initiatives including AIDS and HIV awareness programmes

### MOISTURISE YOUR FEET



### MOISTURISING SOCKS

- Moisturising Socks produced by Community Trade Supplier, Craft Aid in Mauritius. Craft Aid provides employment to 160 people, 40% of which have disabilities

## OUR COMMUNITY TRADE PROGRAMME

“Our customers love to hear about our Community Trade ingredients in our products. I often wonder what the criteria is for choosing these communities. How do we decide which supplier and country to start trading with?”

Chloe Cheng, Marketing Manager, Taiwan



One of our proudest achievements at The Body Shop is our Community Trade programme. Born of Anita’s observations of hardship in and amongst the producers at the bottom of supply chains, Community Trade marries ingredient sourcing with development to produce a unique and unrivalled system.

### WHAT IS COMMUNITY TRADE?

Community Trade is a targeted purchasing programme pioneered by The Body Shop. Anita Roddick began this inspirational initiative over 20 years ago and the first Community Trade purchase order was placed in 1987. Through careful management, The Body Shop uses its demand for ingredients, gifts and accessory items, to give marginalised producers access to a market otherwise out of reach. By frequent engagement with a variety of stakeholders, in particular the producers themselves, The Body Shop strives to do this in a fair way. Community Trade is regarded an example of fair trade and was arguably the first instance of fair trade in our industry. It has much in common with other fair trade programmes and conventions, but is targeted specifically at our own demand patterns.

### OUR DEFINITION OF A FAIR TRADING RELATIONSHIP:

- INCOME** Fair pay for work in fair conditions, where decisions are made through local engagement.
- COMMUNITY** An enduring interest in the development of the community.
- PREDICTABILITY** A long term, predictable supply relationship.

Recognition as a Community Trade supplier by The Body Shop is not made lightly. It comes with expectations of progress. As a starting point, the following broad definitions are used to assess a prospective community’s potential to become a Community Trade supplier:

- MARGINALISATION** Community Trade communities must be defined by their position in culture, politics, gender, geography or society.
- ORGANISATION** Community Trade suppliers must be socially motivated, and must be organised in a democratic form.
- BENEFITS** The benefits of trade for the individual and the community must be clearly understood and must be clearly demonstrable. The impact on women and children is of particular interest.
- COMMERCIAL VIABILITY** Community Trade should present a market intervention mechanism, not a route to the creation of false, unsustainable markets.
- ENVIRONMENTAL AWARENESS** Community Trade activity must comply with The Body Shop policies on environmental protection and sustainability.

**OVER 25,000 PEOPLE BENEFIT FROM THE COMMUNITY TRADE PROGRAMME.**



## COMMUNITY TRADE IN ACTION - SESAME SEED OIL

We source our Community Trade sesame seed oil from the Juan Francisco Paz Silva Cooperative in Nicaragua. The farmers are an illustration of how access to trade with The Body Shop, in a way that respects and reacts to the farmers' needs, can result in significant impact at a community level. We work with 275 farmers from a country where 45% of the population live on less than \$1 dollar a day. Over the 18 years of trading with The Body Shop, the community has built a health clinic, run training courses on organic farming, dug 20 wells, built washing stations, improved sanitation, built a subsidised shop and meeting centres that host an active social programme.

### UPDATE ON PROGRESS

WHAT WE SAID WE WOULD DO	WHAT WE DID
Visit every Community Trade supplier at least every two years	We achieved this commitment with 94% of our Community Trade suppliers. A number of suppliers were visited more frequently: GPI in Nepal; Teddy Exports in India; WBDI in Western Samoa; and CADDO in Ecuador
65% of products will contain Community Trade ingredients or be produced by a Community Trade supplier by year end 2008	2007 – 54% 2008 - 64%

We narrowly missed our target to increase the percentage of products containing a Community Trade ingredient, or being made by a Community Trade producer to 65% by 2008, but are confident that this figure will rise significantly in the coming year. We were happy to be able to increase total spend on Community Trade ingredients and accessories from £6.4 million in 2006 to £7.4 million in 2008.



## PRICING

There have been several major global events over the last 2 years that have placed inflationary pressures on many of our suppliers. The oil price, demand for bio-diesel crops, increased demand for animal feed and changes in climatic conditions have created food shortages and inflation. In 2008 we began a deep-dive into pricing in Community Trade in a bid to combat the effects of inflation, and to ensure that the primary producers in our programme were still getting a fair deal.



“Listen for the voice of the farmer. If you cannot hear it, what you are doing is wrong.”

Anita Roddick

## COMMUNITY TRADE NATURAL INGREDIENTS

Introducing new suppliers into the Community Trade family is something that The Body Shop does not do lightly. It requires a considerable commitment of resources on our behalf and generates expectations of change and hope amongst our producer communities. Whilst striving to maintain our commitments to our existing portfolio, we intend to maintain the momentum of development in Community Trade ingredients, and search for more opportunities to convert conventional supply to a fairly traded option where the opportunities arise. Over the last 2 years we have been delighted to announce the launch of several new Community Trade relationships:

**TEA TREE AND SUNFLOWER** Our organic tea tree oil is sourced from KOOFA, the Kenya Organic Oil Farmers' Association. A group of 384 farmers, we are working with the association, building their capacity to supply 100% of our requirement for this oil. From the middle of 2009 we will also start to source organic sunflower seed oil from KOOFA. Kenya's recent past has been marked by political upheaval, and its farmers struggle with the effects of climate change and the uncertainties of the global market place. Connecting into Community Trade gives the farmers a level of comfort previously unknown, with the potential to invest back into their community and plan for the future.



**COCONUT** Coconut has long been one of our most popular ingredients and in 2008 we converted our source to a Community Trade solution. We finalised the arrangements with an organic small-holder association 'Women in Business Development Inc' (WIBD) in Samoa to begin sourcing organic virgin coconut oil from a group of the island nation's rural farmers. This oil will be used in many of our products, including our best-selling Coconut Bath and Body range, reformulated to accommodate a virgin oil, and re-launched in 2009. WIBD's outreach work with the farmers and villagers of Samoa is vital in preparing them to adapt to climate change, and through access to micro-finance schemes, to create new, local businesses less dependent on foreign remittances.



**ALCOHOL** Ethanol is the major ingredient used in our Fragrance and Home Fragrance category, used to prolong the scent of a fragrance as well as to carry the fragrance itself. Our demand for ethanol from this product category is considerable. From 2009 we will start to buy our ethanol for our Fragrance from rural farmers in the mountains of Ecuador who together form a cooperative called "CADO". Working with a range of local NGOs, CADO will be using a portion of its trade income from The Body Shop to focus on the many children whose families belong to cane farming communities in this challenging, remote part of the country.



### **L'OREAL**

Over the last 2 years interest has grown rapidly from many areas of L'Oréal's operations. Separate announcements have been made at a Group level regarding the use by other brands of the following ingredients from The Body Shop Community Trade Programme: olive, soya, cocoa, sugar and sesame.

L'Oréal's new Organic and Natural Laboratory decided to create a fair trade steering group. This is a cross-functional team, including representation from The Body Shop Community Trade team, charged with producing a group-wide approach to fair trade that best suits its many brands. Our Community Trade guidelines and commitments have provided an essential starting point for the discussions and progress made.

### **FUTURE PLANS**

There are 2 new ingredients already in development for conversion to Community Trade, both are destined for introduction into products during 2010, and will benefit farmers in Northern and Southern Europe and Asia. Looking further ahead, several ingredients are lined up where we do not yet have a Community Trade source identified, and we will be reaching out to our NGO network in the coming months to begin the process.

## COMMUNITY TRADE GIFTS AND ACCESSORIES

We adopt a different approach to expansion with our Gifts and Accessories suppliers. Tight development lead times combined with our high volumes means it is harder to develop long term relationships. In 2006, we decided we needed to consolidate our Gifts and Accessories suppliers. We achieved this, thereby protecting the level of trade we have with our 9 ongoing suppliers.

### BAG FOR LIFE

In 2007 we launched our New Bag For Life, sourced from our original Community Trade supplier, Teddy Exports in Southern India. This bag is one of the many that we continue to design and develop with Teddy and is made from organically grown cotton. Our Bag For Life is sold in stores round the world, with a proportion of the profits going to a charity Children On The Edge. Children On The Edge works with some of the most vulnerable and marginalised children around the world, advocating for all of their rights in accordance with the principles and provisions of the UN Convention on the Rights of the Child. In the USA and Canada, a proportion of the sales go to local domestic violence charities:

### DONATIONS TO CHILDREN ON THE EDGE THROUGH BAG FOR LIFE SALES



### 'CREATE YOUR OWN'

Our 'Create Your Own' bags and boxes are produced in India and Nepal by Teddy Exports and Get Paper Industries (GPI) respectively, providing employment and social benefits to hundreds of craftsmen and women. Both these suppliers have groundbreaking HIV/AIDS awareness campaigns that we are proud to support through our ongoing trading relationship. In 2008 Get Paper Industries in Nepal used a portion of the trade income from The Body Shop to fund the NGO called General Welfare Pratisthan, or GWP. In 2008, GWP extended its education outreach work to include a remote community of stone-cutters.

### ORGANIC COTTON

Throughout the last 2 years, The Body Shop Community Trade team has been working closely with the suppliers of cotton items to convert Community Trade to an 'organic cotton only' programme. Now 95% complete, this means that almost all of our bags, staff T-shirts, Moisturising Socks and Gloves now originate from traceable organic supply chains.

### BIHAR FLOODS

We were saddened to see the terrible floods in Bihar in 2008. One of our Community Trade suppliers, Tara Products, from whom we buy our soapstone burners, was active in the relief effort that ensued. Supported by a strong fair trade network with The Body Shop as one of its long-term customers, Tara provided aid to the areas concerned.

### FUTURE PLANS

There are 2 new Community Trade Accessory suppliers who are currently under review, both in India, strengthening the relationship that The Body Shop has with the country where Community Trade began.

### INDEPENDENT COMMENTARY FROM ALAN KNIGHT

"Community Trade is a powerful story. I look forward to seeing a clearer explanation of Community Trade in stores."

## CONTRACT MANUFACTURING – OUR ETHICAL TRADE PROGRAMME

Every organisation which produces a product for The Body Shop is required to sign up to our Ethical Trade programme, based on the principles of engagement of the Ethical Trading Initiative. Through a system of audits and outreach work, we constantly review information from the supply base that tells us of the rights and conditions of the workers who make products on our behalf. Suppliers sign up to The Body Shop Code of Conduct, which is in line with best practice and international labour standards. Signing up to the Code means that:

- No-one should be forced to work.
- Workers should be able to join and form trade unions.
- Working conditions should be safe and healthy.
- Child labour should not be used.
- People should not work excessive hours.
- Workers should earn enough to live on.
- Workers should be treated equally, regardless of who they are and what they believe.
- Where possible, workers should be provided with regular employment.
- Workers should not be verbally, physically or sexually abused or disciplined.

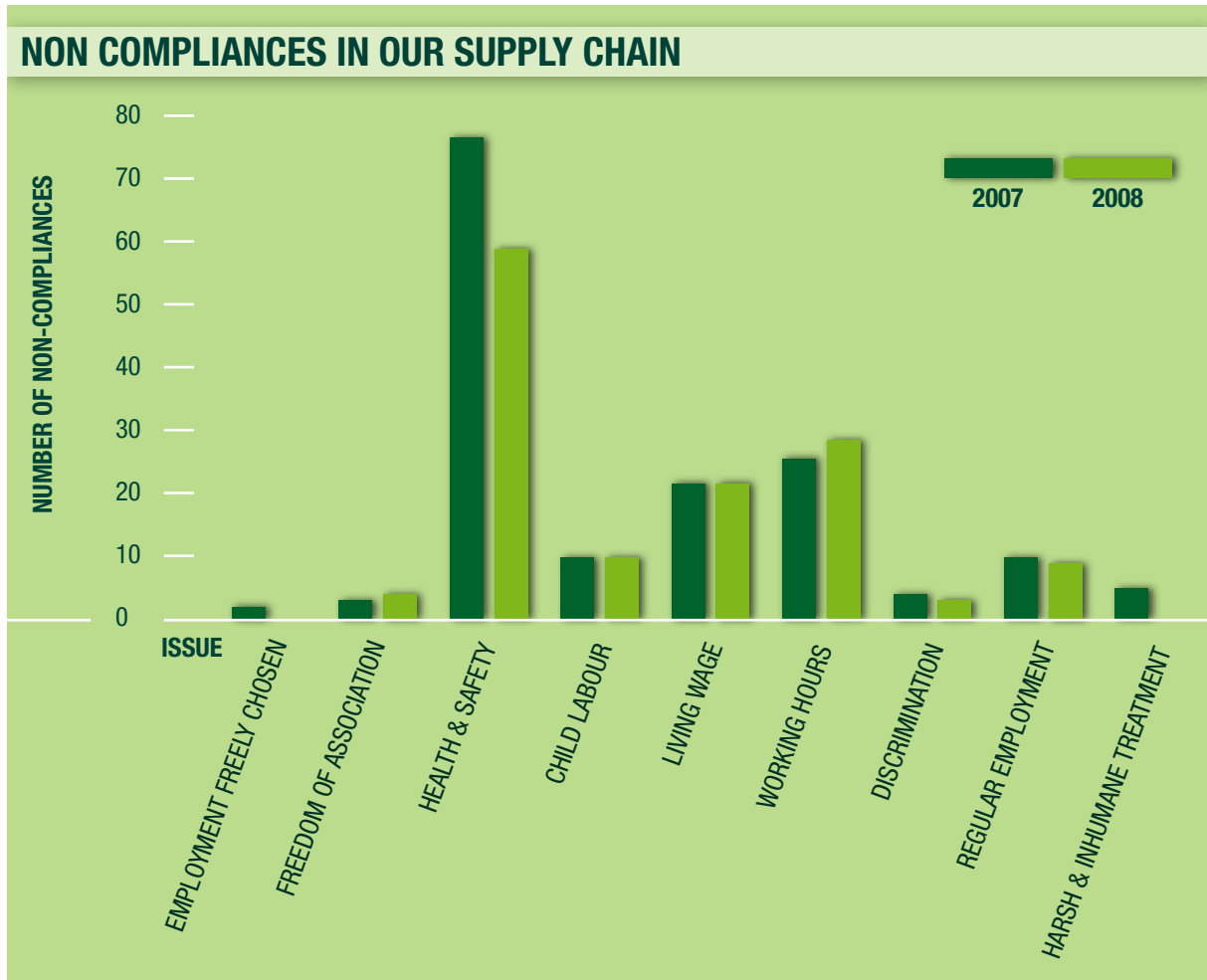
No organisation connected to The Body Shop will supply us for more than 24 months without an in-depth audit by a reputable third party, or by one of our trained in-house assessors. In many cases where we perceive the inherent risk of a source location to be high, we will audit a supplier every 12 months. Our buying and quality teams are in frequent contact with our suppliers in the periods between audits, and all are trained to understand and recognise issues that might indicate issues of ethical compliance.

### UPDATE ON PROGRESS

WHAT WE SAID WE WOULD DO	WHAT WE DID
We will only trade with suppliers that commit to and make demonstrable improvement to meeting requirements in The Body Shop Code of Conduct for Suppliers	All first tier product suppliers audited and compliant with The Body Shop policies and / or undergoing improvement programme
We will ensure that all first tier product suppliers are assessed on a regular basis: low risk suppliers every 2 years and medium and high risk suppliers every year	2007 – 64 site inspections 2008 – 94 site inspections All first tier product suppliers were audited as we committed to

## DEALING WITH NON-COMPLIANCES

At The Body Shop we believe in positive engagement. Should we find instances where suppliers are not compliant with our Code of Conduct, we will always work with them to remedy the problem. Suppliers are re-inspected to confirm that remediation of non-compliances is completed satisfactorily. In 2007 we had 132 operational suppliers and in 2008, 140. Each supplier is assessed across a range of issues and may be judged compliant or non-compliant in each section/sub-section, the following graph details where we found non-compliances in our supply chain:



## TRAINING BUYERS

During 2008 we delivered Ethical Trade training to 35 key employees, increasing the number of attendees to include members of our Quality and Sourcing teams. Using experts in ethical trade to deliver the sessions, we dealt with issues such as: the drivers and constraints of Ethical Trade; how our own purchasing practices impact workers in the supply chain; and how we can move beyond the auditing approach to strive towards continuous improvement of working conditions. The training has resulted in a deeper and broader understanding of ethical trade issues within the organisation.

## **FUTURE PLANS**

### **BEYOND AUDITING**

In 2009 we will be announcing the implementation of a new strategy for Ethical Trade at The Body Shop. In 2007, we participated in a study conducted by the Institute for Development Studies at Sussex University in the UK into Drivers and Constraints of Ethical Compliance in the UK Toiletries and Cosmetics Industry. Based on the findings from this study, as well as feedback from our Stakeholder Panel and from an onsite review by senior members of the Ethical Trading Initiative, we are working to increase the consistency of audits and reporting on a global basis. This has required a review of the service providers with whom we work, and the methodology employed. We will be increasing our efforts to look beyond the information that an audit can supply. Suppliers with whom we have a long-standing relationship will be invited to join process improvement workshops and worker awareness raising sessions.

### **EXTERNAL VERIFICATION**

At The Body Shop we always strive to be transparent and to ensure that we are meeting the expectations of our customers and this includes our standards with regard to our supply chain. To this end we are proud to announce a new partnership with The Institute for Market Ecology (IMO), an independent Swiss certification body and expert in organic, ethical and fair trade. We will be working closely with IMO to review the rules that govern our Community Trade and Ethical Trade programmes, and to map where our operations require changes to better fulfil our objectives. The outputs from this work will be made public on IMO's website, and also on ours.

In 2007 we were awarded a 'Big Tick' by Business in the Community for our Community and Ethical Trade programmes.



### **GOVERNANCE**

Based on the work we will be engaged in with IMO, a fair trade steering group is to be established at The Body Shop, chaired by members of The Body Shop Executive Committee, and reporting into our CEO. We will be inviting NGOs and interested stakeholders to join this body as a forum for debate and learning. We are committed to our vision of creating a model for others to follow.

## SPECIAL FOCUS MATERIALS - PALM OIL AND WOOD

There are some natural raw materials, which we feel deserve special attention. Both wood and palm oil are materials, which fall into this category. The cultivation and harvesting of both materials has been strongly criticised, for resulting in the destruction of rainforests and exploitation of workers. The Body Shop always been passionate about protecting rainforests – our Community Trade soya comes from farmers in Brazil who use traditional methods that do not contribute to deforestation. We have developed strong programmes to ensure that we source wood and palm oil from well-managed sources.

### PALM OIL

Palm oil is one of the most widely produced vegetable oils in the world. It is an important component of many soaps, washing powders and personal care products. The trade in palm oil has rightfully attracted some high profile criticism for its impact on the environment and workers - plantations are sometimes started on deforested land, destroying fragile ecosystems and wildlife and workers' rights are not protected adequately.

74% of our Love Your Body™ card members said that they are “very concerned” about deforestation

The Roundtable on Sustainable Palm Oil (RSPO) was established to bring together key players in the palm oil industry to try and improve standards in the industry. The RSPO comprises of NGOs such as Oxfam and WWF, businesses like The Body Shop who use palm oil, plantations, and other companies involved in the palm oil supply chain. This has resulted in a ground-breaking standard for the production of sustainable palm oil, taking into account aspects of biodiversity and human rights.

## UPDATE ON PROGRESS

### WHAT WE SAID WE WOULD DO

All soaps made from RSPO certified palm oil by year end 2008

### WHAT WE DID

All soaps are now sourced from a supplier successfully audited against RSPO criteria. We sold 7.5 million in 2008



We are high profile members of the RSPO and in 2007 we worked closely with the British Retail Consortium (BRC) to establish a UK-based working group on sustainable palm oil. This enables us to work collectively with other European retailers to ensure appropriate issues are addressed by the RSPO. We are delighted that L'Oréal joined the RSPO at the beginning of 2007:

- In June 2007 we changed our entire soap range to be manufactured using palm oil from one of the leading sustainable plantations – Daabon in Colombia.
- We supported Daabon to be successfully audited against RSPO criteria.
- We also visited the plantation to ensure that the protection and welfare of communities, workers and the surrounding jungle is preserved and promoted.
- Throughout 2009 we will continue to assess our product range to see if there is further scope to source RSPO certified palm.



### INDEPENDENT COMMENTARY FROM ALAN KNIGHT

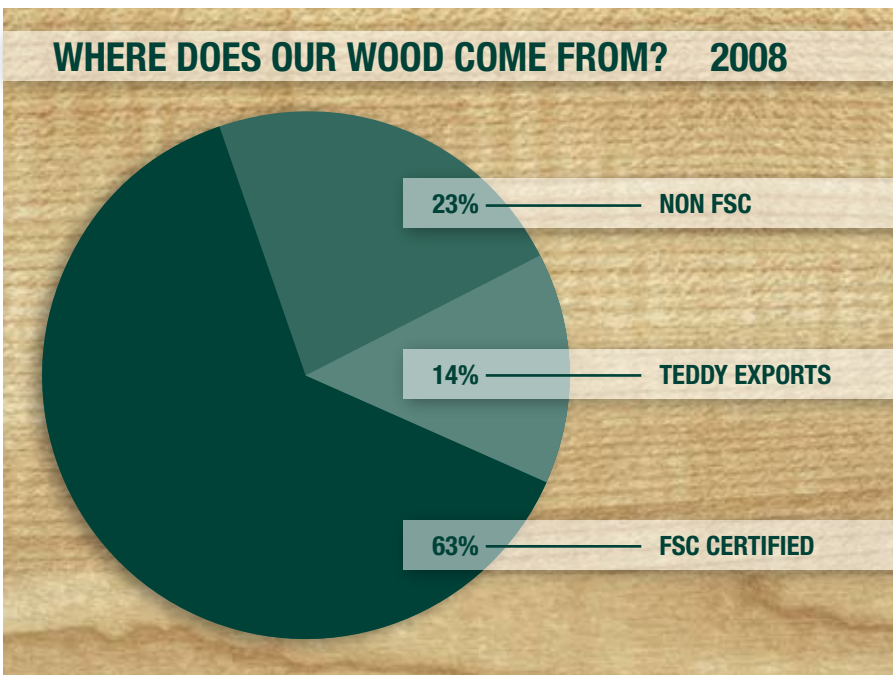
“I discovered that all their soap was made with some of the first oil palm verified by the Roundtable on Sustainable Palm Oil. Wow, fantastic, much more could be said to their customers.”

**WOOD AND PAPER PRODUCTS**

The Body Shop is a long term member of WWF UK's Forest and Trade Network (FTN), a group founded in 1991 to ensure that timber and paper supplies used by UK businesses comes from well managed forests. We are committed to making sure that our wood use does not contribute to deforestation and strive to buy wood that is certified as coming from well-managed sources by the Forest Stewardship Council (FSC).

We buy small volumes of wood-based products, in ranges such as our eye-pencils, massagers, and diffusers. Sourcing from FSC sources means that forests are managed to ensure long term timber supplies while protecting the environment and the lives of forest dependent peoples.

UPDATE ON PROGRESS	
WHAT WE SAID WE WOULD DO	WHAT WE DID
Source 100% of wooden items from FSC sources by 2010	2007 – 49% of wooden items FSC 2008 – 63%



The move of retail wooden articles to fully FSC certified sources by 2010 is well underway, with the number of non-FSC articles dropping by half from 30 in 2007 to 15 in 2008. In 2007 and 2008 we:

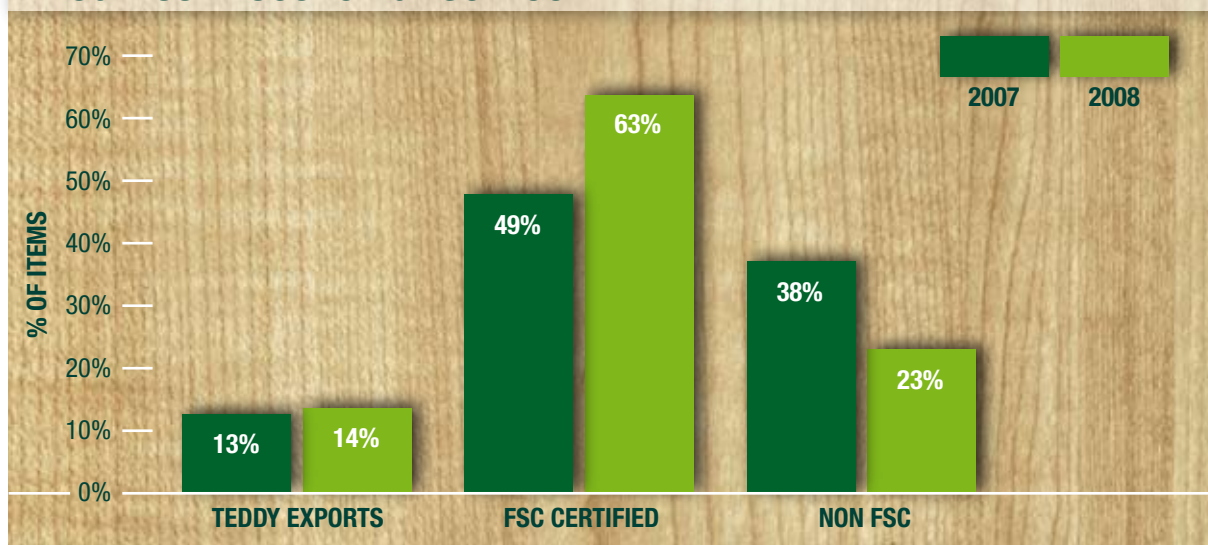
- Moved all of our Eye Definers and Lip Liners from non-FSC to FSC.
- Sourced FSC wood for one of our 2 remaining wooden Accessories.
- Initiated a project to source FSC wood for our last remaining accessory, the Big Nail Filer. This will be completed in 2009.
- Initiated a project to source FSC for the remaining 6 non FSC Cosmetic Concealer pencils. This will be completed in 2009.

“I’m personally really concerned about the destruction of the rainforests. When is it going to stop? We really have to do something about this” Louise Christian – Store Manager, Ipswich, England



The 8 remaining non-FSC articles in our line up ordered in 2008 were all Diffusers. These are all either seasonal or due to be discontinued in 2009, and therefore will not be ordered in 2010. This means that all commercially sourced wood will be from a FSC source by 2010. However, challenges remain with our Community Trade partner, Teddy Exports who currently supply some of our wooden items. There is limited availability of FSC wood in India and we are reluctant to insist on Teddy sourcing this from outside India, for environmental reasons. We are working closely with Teddy to help them source FSC wood and have put them in touch with WWF's recently established Indian Forest and Trade Network. We will monitor their progress closely over the next year.

### PROGRESS IN SOURCING FSC WOOD



### THE BODY SHOP FOUNDATION

The Body Shop has always been passionate about the world's forests. We ran one of our first campaigns 'Stop the Burning,' calling for a halt to the burning of Brazilian rainforests.

Our Foundation has made a number of grants over the last two years to organisations fighting to stop deforestation around the world. For a full list of grants made by The Body Shop Foundation please visit their website [www.thebodyshopfoundation.org](http://www.thebodyshopfoundation.org)

**TROPICAL FOREST TRUST (TFT)** – Switzerland. The TFT helps businesses to find out where wood comes from and to link them to acceptable forest sources. Funding was provided by the Global Grants Programme for core running costs **£40,000**

**SAVE OUR BORNEO (SOB)** – SOB works to improve natural resource management in the Kalimantan region of Indonesia, promoting respect for human rights and social community values. Funding was provided through our Asia Pacific Funding Panel for a study and campaign against forest conversion on Tanjung Putting National Park (TPNP) Corridor, Seruyan District Central Kalimantan, Indonesia **£7,100**

**TREES, WATER, PEOPLE (TWP)** – Honduras. TWP develops and manages continuing reforestation, watershed protection, renewable energy and environmental education programs in Latin America and the American West. Funding was provided by our Americas Funding Panel for a forest-saving stove project in Honduras **£5,000**

**TREES FOR THE FUTURE** – Senegal. Trees for the Future helps communities around the world plant trees. Through seed distribution, agro forestry training, and country programs they empower rural groups to restore tree cover to their lands. A grant was provided through our Global Grants Programme for a reforestation project in Senegal **£2,000**

# HOW ARE WE REDUCING OUR IMPACT ON THE ENVIRONMENT?

70% of our Love Your Body™ card members surveyed said that they are ‘very concerned’ about climate change.

**OUR MISSION STATEMENT SAYS THAT WE WILL “COURAGEOUSLY ENSURE THAT OUR BUSINESS IS ECOLOGICALLY SUSTAINABLE, MEETING THE NEEDS OF THE PRESENT WITHOUT COMPROMISING THE FUTURE.”**

## CLIMATE CHANGE

Climate Change is one of the biggest environmental challenges the world has ever faced. We believe that, as a global retailer we have a role to play in arresting the alarming rise in CO<sub>2</sub> emissions and subsequent contribution to climate change. The Body Shop took its first step in addressing climate change in 2001, when a joint campaign run in partnership with Greenpeace International helped highlight the importance of renewable energy in the fight against global warming.

### ‘CARBON NEUTRAL’

We made a commitment in 2006 to become a ‘carbon neutral retailer’ by 2010. Our intention was to ensure that we reduced our emissions, and made every effort to source renewable energy wherever it was available. We only intended to use offsetting as a last resort, and adopted very strict standards to ensure that we only invested in high quality offset projects.

Since 2006 the climate change debate has moved on considerably and we have experienced uncertainty in the minds of our customers and stakeholders as to the true meaning of the expression ‘carbon neutral.’ In line with our strong heritage of setting the pace in environmental improvements, we have reviewed the carbon neutral target and will be placing more emphasis on setting progressive targets for reductions in energy use across all sites. We have learned that ‘point in time’ targets without critical milestones and audits along the way do not adequately reflect the need for significant carbon reductions.

To respond to this, we will be launching our own “SMART” targets for annual reductions in carbon emissions. We will engage with external stakeholders to audit and verify our targets on an annual basis. This will mean that we are in a position to continually realign our reductions targets to best scientific thinking and set appropriately stretching targets for the business, through to 2015.

## UPDATE ON PROGRESS

WHAT WE SAID WE WOULD DO	WHAT WE DID
30% reduction in store carbon emissions by year end 2008	Renewable sourcing increased in EMEA and UK We are unable to demonstrate a 30% reduction across our entire store estate
90% of car fleet to be hybrid vehicles by year-end 2008	93% of car fleet is hybrid
Carbon Neutral retailer by 2010	CO <sub>2</sub> emissions have reduced in some areas Renewable sourcing has grown in EMEA and UK
All air travel offset	All air travel was offset in 2007 and will be for 2008

## IMPROVEMENTS IN DATA COLLECTION

Before being able to meaningfully reduce carbon emissions we need to set up systems to accurately measure our usage. Since our last Values Report we have:

- Created an in-house monitoring tool that allows us to track emissions from each of our transport mediums, air, sea and road.
- Set up a reporting agreement with our flights booker which allows us to monitor our emissions from flights.
- Instigated annual meter reads from stores to identify our annual position.
- Implemented automatic meter reading equipment for all UK stores.

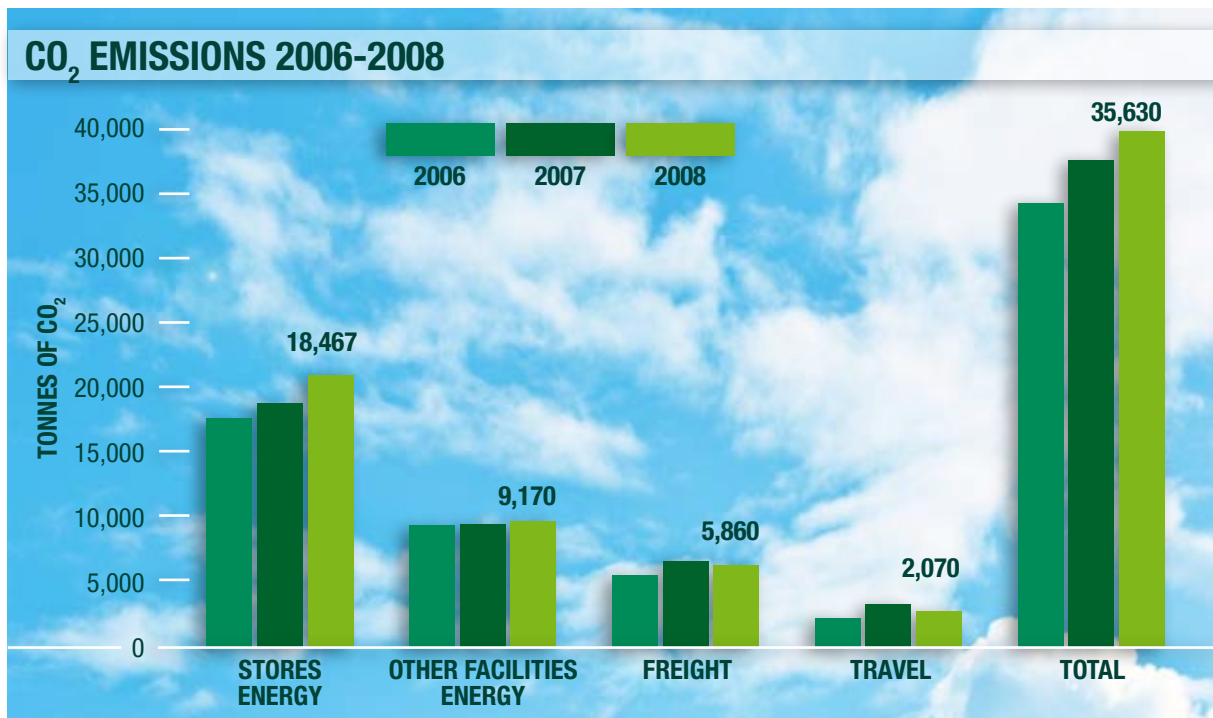
We are confident in the precision of our air travel and product transport figures, but challenges remain with obtaining robust data from our 2,500 stores around the world. We currently have strong data from Asia, and a strong sample from our UK and EMEA stores. In addition, we are now receiving much improved data within the UK due to our Automatic Meter Reading (AMRs) units.

## REDUCING CO<sub>2</sub> EMISSIONS

Our contribution to climate change comes from 3 main areas of our operations:

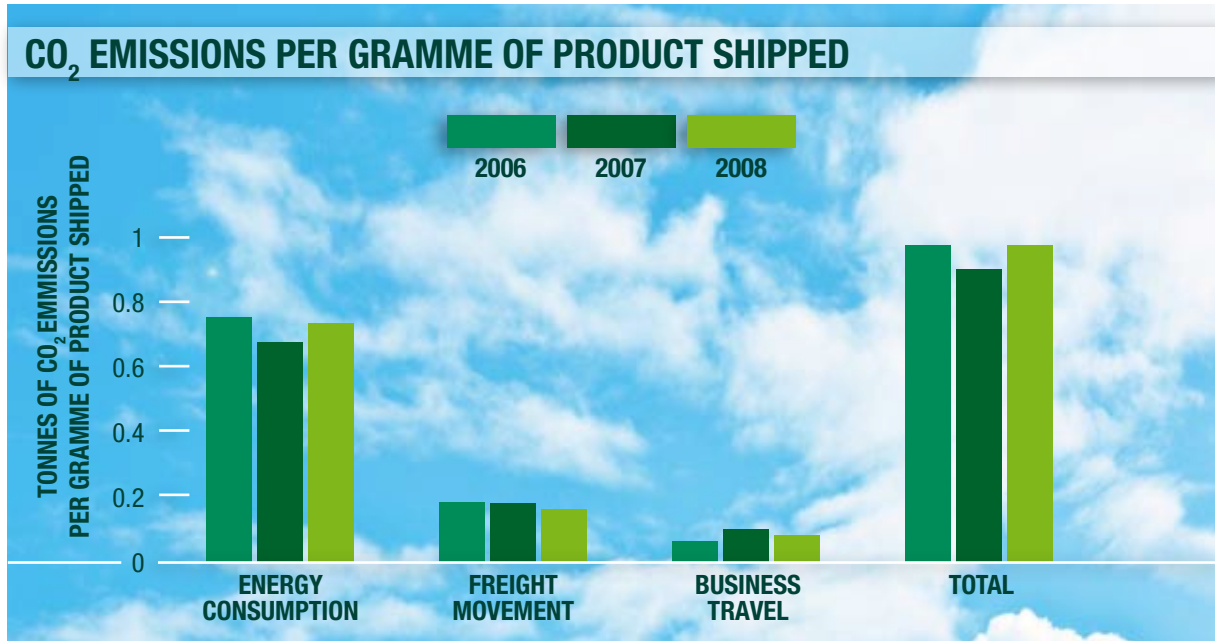
- Electrical energy use in our stores, offices and warehouses.
- Transportation of our products.
- Business air travel.

The following graph details our CO<sub>2</sub> emissions across the company since 2006. These figures exclude franchised market stores:



- All store data is for Company owned markets and excludes Franchised stores
  - UK and EMEA store data is based on a 38% data sample
  - Asia Pacific store data is based on actual billing data
  - AME data is based on the UK store averages and extrapolated across the total number of stores.
- (We include all energy in the calculation regardless of source).

While our total volumes of CO<sub>2</sub> have increased, this has also coincided with a significant increase in numbers of stores across the globe. When the figures are analysed to account for this growth, there are improvements in efficiency in some areas:



- All store data is for Company owned markets and excludes Franchised stores.
- UK and EMEA store data is based on a 38% data sample.
- Asia Pacific store data is based on actual billing data.
- AME data is based on the UK store averages and extrapolated across the total number of stores.
- Store numbers increased from 886 to 1069, a 17% increase.

## OUR STORES

We are disappointed at not being able to demonstrate a 30% reduction in total store energy use, as we had targeted. We have implemented a number of initiatives at store level to try and reduce energy use:

- Issued energy efficiency technical specification for all store refits.
- Provided energy efficiency training to all our store staff in company owned markets.
- Successfully trialled new LED Fascia signs and perimeter backlighting units, which are 70% more efficient – these are being installed as standard on all new store refits.
- Passive infra-red equipment motion detector installed as standard in all new store refits.
- Our EMEA region is rolling out a new version of our store design called 'Shop Me Lite', which reduces the energy consumption in bays by 77% and ceiling lights by 50%. General lighting is reduced by 50% and air conditioning is reduced by 2Kw due to less heat output from furniture and general lighting.

While our total volumes of CO<sub>2</sub> have increased, this has coincided with an increase in numbers of stores across the globe. Of our 2 regions where we have the most robust data, UK & ROI and Asia Pacific, there have been improvements in energy efficiency in our Asia Pacific region.

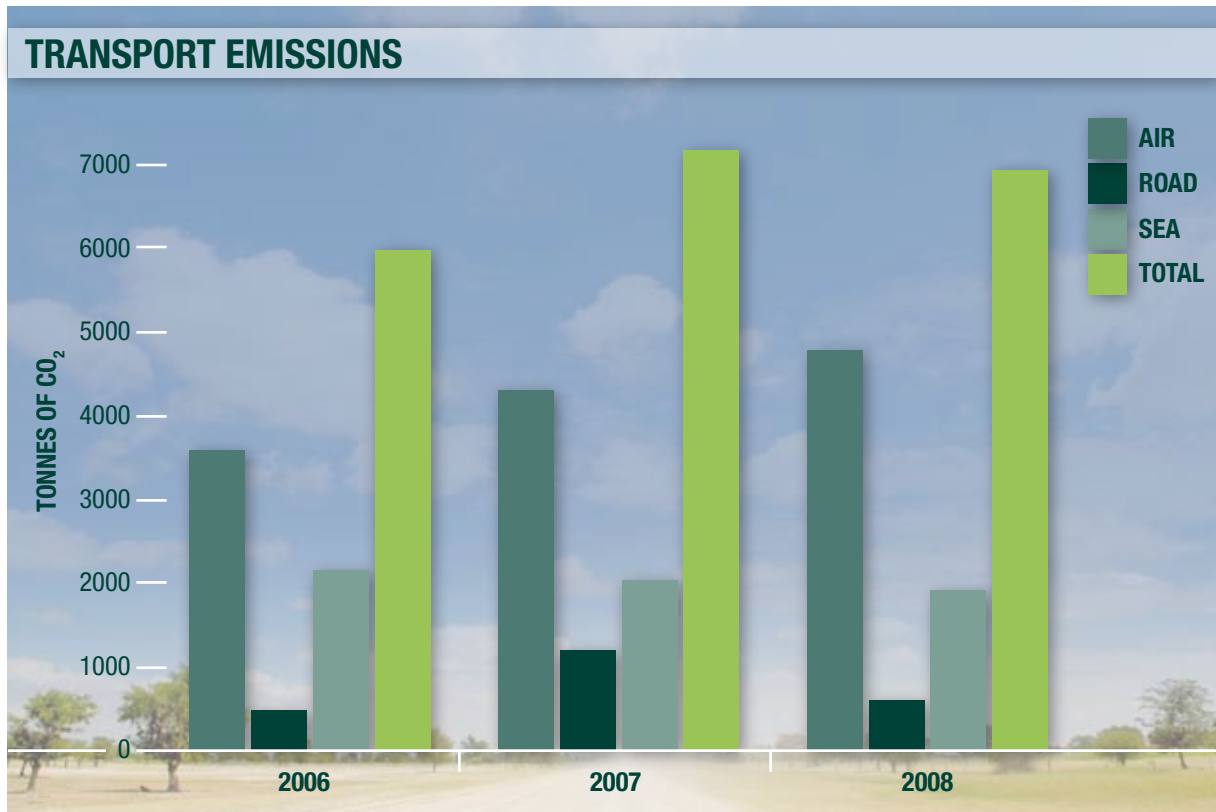
## OFFICES AND WAREHOUSES

We are disappointed with the overall trend in CO<sub>2</sub> emissions for our offices and warehouses. We believe that some of the reasons for an increase in consumption may be down to improvements in data collection made in 2007 and the acquiring of a major site in the UK in 2008. We were able to demonstrate regional improvements between 2006 and 2008, even though the overall trend appears to be up:

- Reduction of 22% in our main building at our Head Office site in Littlehampton.
- Reduction of 11% in our main warehouse site in Littlehampton.
- Reduction of 29% between 2007 and 2008 in our warehouse in Singapore.

## TRANSPORTATION OF OUR PRODUCTS

We succeeded in reducing CO<sub>2</sub> emissions from our transport between 2007 and 2008. We are continuing to minimise our air freight wherever possible, understanding that this the most CO<sub>2</sub> polluting form of transport.

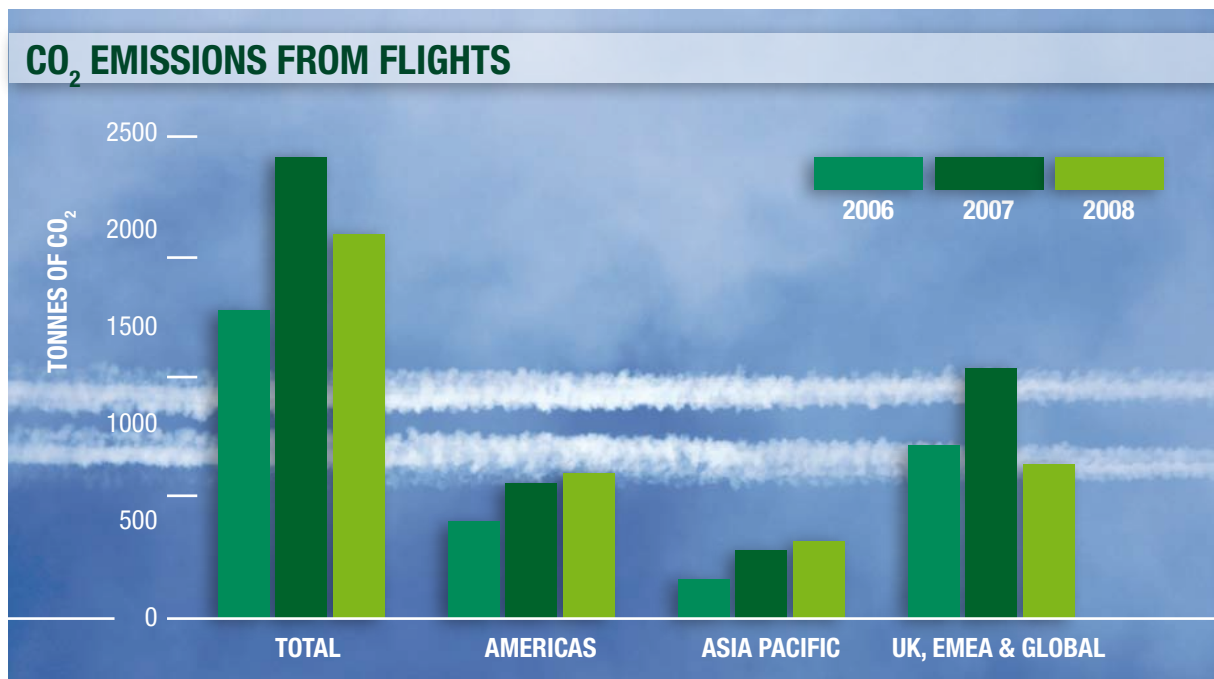


- 2006 data incomplete due to inconsistent use of SAP.
- 2007 – some USA road data is based on estimates.

## AIR TRAVEL

Employees at The Body Shop are encouraged to use air travel as a last resort. We have a strict travel policy and sign-off procedure to ensure that only 'essential' flights are taken. We also have video conferencing facilities that we encourage staff to use. However, we accept that, as a global business, flying is sometimes the only option.

- We performed a survey to ask staff about their perceptions of our video-conferencing facilities.
- Video conferencing facilities in London and Singapore offices were upgraded to improve performance.

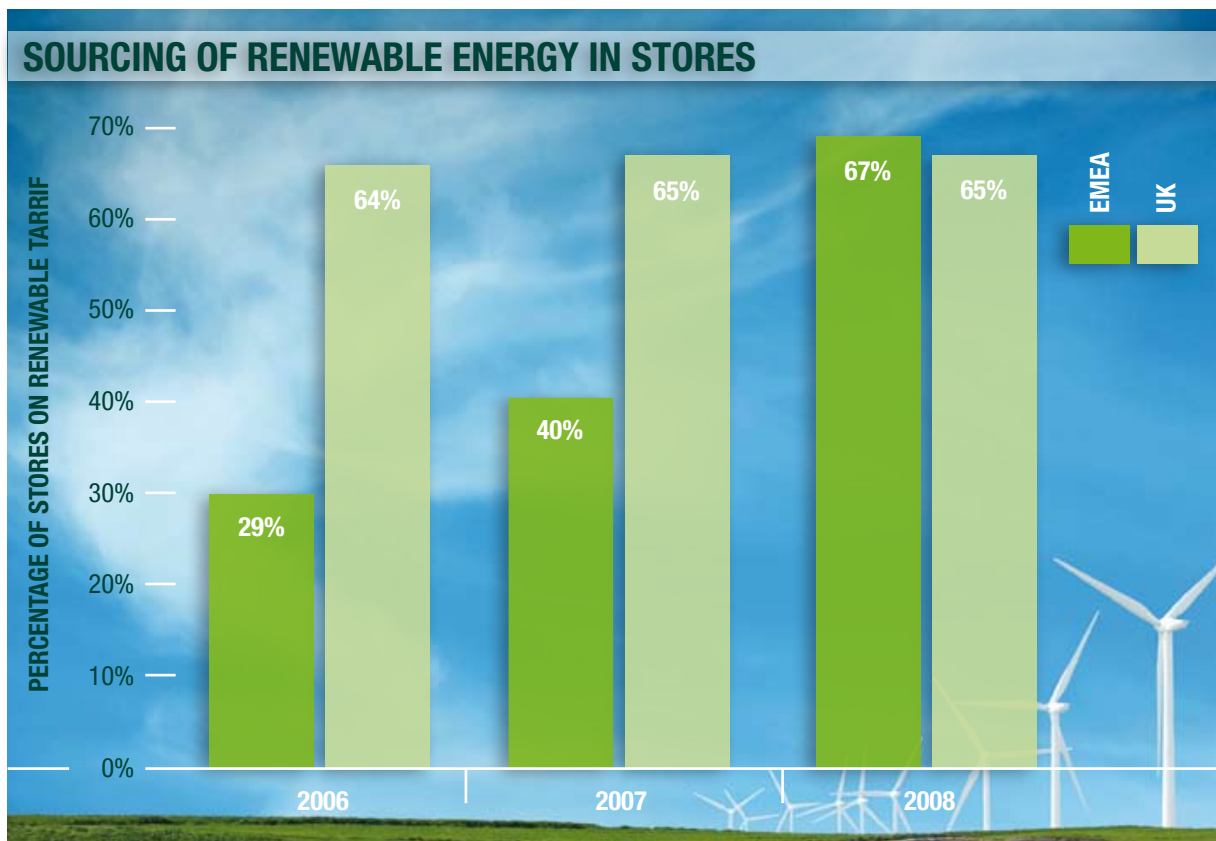


Whilst there was an increase in flights from 2006 to 2007 we believe that this was due to improved data being obtained in 2007 and 2008 from our travel booking company. We are pleased that the overall trend is downward and have targeted a 25% reduction in air travel expenditure in 2009.

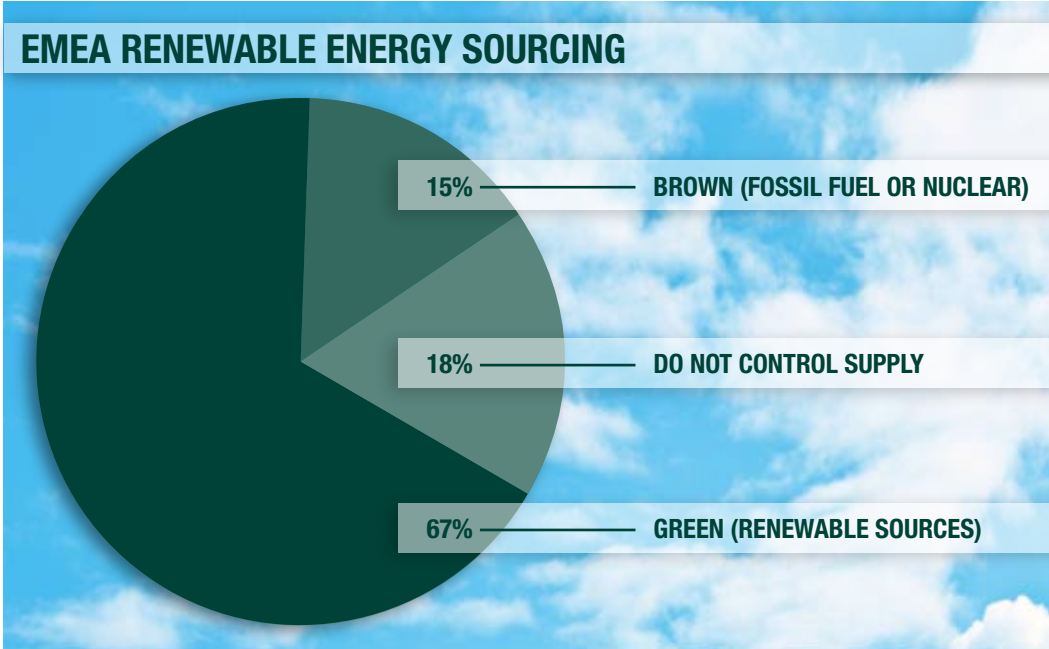
## PROGRESS ON RENEWABLE ENERGY SOURCING

Starting with our acquisition of a wind farm in Wales in the 1990s, and continuing with our 'Choose Positive Energy' campaign in 2001 The Body Shop has had a heritage of sourcing and advocating renewable energy. We have made great strides over the last few years in increasing renewable energy sourcing for our administrative sites, warehouses and stores:

- All UK administrative sites are now 100% supplied with renewable energy, including sites where we do not directly control the energy contract.
- Our EMEA region has achieved a significant improvement in renewable energy for stores, increasing supply from 29% to 67%, despite a huge expansion in the number of company stores we operate there.
- In the UK we have been able to demonstrate a small increase in the number of stores supplied with renewable energy from 64% to 65%.
- Elsewhere, we continue to encounter difficulties with increasing our sourcing of renewable energy. In our Americas region the availability of renewable energy is geographically sporadic.
- In Asia Pacific company owned markets we currently have very limited access to renewable energy. We will continue to monitor the availability in these markets.
- We are centralising the purchase of energy, to increase our direct control over energy contracts.



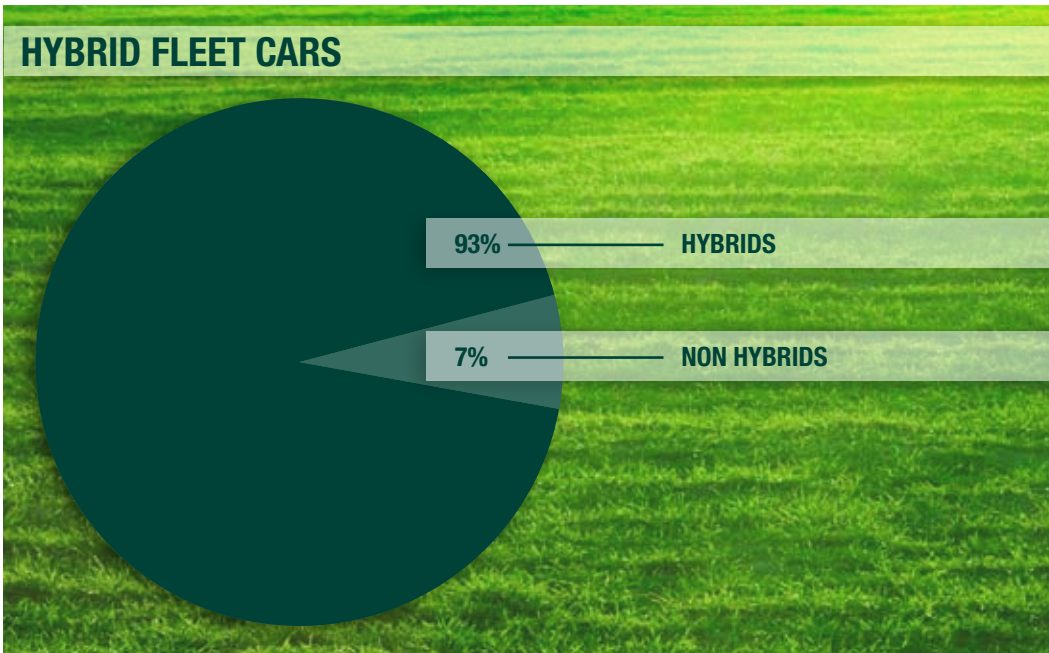
\* Data for company markets only – excludes Franchised stores.



\* Data for company owned stores only.

### HYBRID CARS

The Body Shop has a hybrid car policy and a commitment to convert 90% of our fleet to hybrid by 2008. We achieved this target with hybrids representing 93% of our fleet at the end of 2008.



We have recently reviewed this policy, in light of new developments in engine technology. We have observed that hybrid cars do not always provide the highest level of fuel efficiency or generate the lowest CO<sub>2</sub> emissions, so we have devised a new policy that stipulates minimum CO<sub>2</sub> efficiency levels, rather than specific models of car. We will also focus on training drivers to drive efficiently.

## OFFSETTING

Due to the opportunities and challenges inherent in carbon-offset selection, The Body Shop recommends that offsetting should be achieved through the following project types:

- Protection of forestry earmarked for destruction, particularly areas of high environmental or social value.
- Renewable power sources to replace more carbon dioxide intensive methods.
- The application of energy efficient technology so that absolute emissions are reduced.

In 2007 we offset all of our corporate air travel which amounted to 2,376 tonnes of CO<sub>2</sub>

- **E&CO – TECNOSOL PROJECT**, promoting solar, wind and hydroelectric energy in rural areas of northern and central Nicaragua where almost 50% of the population lacks access to any type of electricity services and it is estimated that more than 75% of the rural areas are still un-electrified.
- **THE CARBON NEUTRAL COMPANY - BHAMBARWADI WIND** project in India sees the construction of a number of new wind turbines in western India. By providing renewable energy, the project reduces India's reliance on fossil fuels for electricity supply.

### INDEPENDENT COMMENTARY FROM ALAN KNIGHT

"This Value is articulated through images in their stores of icebergs, which were brightly lit and the shop door open despite the bitter cold - this bothered me. I encourage them to accelerate their store energy trials."

## THE BODY SHOP FOUNDATION

As well as addressing climate change through our direct operations, our Foundation has made a number of grants to organisations tackling this critical issue. For a full list of grants made by The Body Shop Foundation please visit their website [www.thebodyshopfoundation.org](http://www.thebodyshopfoundation.org)

**STOP CLIMATE CHAOS** – UK. A growing coalition of diverse organisations that want action on climate change. Funding was provided for the 'I Count Campaign' to engage the public in solutions to climate change **£10,000**

**UK ENVIRONMENTAL LAW ASSOCIATION** – UK. Funding was provided by the Global Grants Programme for a 3 day workshop on practical solutions to climate change using the concept of Wild Law **£2,000**

**GRID ALTERNATIVES** - San Francisco. Grant provided by the Americas Funding Panel towards the Solar Affordable Housing Program. This is an ongoing project, which aims to install over 40 solar electric installations every year **£5,000**

**REBUILDING TOGETHER LINCOLN** – USA. Funding was provided by the Americas Funding Panel for the Energy Efficient Homes Initiative **£5,000**

**SAVE OUR WORLD** – UK. Grant was provided by Local Community Grants Programme for presenting the Climate Change Show to 3 schools in Southwark **£2,000**

## REDUCING PACKAGING AND WASTE

The retail sector has taken significant criticism over the last few years for the use of excessive packaging and in some cases, rightly so. This is a debate we have been engaged in for many years - one of our most innovative and iconic approaches to reducing packaging was to offer refills for customers, avoiding the need to buy new bottles and jars. Increased safety legislation in most markets has meant that we cannot offer this service any longer. However, we are constantly striving to find other innovative ways of reducing our packaging waste and limiting our environmental impact:

- **REDUCE** - The most effective way of reducing our impact is to use as little packaging as possible in the first place. For the vast majority of products we use simple bottles and jars, with no secondary packaging.
- **REUSE** - Most of our gift packaging can be used again – some of our Community Trade boxes can even be used as gifts in themselves.
- **INCREASE RECYCLED CONTENT** - Recycling to reduce the environmental impact of our packaging is not always practical. Using recycled material, we can cut the overall resource use significantly, without depending on customers to bring back waste for recycling.
- **FIND ALTERNATIVE MATERIALS** - Some materials are less damaging to the environment than others – we are constantly investigating these new materials.
- **RECYCLING** - Most of our packaging can be recycled through standard household and business recycling systems.

## UPDATE ON PROGRESS

WHAT WE SAID WE WOULD DO	WHAT WE DID
65% of our packaging assortment will contain recycled content by year end 2008	2007 - 42% 2008 - 50%
We will double the recycled content of all of our PET bottles by year-end 2008 (currently 30%)	We first launched 100% recycled PET bottles and are implementing where appropriate – other bottles are being changed to 60% recycled PET bottle
Communicate a company wide strategy on waste and packaging by year-end 2008	We have made many tactical improvements and are formulating strategy, that will be formalised in 2009

85% of our Love Your Body™ card members surveyed said that it was “very important” that we included recycled material in our packaging

## 100% RECYCLED PET

For a number of years The Body Shop has purchased PET<sup>1</sup> bottles that contain 30% Post Consumer Recyclate (PCR). PCR is a term used for any plastic that has already been used by a consumer, that is then recycled into a usable material again. In early 2008 we took this project further and have now begun introducing 100% recycled plastic bottles, becoming the first global Cosmetics and Toiletries brand to achieve this level of recycled material in our plastic bottles. We are in the process of rolling out this 100% recycled PET bottle to as many ranges as possible. This is not always feasible for every range due to availability and because the colour of the bottles is slightly impaired, sometimes with a hint of blue or green. For those ranges that this is an issue and where there is availability we will use 60% PET bottle, which is also new to our packaging range.



We have also launched glass packaging made from PCR. This can be found at levels of around 30% in our 30ml Eau de Toilette bottles, such as White Musk<sup>®</sup> and also in our 10ml Home Fragrance oil bottles.

Despite making great strides in this area we still missed our target for 65% of our packaging assortment to contain recycled content by 2008. This was mainly due to delayed launches of certain ranges where PCR was planned for inclusion. These launches will happen in 2009 and we expect the percentage level to increase accordingly.

## GIFT PACKAGING

We have spent considerable energy in reducing the environmental impact of our popular Gift range. We have done this by increasing recycled content of the packaging and by sourcing Forest Stewardship Council (FSC) certified paper and board.

- Increased the volume of FSC certified tags and folding cartons to 17%.
- Increased the volume of PCR in our paperboard packaging to 64%.
- 100% of swing tags converted to FSC certified material.
- 100% of folding cartons converted to FSC certified material.
- 78% of our PET packaging is now made with PCR.
- 81% of our paper and plastic packaging is derived from either PCR or certified sustainable materials.

## 100% RECYCLED PAPER BAG

In 2008 we decided to replace all of our in-store plastic bags with paper bags. The new paper carrier bag is produced from 100% recycled paper which means that it does not directly contribute to deforestation. It is also 100% recyclable and 100% biodegradable. It has 80% PCR content with the remaining 20% coming from PIR content (Post-Industrial Recyclate). The bags are printed using water-based inks which means that they do not contain harmful solvents.

Whilst the bag is strong enough to be re-used several times before recycling, the best option is still for our customers not to use a disposable bag at all. So although our new recycled paper bags are a positive step in reducing our environmental impact, we will continue to ask customers if they would like a bag at every transaction and to promote The Body Shop<sup>®</sup> "Bag for Life" which lasts longer. This is part of our strategy to reduce the overall number of disposable bags that we need to produce as a company. Our paper bags were phased in around the world throughout 2008. By the end of 2009 we expect all our old plastic bags to have been sold through in all of our markets.



### INDEPENDENT COMMENTARY FROM ALAN KNIGHT

"I know they have worked hard on the impact of their Gift packaging. However, their store posters make a virtue that packaging does not add to the beauty of a product, but they use rather a lot in some Gifts. I'd encourage them to keep their focus on this area."

<sup>1</sup> PET is a type of plastic we use for the majority of our plastic bottles – it stands for Polyethylene Terephthalate.

<sup>2</sup> DEFRA, the Department for Environment, Food & Rural Affairs, UK.

## WASTE DISPOSAL: UPDATE ON PROGRESS

### STORES

With stores all around the world, we have found that recycling facilities vary greatly between our regions. We have spent considerable time trying to improve the situation in the UK. In the past we disposed of waste in stores via 'backloading', using the fixed fleet returning to the depot in Littlehampton. In 2006, we moved to a shared pallet network for distribution to UK stores. This had the effect of increasing our mileage efficiency and reducing our carbon emissions by approx 230 tonnes per year. We are now in the process of implementing a similar "shared network" approach for waste disposal and recycling - partnering with a recycling company called Greenhouse that specialises in using small companies to collect and recycle card and plastic from retail outlets.

A successful trial in 20 London stores resulted in 58% of all the waste from the stores being recycled - after just three months. This proportion will increase as we do more training on what can and cannot be recycled. We expect to achieve up to 80% recycling. The pilot is about to be rolled out to all high street stores in the UK. Stores in shopping malls will continue to use recycling facilities provided by the landlord.

- We are also working with Greenhouse to arrange a "round table" of retailers, to see if we can join forces on high street recycling.
- Greenhouse is in discussion with the company that operates the shared pallet network, raising the possibility reducing the number of vehicles on the road, still further.

Because this approach to recycling represents best practice for smaller retailers who do not operate their own delivery fleets, we will be using our experiences in the UK to develop similar solutions across our international company markets, wherever stores do not have access to local recycling facilities.

In 2007 and 2008, nearly 1 in 5 Values customer queries taken by our customer care centre in the UK region were about recycling related issues

## OUR RESPONSIBLE USE OF CHEMICALS

The Body Shop is synonymous with products and ingredients inspired by nature. We adopt a precautionary approach to the use of chemicals. We also remain committed to listening to stakeholders and working with them to find the best solutions when a particular chemical comes under scrutiny. We publish our chemicals policy and strategy, which include explicit positioning statements on chemicals of concern to campaigners.

“I think our Values are really important to our customers. In Sweden we are very concerned about the environment - we often get asked by customers “how ecologically friendly are your products?”

Camilla Gustavsson – Store Manager, Fredsgatan in Gothenburg, Sweden



### UPDATE ON PROGRESS

WHAT WE SAID WE WOULD DO	WHAT WE DID
Phase out polycyclic musks from product formulations by year-end 2010	5 PCM products remaining and will be phased out by 2010
Phase out phthalates in product formulations by year-end 2007	Phthalates - now phased out

- We have now successfully phased out Phthalates from our formulations.
- We are well on track to reach our target on polycyclic musks, which are now found in only five of our products.
- In 2008, we set up a cross functional steering group to regularly update our Restricted and Prohibited lists as new research comes to light.
- In 2006 we launched the Aloe range – of skin care and bath and body products which are fragrance, colour and preservative-free.
- In early 2007, Greenpeace in Europe published a comprehensive report into their three-year campaign on *Chemicals in the House*. The Body Shop was highlighted throughout the report for the report for our best practice.

# HOW DO WE ENSURE THAT OUR PRODUCTS AND THEIR INGREDIENTS AREN'T TESTED ON ANIMALS?

84% of our globally surveyed Love Your Body™ card members believe that it is “very important” that we ensure that our products aren't tested on animals

**OUR MISSION STATEMENT SAYS THAT WE WILL “TIRELESSLY WORK TO NARROW THE GAP BETWEEN PRINCIPLE AND PRACTICE, WHILST MAKING FUN, PASSION AND CARE PART OF OUR DAILY LIVES.”**

At The Body Shop we have always believed passionately that no animals should be used in the testing of toiletries and cosmetics, and that using them for testing should be banned.

Since the beginning The Body Shop has campaigned passionately to end animal testing for cosmetics purposes. In the EU, we pride ourselves in being part of the movement that saw the Cosmetics Directive amended to ban animal testing of finished cosmetic products from 2004. The ban on the testing of ingredients came into force in March 2009.

We are among the few companies who continue to comply with the stringent requirements of the internationally recognised 'Humane Cosmetics Standard' (HCS) of the British Union for the Abolition of Vivisection (BUAV). The Body Shop has not tested finished cosmetic products on animals since its inception and we do not ask others to test on our behalf.

Suppliers must certify that they have not carried out animal tests on ingredients to support their use for a cosmetics purpose, using the cut-off date of 31st December 1990. If, for an ingredient we wish to use in formulations, a supplier refuses for whatever reason, to sign the declaration, then the raw material is declared as non-compliant and an alternative is identified, or the product development is stopped. We conduct an annual declaration audit to ensure compliance with the HCS, and our entire process is audited every three years by an independent consultant for the BUAV.

**IN 2007, WE REJECTED 8 TRADE NAME INGREDIENTS FOR AGAINST ANIMAL TESTING NON-COMPLIANCE, AND IN 2008 WE REJECTED 6, ENSURING OUR POLICY WAS NOT COMPROMISED.**

## UPDATE ON PROGRESS

### WHAT WE SAID WE WOULD DO

Continue to be certified against the Humane Cosmetic Standard

### WHAT WE DID

A detailed review to ensure compliance with the HCS was carried out in 2008 by an independent auditor and the BUAV. No non-conformances were found and The Body Shop's approach was described as 'incredibly impressive.'

Over the last 2 years we have focused on ensuring that compliance with the HCS is more a part of the day-to-day work of internal and external employees rather than an audit that we undertake:

- We provided support to our finished goods manufacturers' to increase their involvement in compliance with the HCS. Each site was given process guidance and training and then required to obtain Against Animal Testing declarations for every material they used in our formulations. They were set a key performance indicator of 100% compliance, which was continuously measured by our Technical Department. Most of these 25 finished goods vendors now carry out their own annual audits on the raw materials used in the cosmetic products manufactured on behalf of The Body Shop.
- Members of the Quality Assurance team are now more involved in the HCS process. As part of regular Quality audits, an audit is also carried out on a random selection of ingredients to certify that they comply with the requirements of the HCS.
- We installed a new web-based database, enabling formulators and other key employees at each final product manufacturing site to see only those raw materials that are approved and compliant with the HCS.

### WHAT HAS THIS MEANT?

Results of these process improvements are that:

- Our Against Animal Testing process has been communicated and publicised more widely and more regularly within and outside the business. This has helped us to achieve 100% compliance to The Humane Cosmetics Standard.
- It has encouraged ownership of the process and a more proactive approach by the actual purchasers of raw materials within our supply chain.
- Declarations have been secured in a more timely and efficient manner.
- We have seen improvement in the accuracy of raw material data held against each formulation on our database.

### RSPCA 'GOOD BUSINESS AWARD' WINNER

For the second time in the UK, we were the winners of the Royal Society for Protection of Cruelty against Animals (RSPCA) Good Business Award, in the category of Large Cosmetics company, for our continued commitment to animal welfare. The Body Shop was chosen as a Cosmetics winner for our sustained commitment to animal welfare, in particular our forward thinking attitude.

"All the entrants should all be applauded for responding to consumer demand and striving to improve the status quo. We hope this year's winners will inspire other cosmetics companies to rise to the challenge and place animal welfare at the heart of their business policies."



David Bowles  
Head of External Affairs, RSPCA

## LOOKING TO THE FUTURE

We have continuously urged the industry to collaborate in developing alternatives to animal based tests. The Body Shop Foundation has funded a number of organisations over many years, working to find alternatives to animal testing.

In the last few years L'Oréal has made a significant contribution, through the ground-breaking research being carried out by the EpiSkin Laboratory. L'Oréal has developed non-animal skin irritancy tests using artificially grown human skin. The skin is prepared under scrupulously clean conditions to ensure that it closely resembles the outer layers of our own skin. The development of the technology needed to replicate this structure in the laboratory has taken many years of ground-breaking work by the Episkin scientists. The investment in this non-animal technology was well rewarded in 2007, when the Episkin model was officially validated as a full replacement method for skin irritancy by ECVAM (European Centre for the Validation of Alternative Methods). This is the method used for testing all The Body Shop® products where appropriate.



© L'Oréal Recherche

## THE BODY SHOP FOUNDATION

As well as demonstrating our commitment Against Animal Testing through our operations and customer communications, our charitable arm, The Body Shop Foundation has funded a number of grass roots organisations, campaigning against animal testing in the cosmetics sector, as well as trying to find alternatives.

**BUAV EUROPEAN UNION POLICY OFFICER** – In 2007, The Body Shop Foundation continued its long-standing relationship with the BUAV in the UK, awarding a 2 year grant of £60,000 for the new position of BUAV European Union Policy Officer through the Global Grants Programme. This will strengthen the BUAV Policy team in an area of crucial importance over the next 2 years within the EU Parliament. For a full list of grants made by The Body Shop Foundation please visit their website [www.thebodyshopfoundation.org](http://www.thebodyshopfoundation.org)

The regulation known as Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) came into force in June 2007. REACH is intended to strengthen consumer and worker protection by requiring registration and safety evaluation of all chemicals used in the EU. The Body Shop has a strong commitment to the precautionary principle and we support the objectives of REACH.

The Body Shop is working hard to ensure that every effort is made to prevent the need for new animal tests on chemicals used for cosmetic purposes. We will, therefore, continue to work with BUAV to campaign to ensure that the substance of the Cosmetics Directive ban on animal testing for cosmetic purposes is protected.

## INDEPENDENT COMMENTARY FROM ALAN KNIGHT

"Ensuring that the new REACH legislation does not compromise this success will take a lot of time. A small point about their store posters - I would not use the image of an orangutan to talk about animal testing. Overall, an overwhelming success."

# HOW DO WE MAKE OUR CUSTOMERS, STAFF AND OUR SUPPLIERS FEEL GOOD ABOUT THEMSELVES?

“Simply stated, beauty means vitality, imagination, energy – personality traits that have more to do with an individual’s character than his or her age or some idealised arrangement of physical features.”

Anita Roddick

## THE ‘SOUL OF BEAUTY’

Anita believed that women should be treated with respect and empowered to fulfil their ambition. Confidence in appearance is an important part of self-esteem and we are absolutely committed to helping customers to look and feel their best. We try to use images of people who portray energy and vitality and an attitude to life that celebrates their own style and self worth. We search for the display of spirit and non-conformist beauty rather than an idealised form and we try and avoid using overly thin or young models.

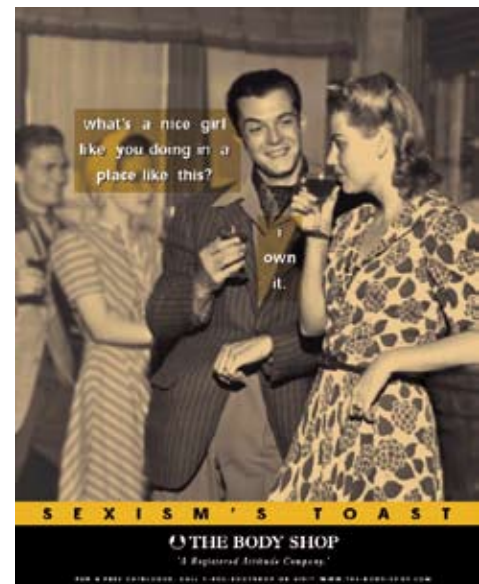
People have been painting their skin for thousands of years and in a culture based on visual identification where first impressions matter, we believe that this is an important part of who we are and how others see us. We are proud to offer a range of make-up made with Community Trade ingredients, packaged using recycled materials and sold with the expert advice of our store staff and consultants.

From the beginning, we have sought out women in their communities and listened to their stories, finding out about their beauty rituals and valuing their knowledge. The Community Trade programme began by harnessing the power of the natural ingredients that women had used for generations, using trade as a means of empowering women to improve the lives of their families and communities.

The Body Shop is not against beautiful women but we will refuse to use this single narrow aspect of a person’s characteristics to define all that they are. Our philosophy is that looking good, feeling good and doing good are inextricably linked. Your self esteem is what helps you reach out to others and that is why we have a global volunteering policy - to harness the energy of all our employees and to allow communities to benefit from our compassion and skills.

## LOOKING AFTER OUR EMPLOYEES

The Body Shop employees number over 10,000 people in over 60 countries around the world - in offices and in stores. Looking after them, keeping them motivated and passionate about The Body Shop is critical to everything that we do. The Body Shop aims to ensure that all employees have similar experiences and opportunities, regardless of where they are based in the world. Within this spirit our policies are being introduced, where possible, with a global focus and aligned with universal The Body Shop Values.



*The Body Shop campaign poster*

## UPDATE ON PROGRESS

### LEADERSHIP AND TRAINING

Great businesses are led by great leaders; The Body Shop continues to develop up and coming leaders through their day to day challenges with supportive management development programmes. In 2008 over 130 people attended our 'Be Inspired', 'Be Curious' and 'Destination Skills' programmes from the UK/ROI, Europe Middle East and Africa, and Global office teams. The UK region delivered two residential workshops to give 'Retail Leaders' the practical leadership skills to help them drive results.

In Asia Pacific region 50 District Managers attended the 'Discover your Potential' programme, 32 managers were trained in Situational Leadership and 53 managers in Situational Coaching from across three different markets.

The Body Shop supports our store employees by providing extensive customer and product training. In 2008 using a cascade approach, we trained nearly 7000 store employees and franchisee employees across all four regions as we took the opportunity to re-assert our brand identity and launched our new Nature's Minerals™ and Wellbeing ranges.

### GLOBAL VOLUNTEERING

The Body Shop is committed to providing employees with the opportunity to help support and make a difference to communities through volunteering. A global volunteering policy was rolled out in 2008, which is open to all The Body Shop® employees and offers a minimum of 3 volunteering days per holiday year, and up to 6 in some locations.

Anita Roddick, the founder of The Body Shop, was very passionate about working with communities, and making a difference. In addition to the global volunteering policy, the Company has also introduced an 'Anita week'. During 'Anita week', employees can undertake additional volunteering activities. An example being the Global HR and Values teams who volunteered at The Aldingbourne Trust, in the UK, in October 2008, a charity which helps people with learning difficulties to achieve independence and control of their lives. Another highlight is in Asia Pacific where employees were given the opportunity to have a 10 day placement in East Timor or Aceh for the charity 'Children on the Edge'.

## **GLOBAL INDUCTION**

The start of every employee's journey is a vital time to discover and understand The Body Shop and bring its Values to life. The Body Shop recognises this importance and has developed an in depth 2 day induction that was implemented globally within 2008.

## **'L.O.V.E' MONEY**

Where country legislation allows, we extend our 'Learning is of Value to Everyone' (LOVE) programme to our employees. We are committed to supporting individual development and encouraging everyone to learn new skills, and stay fit and healthy for work. To help encourage this the L.O.V.E programme helps towards payment of courses, events, training or health treatment up to a fixed amount.

### **INDEPENDENT COMMENTARY FROM ALAN KNIGHT**

"With wellbeing and happiness being part of sustainable development The Body Shop might be taking this a bit too much for granted. I recommend that they embrace the wellbeing debate and think about where they could have greater impact with their customers."

# WHAT DO WE ACHIEVE BY CAMPAIGNING?

## OUR MISSION STATEMENT SAYS THAT WE WILL “PASSIONATELY CAMPAIGN FOR THE PROTECTION OF THE ENVIRONMENT, TO DEFEND HUMAN RIGHTS, AND AGAINST ANIMAL TESTING WITHIN THE COSMETICS INDUSTRY.”

Since The Body Shop opened its first store in Brighton in 1976, we have been famous for running cutting edge campaigns, raising awareness and catalysing change on a number of important social and environmental issues. Our campaigns are designed to inspire and inform customers and reach out to key decision makers who can make a difference.

“There are many problems in the world. Why do we chose to campaign on the issues we do? What is the criteria for choosing a cause?”

Zelda Chan, Store Manager, Russell Street, Hong Kong



The Body Shop chooses to campaign on issues where we believe we can make a unique impact. We have always been pioneers in speaking out about issues with low awareness and little media coverage, to ensure that they are no longer ignored. This still continues because of the way we operate and our belief that the company can be a force for good.

## STOP VIOLENCE IN THE HOME

Domestic violence happens everywhere. At least 1 in 3 women around the world is beaten, coerced into sex, or otherwise abused in her lifetime (UN 2006). For the last 14 years, The Body Shop has been committed to helping stop this human rights abuse, by raising awareness of the issue, generating funds to help those affected, and working with governments to strengthen laws to protect those affected by or at risk from domestic violence.

### UPDATE ON PROGRESS

WHAT WE SAID WE WOULD DO	WHAT WE DID
Increase the number of markets who run the campaign to 50	In 2007, 52 markets launched Stop Violence in the Home. In 2008 the campaign reached 56 markets
Raise £700,000 per year for NGOs working on the issue.	The combined total raised in 2007 and 2008 was £1.9 million. In each market, all the funds raised were donated to the chosen non-profit partner organisation, to help fund vital projects of prevention, support, and protection for women and children
To create high-level ownership of and engagement in the campaign among all employees globally	We invested more resources into creating an interactive campaign training programme for our store-staff enabling our employees to become active in-store campaigners



In 2007, our campaign focused on protecting the children affected by domestic violence worldwide. Based on the joint The Body Shop UNICEF report, which highlighted that 375 million children are affected worldwide, 52 of our markets raised funds and awareness to offer children greater protection.

By 2008, Stop Violence in the Home had reached 56 markets. Since the first campaign was launched, more than £3.5 million has been raised. The 2008 campaign launched on the theme of friendship. The fundraising product, a “For Me, For You” Special Edition Shea Lip Care Duo, was chosen to support this message, and featured the campaign website [www.stopviolenceinthehome.com](http://www.stopviolenceinthehome.com) created to ensure women in all The Body Shop markets could receive help and emergency support in their own country.

“Some customers are now approaching us about domestic violence issues. We live in quite a closed culture. I feel that our Stop Violence in the Home campaign has helped people who lacked self-esteem to open up and talk about their problems”

Patricia Ler — Store Manager, IMM Singapore



## ACHIEVEMENTS FROM AROUND THE WORLD

### KOREA

In 2007 and 2008, The Body Shop Korea organised a street march in Seoul, and a public petition calling for the government to provide better rehabilitation services, more financial assistance and increased protection for survivors of domestic violence. Store staff helped to collect more than 122,000 signatures from customers, which were then presented to the Korea Ministry of Gender Equality. In response, the Ministry as committed to increase expenditure on domestic violence shelters and invest in education programmes for the police.



*Street march in Seoul*

### SWITZERLAND

In 2008, the Swiss team took the message about domestic violence into the classroom. A Swiss website - [kiknet.ch](http://kiknet.ch) - offers teachers free worksheets and ideas for their lessons with around 100 topics for all school levels. The Body Shop Switzerland sponsored the site for a 3 year period to tie in with the Stop Violence in the Home campaign. Information about domestic violence was posted on the site and a competition was devised to engage children in the issue where they were invited to design a badge. 62 school classes across Switzerland took part and over 900 entries were sent in.

### USA

In the USA, The Body Shop has a long-time partnership with The National Coalition Against Domestic Violence (NCDV) to help create awareness, raise critical program funds, and build supportive local partnerships. The partnership has raised almost \$1.5 million to enhance programs such as the Face to Face Reconstructive Surgery Referral program, providing survivors with access to reconstructive surgery to rectify facial injuries suffered as a result of domestic abuse.

### CANADA

The Body Shop commitment to tackle domestic violence originally launched in 1994 in Canada where the company has enjoyed a powerful partnership with the Canadian Women's Foundation throughout the years. To date, The Body Shop Canada has contributed over \$1.2 million in cash and in-kind donations to the Canadian Women's Foundation.

### UK & ROI

In the UK & ROI Stop Violence in the Home Hi-Shine Lip Treatment has helped raise £418,000 to support people affected by domestic violence. The funds raised have now been invested in the 'Expect Respect' Education Toolkit, an online resource aimed at young people of school age. This toolkit has been promoted by NGO partner, Women's Aid to 34,000 Head Teachers, and plans are already in place to extend its reach in Spring 2009.

## HIV AND AIDS CAMPAIGN IN PARTNERSHIP WITH MTV

In 2007 we launched a unique three year partnership with MTV International which marked a renewed commitment to The Body Shop's fight against HIV and AIDS. In 2007 we launched the Spray to Change campaign followed by the launch of the Move Your Lips campaign in 2008. Together we're working to raise awareness amongst young people about HIV and AIDS, and raise funds for the Staying Alive Foundation.

Raising awareness of how HIV is transmitted is one of the best ways we can help prevent the spread of the epidemic. The campaign supports the Staying Alive Foundation, a charity founded by MTV that promotes and supports young people everywhere who are protecting themselves and their communities against the multiple threats posed by HIV and AIDS. The Foundation makes small grants to young people and youth-led projects who have created innovative projects in their communities, schools, youth centres and clubs, using radio, TV, print, digital and personal interaction to reach at-risk youth and keep them safe from HIV.

**GET LIPPY PREVENT HIV**

IN 2006, OVER 5 MILLION PEOPLE WERE NEWLY INFECTED WITH HIV. ABOUT HALF WERE UNDER 24 YEARS OLD\*. THE BODY SHOP DONATES AT LEAST £2.80 FROM SALES IN THE UK OF EVERY NEW GUARANA LIP BUTTER TOWARDS THE STAYING ALIVE FOUNDATION WHICH HELPS RAISE AWARENESS AND HELPS PREVENT THE SPREAD OF HIV AMONG YOUNG PEOPLE.

**MOVE YOUR LIPS – MAKE A DIFFERENCE**

**New Guarana Lip Butter**  
gtn 57102 10 ml rrp £5.00 (£5.00/10 ml)  
Available for a short time only  
[www.moveyourlips.com](http://www.moveyourlips.com)

\* Source: UN Aids 2006

REGISTERED CHARITY NUMBER: 1103267

MTV MUSIC TELEVISION® THE BODY SHOP®

62% of our loyal global customers surveyed said that they were 'very concerned' about global health issues such as HIV, AIDS and Malaria

UPDATE ON PROGRESS	
WHAT WE SAID WE WOULD DO	WHAT WE DID
Raise £1,000,000 over three years for the Staying Alive Foundation	During the first 2 years of the campaign, £1.1 million has already been raised. These funds have been used to support grass-roots youth projects, which are raising awareness of HIV prevention in their communities.
Run the campaign in 45 markets around the world	When Spray to Change launched in 2007, the campaign was immediately adopted by 47 markets. By 2008 this number had grown to 56 markets, reaching millions of young people worldwide.

## **MULTI-MEDIA OUTREACH**

The partnership created the biggest ever multi-platform HIV and AIDS prevention campaign: The Body Shop stores communicated the campaign message and offered information materials on HIV and AIDS throughout the campaign duration. Then, in 2008 the campaign was also promoted on the Web, with a campaign platform: [www.moveyourlips.com](http://www.moveyourlips.com) - campaign applications on social networking websites, and online competitions. The website was visited by over 65000 unique visitors. Broadcast adverts were also created by MTV for both Spray to Change and Move Your Lips, and aired on MTV channels benefiting from over US\$5 million of donated airtime.

## **YOUTH PROJECTS FUNDED BY THE CAMPAIGN**

The £1.1 million raised in stores and donated to the Staying Alive Foundation have been awarded to 83 grass-roots youth groups who are creating local projects to break taboos and help their communities to protect themselves against the AIDS epidemic.

These groups are educating their peers about how HIV is transmitted and how to live with AIDS. They are challenging harmful practices in their cultures that make their neighbours, particularly women and girls, especially vulnerable to HIV. They are building orphanages for abandoned HIV-positive children, distributing condoms to young women who have no choice but to sell themselves into prostitution to survive, and providing safe spaces for young people who have nowhere else to turn.

## **ACHIEVEMENTS FROM AROUND THE WORLD**

In Japan the launch event was held at the specially created 'Get Lippy Café'. Visitors to the Café participated in panel discussions about HIV/AIDS presented by MTV VJ Kenny. Also on the panel were Ryuhei Kawada, who was infected with HIV as a child and Kohei Yamada, an international HIV volunteer who has been to Malawi to raise awareness. He sang a love song in his native language to attendees. Laptops were provided for customers to visit [www.moveyourlips.com](http://www.moveyourlips.com).

In France the launch event was hosted by China, an MTV VJ, and featured a showcase performance by ASA who sung seven different songs. The event was attended by journalists and specially invited customers. MTV's Crispy News team broadcast the showcase.

In the UK, a partnership was launched with the Department of Health, Durex and national magazine, the Student Guide. Specially branded campaign condoms were attached to the cover of the Student Guide, which were sold in national stationery retailer WH Smith.

In the United States, International R&B singer, Estelle, launched the campaign, participating in a photo call and interviews in The Body Shop store in Grand Central Station, New York, generating extensive national media coverage.

### **INDEPENDENT COMMENTARY FROM ALAN KNIGHT**

"Good campaigns - go for it."

# COMMUNITY INVOLVEMENT

The Body Shop is a global retailer with offices in Europe Middle East and Africa (EMEA), Asia Pacific, Americas (AME) and the UK & Republic of Ireland (UK/ROI). Each of these 4 regions plays a significant part in living our Values and improving our impact in local communities.

## AMERICAS AND MEXICO (AME)

### CHARITY SHOP

In 2008, AME opened a Charity Shop in Wake Forest to allow employees to enjoy products at reduced prices, with all proceeds going to The Body Shop Foundation. In 2008, AME raised \$101,670 for The Foundation.

### COMMUNITY INVOLVEMENT

AME took part in canned food drives, collecting over 2 tons of much-needed food for local food banks. The region also took part in 'toy drives' for a local shelter, donating over 600 toys.

### SAVE THE CHILDREN PARTNERSHIP

The Body Shop® Americas partnered with Save The Children in both the USA and Canada to raise funds for the Myanmar Relief efforts when Cyclone Nargis hit in May 2008. \$20,000 was raised over a period of 1 month with the donation raised from a percentage taken from the sales of our Bag For Life.

## UK & REPUBLIC OF IRELAND

### 'TRAFFICKING IS TORTURE' CAMPAIGN

In the weeks following Anita Roddick's death we launched a 'Trafficking is Torture' campaign, a subject that was very close to Anita's heart. In Collaboration with the Helen Bamber Foundation UK & ROI sold 'The Journey' postcards in store and collected signatures for a petition to the UK Home Secretary to ratify The Council of Europe Convention on Action Against the Trafficking in Human Beings. The campaign, which ran in stores and online for 2 weeks, received support from actress and activist Emma Thompson raised in excess of £10,000. The UK Government has subsequently ratified the convention. Independently of the postcard sales, The Body Shop donated an additional £50,000 to the Helen Bamber Foundation.

### SING

Following a direct approach from singer Annie Lennox, a close friend of Anita, to sell her campaign CD single in store, The Body Shop raised in excess of £9,000 for Treatment Action Campaign a Southern African based HIV charity.

### FRONT LINE

In 2008, we launched a partnership between our Irish Franchisee and 'Front Line' an NGO working with Human Rights Defenders on the anniversaries of UN Human Rights Defenders Day and the Universal Declaration of Human Rights.

### VOLUNTEERING

Employees of The Body Shop UK both in stores and offices carried out significant levels of volunteering. This work ranged from individuals to large groups of employees working with charities and schools. 80 store teams signed up to work with local women's refuges in an initiative supported by Domestic Violence charity Women's Aid.

## **EUROPE MIDDLE EAST AND AFRICA (EMEA)**

### **CHILDREN ON THE EDGE**

The money raised through EMEA markets supports specific project work in Moldova. The first 100,000€ raised enabled Children on the Edge to buy a building and plot of land in Iargara to renovate and develop as a children's community centre. The centre aims to protect and support these children from trafficking as well as build community relations.

### **VOLUNTEERING**

2008 saw the relaunch of EMEA's staff volunteering programme when staff in all offices took time out from their working day in October to help various projects in their local community. The EMEA regional office, based in the UK, undertook a project to clear an extensive part of a train track at the local Amberley Working Museum, whilst the Danish Market Head Office transformed the Dannerhuset women's crisis centre in Copenhagen. The Danish team, with the support from their store fitters, carpenters and electricians installed a new kitchen on the third floor of the centre and completely revamped the lunch area.

## **ASIA PACIFIC**

Office staff in Singapore have taken part in volunteering activities such as spending time helping elderly people; organising Christmas parties for less fortunate children; helping to relocate trees at an animal welfare centre and cleaning and painting enclosures at a wildlife rescue centre.

West Malaysia has adopted the role of local environmental champion, organising the annual International Coastal Cleanup in Malaysia, which brings together students, the public and other like-minded companies.

In Indonesia, close links with the arts, entertainment and activist communities, have enabled the team to organise a very successful national documentary competition for 2 years running. "Think, Act, Change" saw students and young people challenged to become techno-activists, using the powerful and affordable medium of video to tackle important social and environmental issues, such as HIV/AIDS, global warming and domestic violence, in an intelligent and thought-provoking way. The competition is such a success that schools around the country have screened finalists' entries, using them as tools to educate the young about these issues.

## MOVING FORWARD

We have set up an internal group of experts under the leadership of the International Values Director to respond to all of the recommendations made in this Report by our different stakeholders. These recommendations along with our own passion and expert knowledge will combine to form a coherent Sustainable Development Strategy. We will share this strategy for feedback and input from our Stakeholder Panel in 2009, chaired by Gordon Roddick. This will clearly lay out our short, medium and long term objectives affirming our continued commitment to our Values.

### INDEPENDENT COMMENTARY FROM ALAN KNIGHT

The Body Shop lives on, it is bigger than Anita and ethical business is now bigger than The Body Shop. So in a world swamped with CSR and Sustainable Development what is the space The Body Shop should fill? There is a healthy appetite for a fresh focus, new ideas, new momentum and some real oomph.

The Values have a powerful heritage, but they need to be aligned with Sustainable Development. They are not five separate values but key elements of a single complex system of positive feedback loops. Jan Buckingham, International Values Director said it; Community Trade in Brazil improved the communities' self esteem which gave them the confidence to resist harmful logging.

The next step is to have more strategic intent driving the Values. I support the project to develop a Sustainable Development plan with targets. Make it edgy; make other companies once again stop and think. I do not expect The Body Shop to be dishonest so good governance matters but it does not define The Body Shop brand. That promise is being both commercial and edgy. Anita's soul lives on, use and enjoy.