



# ENRICH NOT EXPLOIT™ (It's in our hands)

**SUSTAINABILITY  
REPORT 2018**



# CONTENTS

3

2018 IN NUMBERS

4

INTRODUCTION

6

ENRICH OUR PEOPLE

15

ENRICH OUR PRODUCTS

24

ENRICH OUR PLANET

37

LOOKING FORWARD

38

TARGETS IN MORE DETAIL



# 2018 IN NUMBERS

**26.2 MILLION**

square metres of endangered bio diverse habitats protected through our Bio-bridges scheme

**8.3 MILLION**

petition signatures brought to the United Nations as part of our Forever Against Animal Testing campaign

**£921,000**

donated to conservation charities across the world

**6,065**

hours of work time our employees volunteered to benefit a huge range of causes

**143,856**

tonnes of CO<sup>2</sup> saved through the protection and recovery of forest in Khe Nuoc Trong, Vietnam

**16,314**

workers benefited from fair prices for Community Trade products and ethical practices through our Community Trade scheme

**224**

tonnes of paperboard saved by reducing the packaging of our gift items. We also saved 86 tonnes of metal and 26 tonnes of plastics

**100%**

of our company websites around the world include the environmental footprint of our product categories

**94%**

of our natural ingredients traced to their country of origin

**56%**

of our packaging was free from fossil fuels

**9%**

reduction in the energy used by our stores around the world compared with 2017

**2**

major sustainability awards won: World Retail Congress Responsible Retailer of the Year and the Marie Claire Prix D'Excellence De la Beauté Sustainability Award

**1**

new Community Trade supplier confirmed  
1 new Community Trade ingredient launched



# INTRODUCTION

## ON BEHALF OF EVERYONE AT THE BODY SHOP, I AM DELIGHTED TO WELCOME YOU TO THE 2018 REVIEW OF THE BODY SHOP'S ENRICH NOT EXPLOIT™ SUSTAINABILITY PROGRAMME.

Over the past 12 months we have seen some notable achievements which have mobilised our staff and our customers across six continents, 69 countries, and about 3,000 stores.

Highlights included our Forever Against Animal Testing campaign which surpassed our 2020 targets, and culminated with us bringing 8.3 million signatures to the United Nations to push for a ban on cosmetic animal testing. We are proud that we protected 26.2 million square metres of threatened habitats in 2018 through our Bio-bridges programme, which was awarded the Marie Claire Prix D'Excellence De la Beauté Sustainability Award. These achievements are driving meaningful, positive change around the world - not just in our company, but for the planet and its people and animals.

As important as it is to recognise our achievements, we must acknowledge that, in some areas, we have not achieved all we set out to do when we launched the programme.

We are headed in the right direction, and we will now will do more to ensure every single part of our company is actively driving forward our agenda as a business as a force for good. Given the challenges our planet and society face, we believe it is only through ensuring that an integrated triple bottom line philosophy is embedded across every single thing we do, that we can champion business as a transformational force in the world.

These reflections mean we have decided to end our Enrich Not Exploit™ Commitment in 2018 and, in its place, focus the entirety of our resources on transitioning our sustainability activities to a more ambitious and holistic plan with a renewed ambition.

We'll launch our new strategy at the start of 2021 with the ambition of becoming a regenerative business - one that systematically contributes more to the world than it takes out.

We have already started laying the foundations for this new plan. This includes redefining our brand purpose, and continuing our partnership with the Future-Fit Business Benchmark, which is proving instrumental in guiding our strategy development process. We are also committed to seeking B Corp certification and doing whatever is necessary to achieve this goal and join a movement we have long admired.

As part of our triple bottom line approach, we changed our legal Articles of Association with Companies House in the UK to commit ourselves to delivering a strong social and environmental performance balanced with a strong economic return to shareholders. This is a significant step, signalling that environmental, social and economic impacts are equally important to us.

We are proud of our achievements and excited about the future. The journey ahead is not without challenges and as we progress, we will learn and embrace new ways of thinking and behaving.

We look forward to continuing to share our story with you as we seek to make greater positive change in the world.



**David Boynton**  
Chief Executive



# ENRICH NOT EXPLOIT™

In 2016 we launched a new global sustainability programme: the Enrich Not Exploit™ Commitment. This programme has committed us to create positive change in our own practices and through influencing others. It incorporated 14 targets under three core pillars:

- Enrich our People
- Enrich our Products
- Enrich our Planet

This report outlines our full progress on each target, and the steps we will take to continue to drive our work forward.

## KEYS FOR TABLES ON FOLLOWING PAGES

RED

Progress against our pro-rata 2020 targets has not been achieved

AMBER

Progress against our pro-rata 2020 targets has not been achieved but significant progress has been made

GREEN

2020 pro-rate targets have been achieved or surpassed



**ENRICH  
OUR  
PEOPLE**



# TARGET 1:

**INCREASE OUR  
COMMUNITY TRADE  
PROGRAMME FROM  
27 TO 40 SUPPLIERS  
AND HELP ENRICH  
SUPPLIER COMMUNITIES<sup>1</sup>**

## THE STORY SO FAR

Between 2016-2018 we started sourcing six new Community Trade ingredients and investigated 14 potential new Community Trade supply chains around the world. Each new Community Trade relationship involves significant time and investment from us and our suppliers in order to meet our strict quality and ethical standards. Our Community Trade suppliers receive a fair wage for high-quality, natural ingredients and accessories. And in many cases, we pay a premium to help our suppliers invest in health or education projects that benefit their wider community.

<sup>1</sup>. This target was refined for 2017. Our original target was to double our Community Trade programme from 19 to 40 *ingredients* and help enrich the communities that produce them.

## TARGET 1 – OUR PROGRESS IN 2018

In 2018 we signed up one new Community Trade supplier (moringa seed oil from Rwanda), increasing our Community Trade portfolio to 31 suppliers, surpassing our target for the year.

Our Community Trade moringa seed oil partnership with Asili Natural Oils aims to provide a sustainable income for farmers in Rwanda's dry eastern provinces, where income opportunities are low and communities are still recovering from the 1994 genocide. Drought-resistant moringa provides a secure income for the farmers and its tree canopy shelters food crops.

A core aspect of our Community Trade programme is helping to strengthen small-scale suppliers (see page 10 on supporting our mango seed oil suppliers).

In 2018, 100,000 people globally benefited through community projects linked to our Community Trade programme, including through medical clinics in India and Ghana (see page 10).

Another highlight of 2018 was establishing a partnership with Plastics For Change to source Community Trade recycled plastic packaging from India in a fully traceable way. This initiative formally launched in May 2019 (see box on page 29).

## LOOKING AHEAD

Community Trade is an important programme that we have been running for more than 30 years. From 2019, we'll focus on maximising its positive impact rather than focusing on increasing the number of Community Trade suppliers. Across our business, our commitment to Community Trade will become deeper and broader – increasing our positive impact in communities where our trade can be most beneficial.

Community Trade suppliers <sup>2</sup>	2016	2017	2018	Pro-rata Target 2018 <sup>3</sup>	Target 2020
	27	30	31*	27	40

2. In 2017 we changed our reporting on this target from the number of Community Trade *ingredients* to the number of Community Trade *suppliers*. For transparency, we had 20 such ingredients in 2016, 23 in 2017 and 24 in 2018.

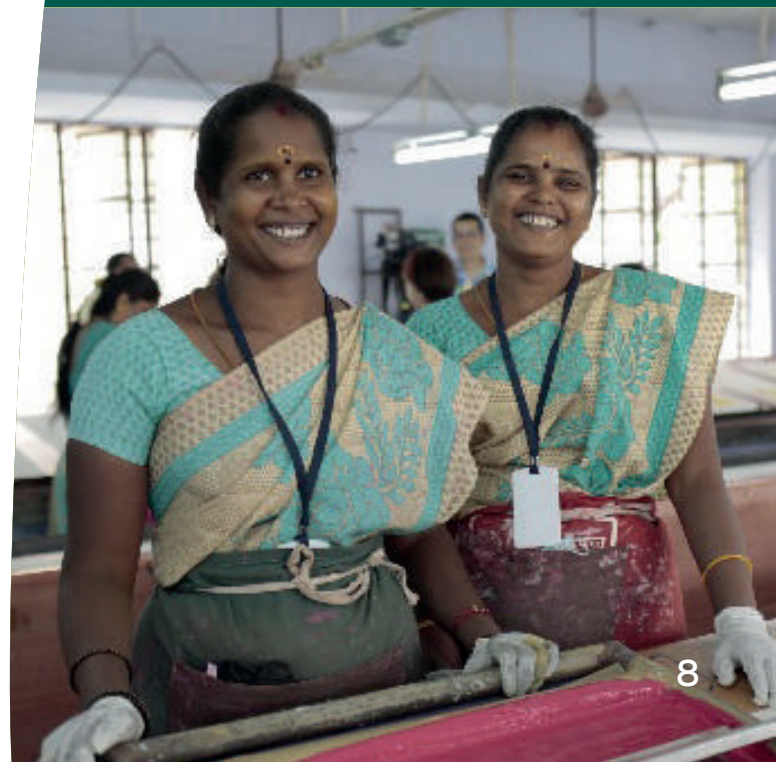
3. The pro-rata target 2018 notes the progress we expected to achieve at the end of 2018 in order to reach the objectives set in 2020.

## COMMUNITY TRADE IN A NUTSHELL

Community Trade is our independently verified fair trade sourcing programme – the first and largest in the beauty sector. It has enabled us to source natural ingredients, gift and accessory items from communities around the world.

Community Trade offers small-scale suppliers good trading practices, fair prices and investment in marginalised communities. In return, we require them to commit to sustainable sourcing methods and decent labour standards.

At the end of 2018, we sourced 24 Community Trade ingredients, plus Community Trade accessories and gifts from 31 suppliers in 23 countries.





# TARGET 2:

**HELP 40,000 ECONOMICALLY VULNERABLE PEOPLE ACCESS WORK AROUND THE WORLD BY 2020**

## THE STORY SO FAR

Our Community Trade programme benefits workers and others in our supplier communities by providing economically and environmentally sustainable livelihoods as well as decent working conditions.



## TARGET 2 – OUR PROGRESS IN 2018

In 2018, we directly benefited 16,314 workers in our Community Trade supply chains around the world, many of which are based in economically poor areas, surpassing our 2017 performance.

This partly reflects natural fluctuations in trade resulting from weather patterns or changing product needs. The 2018 increase is partly a result of new moringa and mango seed oil supply chains (the latter launched in 2017), and expanding our sourcing of marula oil from Namibia and shea butter from Ghana. The number of people accessing work through our supply chains increased during the year, indicating a positive trend.

Within just one year of sourcing Community Trade mango seed oil from women's cooperatives in central India, the cooperatives' membership increased from 200 to 1,000. Our trade means the women receive a better price for their harvest and are more involved in managing the business, increasing their skills. They work collaboratively to manage orders, quality control and finances, paying members a fair price for their harvest.

## LOOKING AHEAD

Benefitting workers and communities through our supply chains will remain an important part of our global sourcing programme. To date, our Community Trade supply chains benefit over 16,000 workers directly, and many more indirectly. Indirect beneficiaries include people who gain access to health care facilities, education, and freshwater infrastructure provided through social impact projects financed through trade with The Body Shop. A key learning from the Enrich Not Exploit™ Commitment has been the importance of continually improving how we measure and tell the story of our impact to the world. Moving forward, we will clarify how we define, measure and report on social impacts in our supply chains to guide future targets and reporting.

Number of people	2016	2017	2018	Pro-rata Target 2018 <sup>4</sup>	Target 2020
	20,823	12,450	16,314	24,000	40,000

4. The pro-rata target 2018 notes the progress we expected to achieve at the end of 2018 in order to reach the objectives set for 2020.

## WOMEN'S GOLD: COMMUNITY TRADE SHEA

Our Community Trade shea partnership demonstrates the many benefits of our long-term supplier relationships. Since 1994 we've sourced Community Trade shea butter from Tungteiya Women's Association in Ghana, which provides an income to 640 female shea producers. Shea is locally known as 'women's gold' because of its value in a region with few economic opportunities, particularly for women.

Fair prices from our trade have helped women shea producers to feed, clothe and educate their families. Our trade provides other benefits too. We've helped the women receive business training so they can manage their trade effectively. This gives them the confidence to stand up for their rights, leading to better treatment at home, in the community and from other shea buyers.

We also pay a premium that the women invest in projects to benefit their community of 49,000 people. This has improved local primary education, healthcare, water access and sanitation in 11 villages. The women have planted 17,500 tree seedlings and every village has new fuel-efficient stoves that are safer and use less wood.

*"Through sales of shea butter to The Body Shop I have been able to buy good food to bring up seven healthy children. 20 years ago this village had nothing. We now have what we need – a health centre, a school, a place to process shea butter. More than that, I'm happy. At Tungteiya we help each other out and teach each other what we know. Shea butter connects us all."*

Madam Afishetu, shea producer, Tungteiya Women's Association.

# TARGET 3:

**ENGAGE 8 MILLION PEOPLE IN OUR ENRICH NOT EXPLOIT™ MISSION, CREATING OUR BIGGEST CAMPAIGN EVER BY 2020**

## THE STORY SO FAR

The Body Shop has a long and proud history of campaigning. In 1989 we were the first cosmetics company to campaign against animal testing. We never test our own ingredients or products on animals.

In 2017 we launched Forever Against Animal Testing, our most ambitious campaign yet, alongside our NGO partner Cruelty Free International.

This award-winning campaign called for a permanent global ban on animal testing in cosmetics. Shockingly, 80% of countries have no laws against this practice even though it's unnecessary - other cosmetic testing methods are quicker and more efficient.



*“Our resources, plus the audience of millions passing by on the pavement and through our shops around the world, have combined to raise public consciousness, encourage action and educate.”*

The Body Shop Founder, Dame Anita Roddick, in 1991.

## TARGET 3 – OUR PROGRESS IN 2018

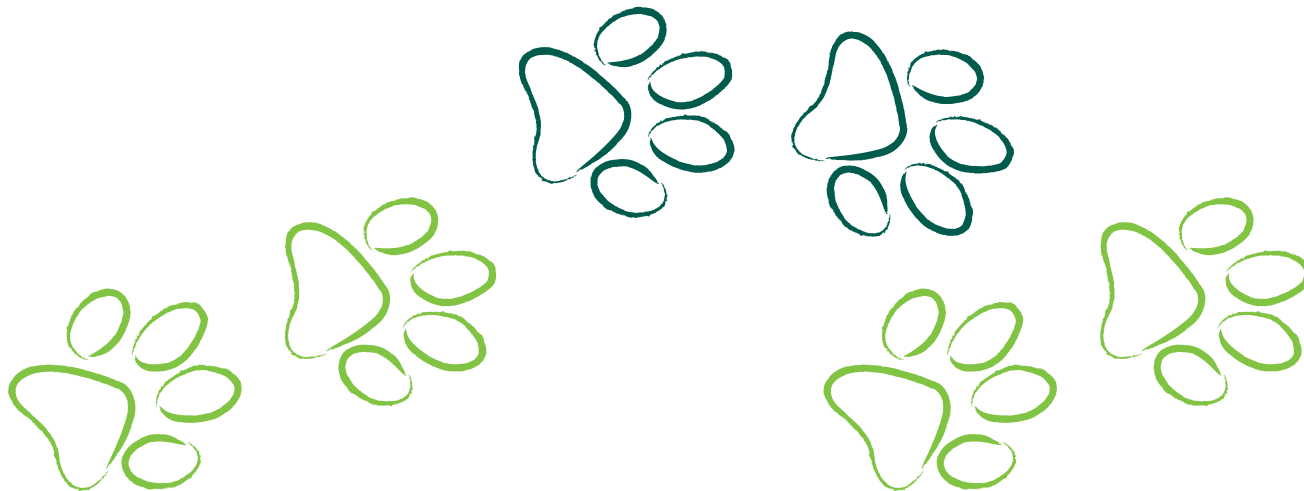
In 2018 our supporters around the world added an incredible 4.5 million signatures to our Forever Against Animal Testing petition. This brought the total number of signatories to 8.3 million, surpassing our 2020 target. We're immensely proud that so many of our customers signed the petition, and that many of our staff campaigned on this issue both at work and in their spare time.

On World Animal Day in October, The Body Shop and Cruelty Free International took our record-breaking petition to the United Nations Headquarters in New York to call for a global end to cosmetics testing on animals. Although changing laws is a slow process, Australia and Hawaii have passed legislation on this issue and Canada is making progress. Having contributed to the European Union ban on this practice in 2013, we're confident that we'll eventually win this fight.

## LOOKING AHEAD

Our campaign doesn't end now that we've handed over our petition. In 2019 we'll continue to use our influence and experience to work with the United Nations, national decision-makers and other businesses as we continue to call for a ban on cosmetic animal testing everywhere and forever. We're also looking into ways of embedding activism more broadly across our organisation.

	2016	2017	2018 (cumulative)
Petition signatures	N/A (petition launched 2017)	3,837,978	8,342,438



# TARGET 4:

INVEST 250,000 HOURS OF OUR SKILLS AND KNOW-HOW TO ENRICH THE BIODIVERSITY OF OUR LOCAL COMMUNITIES BY 2020

## THE STORY SO FAR

We currently pay our employees for up to three volunteering days a year, which they can spend volunteering for any cause. This is a practical way for us to help communities, grassroots organisations and our planet. It's also a rewarding experience for our staff - and a bonding experience for teams who volunteer together.

*"I volunteered at Growbaby, a UK charity supporting vulnerable women. It was a fantastic opportunity to bring joy to the lives of women who don't have a lot of it. We had different backgrounds and experiences, but we built a real connection."*

Natasha Kardamanova, UK employee.



## TARGET 4 – OUR PROGRESS IN 2018

In 2018, our employees across the world collectively provided 30,312 volunteering hours to enrich their local communities. This falls slightly short of our target. This is partly because of organisational changes and high workloads at all levels of our company, which meant volunteering was a low priority for some staff.

However, we shouldn't overlook the achievements of the staff members who volunteered through this scheme in 2018. Across the world, they performed a huge range of valuable services. This included supporting elderly people, helping at food banks and assisting refugee organisations. In addition, many staff members volunteered hours of their own time which were not recorded under this target to support our Forever Against Animal Testing campaign, helping to make it a huge success.

## LOOKING AHEAD

We're applying learning from our experience to rethink how we structure and support employee volunteering. We'll ensure that our leaders understand and actively support staff volunteering. Starting in 2019, we will also encourage and pay all our office staff members to volunteer for one day during Anita Week - our annual event to commemorate our Founder, Dame Anita Roddick.

Employee volunteer hours	2016	2017	2018	Pro-rata Target 2018 <sup>5</sup>	Target 2020
	43,102	30,585*	<b>30,312</b>	150,000	250,000

\*Figure corrected from our 2017 report which incorrectly stated a cumulative figure of 75,521 due to a reporting error.

5. The pro-rata target 2018 notes the progress we expected to achieve at the end of 2018 in order to reach the objectives set for 2020.

## BUILDING YOUTH CONFIDENCE THROUGH BE THE CHANGE

Staff at our UK offices have helped improve young lives by mentoring local schoolchildren through Be the Change, a programme aimed at students who may face challenges and difficulties at school. Focusing on building happiness, confidence, relationships and employability, the programme encourages students to identify their personal barriers to success, before helping find ways to overcome them.

Kerry McNair, one of our business guides, explains:

*"We encourage the students to talk about the challenges they face by sharing our own experiences of growing up and our career journeys."*

*Many of the young people we mentor are facing difficult situations in school and at home. It's incredible to see them grow in confidence during the programme and begin to think positively about their future."*

A large, leafy tree with a thick trunk and many branches, set against a background of a body of water and a shoreline. The tree is the central focus of the image. The water is calm and reflects the sky. The shoreline is visible in the upper part of the image, with some dry vegetation.

**ENRICH  
OUR  
PRODUCTS**

# TARGET 5:

**ENSURE THAT 100% OF OUR NATURAL INGREDIENTS ARE TRACEABLE AND SUSTAINABLY SOURCED, PROTECTING 10,000 HECTARES OF FOREST AND OTHER HABITATS BY 2020**

## THE STORY SO FAR

Our natural ingredients come from plants, micro-organisms or minerals. The first step in ensuring that these ingredients are sustainable is tracing their country of origin. And by the end of 2017, we made important progress against this target. We also launched a Sustainable Sourcing Charter, based on strict definitions of 'sustainable' that were agreed in consultation with stakeholders. The Sustainable Sourcing Charter sets out The Body Shop's approach to sourcing ingredients sustainably, and governs how The Body Shop engages with and manages our Suppliers. It is built on the three pillars of Planet, People, and Product, ensuring that the environment is protected, the people who produce our ingredients are respected, and the products we produce are of the quality expected from The Body Shop. It also outlines The Body Shop's commitments to our suppliers, and our implementation of the Charter commitments is independently verified every year.



## TARGET 5 – OUR PROGRESS IN 2018

The introduction of our Sustainable Sourcing Charter has had implications on how we are addressing this area of our work. Firstly, we updated our definition of “sustainably sourced” and, given we did want to assess our performance against outdated criteria, we’re not in the position to report our performance in this area in 2018. However, as part of our new approach, we have expanded the scope of our work to cover both natural and naturally derived ingredients and have made good progress. For natural ingredients, we have traced the country origins of 94% of our 86 ingredients and achieved 78% traceability for an additional 126 ingredients of our naturally derived materials.

## LOOKING AHEAD

The next phase of ensuring 100% traceability and sustainability of all of our ingredients to surpass our original 2020 target will continue to be prioritised in 2019 and 2020. We’ll focus on ensuring that all ingredients - not just natural ingredients - are socially and environmentally sustainable and ethically sourced. We will keep customers updated on our progress.

	2016	2017	2018	Pro-rata Target 2018	Target 2020
<b>Traceable natural ingredients</b>	59.7%	69.85%	<b>94%</b>	50%	100%
<b>Sustainably sourced natural ingredients</b>	11.3%	9.92%	N/A <sup>6</sup>	50%	100%
<b>Hectares protected*</b>	8,000	8,000	<b>8,000</b>	7,500	10,000

\*Calculated using the methodology employed in 2016 and 2017 prior to the independent review.

6. Not further assessed in 2018 due to the introduction of our Sustainable Sourcing Charter as noted above.

The pro-rata target 2018 notes the progress we expected to achieve at the end of 2018 in order to reach the objectives set for 2020.

During the year, we commissioned an independent review by Fauna & Flora International (FFI) to gain a greater understanding of our impact in our Brazil Nut sourcing programme in Peru.

This review provided guidance on how to strengthen our trade’s contribution to forest conservation in the future. As part of the reports next steps, FFI provided three key criteria that (at a minimum) should be met in order for The Body Shop to claim forest protection through the supply chain. These include:

- Investigating whether forest owners/lease-holders receive financial benefit from sourcing
- The generation of a written agreement between The Body Shop and either the collectors or forest owners that demonstrates an understanding and commitment to preserve their forest and refrain from hunting of threatened species
- Producing a sustainable harvesting plan that is based on scientific evidence of the plant life cycle

Given the timing of this review, we were unable to apply this learning across our programme for this report but this guidance will be used to review our performance as we move forward.

## COMMUNITY TRADE BRAZIL NUT OIL FROM PERU

Our Community Trade programme in Peru supplies us with Brazil nut oil which contributes to protecting Madre de Dios Amazon rainforest. Our trade provides communities with economic incentives to keep the forests standing and puts in place valuable forest protection measures alongside other initiatives. Similar to 2017, in 2018 our Community Trade programme has contributed to protecting 8,000 hectares of forest in Peru.



# TARGET 6:

**REDUCE YEAR-ON-YEAR  
THE ENVIRONMENTAL  
FOOTPRINT OF ALL OUR  
PRODUCT CATEGORIES  
BY 2020**

## THE STORY SO FAR

We have six product categories (Bath & Shower, Body Care, Fragrance, Hair Care, Make-up and Skincare) and 17 product families (such as cleansers). We give each product category and family an environmental score based on how they're made or sourced, and how easily they biodegrade or dilute to a safe level (their 'water footprint'). We made impressive progress in reducing the environmental footprint of our product families in 2016. In 2017, we maintained similar performance.





## TARGET 6 – OUR PROGRESS IN 2018

The overall environmental footprint of our products continued to improve in 2018, but to a lesser extent than in 2017. Our product categories' environmental performance increased by 65% (compared with 82% in 2017). We achieved this by promoting environmentally sustainable ingredients and those made by 'green chemistry' (involving environmentally friendly processes that reduce the generation of any environmentally harmful chemicals).

Our environmental assessments covered 10% more individual items and 3.8% more products by weight than in 2017, giving us greater insights into star performers and where we need to make the most improvement.

We also faced some challenges in this area. The main difficulty was no longer having access to water footprint data following the change in our ownership in late 2017. In addition, there is sometimes a trade-off between product innovations that use more renewable or natural ingredients but might have lower biodegradability. To address this, we developed and started to implement a long-term, more integrated approach to assessing our products' sustainability, balancing environmental, economic and social factors.

## LOOKING AHEAD

We'll put our learning in this area into practice, focusing on where we can make most impact in terms of overall sustainability. We have already started to use a new product formula strategy, aligned with the objectives from the Future-Fit Business Benchmark to guide our future projects.

	2016	2017	2018
<b>Ingredients of natural origin</b>	Stayed same or improved 16 (2015 Baseline)	Improved 12	<b>Improved 12</b>
<b>Ingredients from green chemistry</b>	Improved 15	Improved 13	<b>Improved 8</b>
<b>Biodegradability</b>	Improved 11	Improved 12	<b>Improved 10</b>
<b>Water footprint</b>	Improved 12	Improved 11	<b>No longer reported</b>

Numbers represent product families rather than categories.

# TARGET 7:

**PUBLISH OUR USE OF INGREDIENTS OF NATURAL ORIGIN, INGREDIENTS FROM GREEN CHEMISTRY, AND THE BIODEGRADABILITY AND WATER FOOTPRINT OF OUR PRODUCTS BY 2020**

## THE STORY SO FAR

We created this target in 2016 to be more transparent and let our customers make more informed decisions when buying our products. We made good progress in this area in 2016 and 2017. By the end of 2017, customers in 16 of the 17 countries where we run our own websites could compare the environmental performance of our product categories (Bath & Shower, Body Care, Fragrance, Hair Care, Make-up and Skincare).



# TARGET 7 – OUR PROGRESS IN 2018

In 2018 we published the environmental footprint of our product categories on our remaining company website. This met a core element of our target and gave our customers around the world valuable information to help them make purchasing decisions.

As noted on page 19, from 2017, we no longer had access to the systems which measured the water footprint data on our products.

## LOOKING AHEAD

Our new formula strategy, outlined in the previous target, is a great opportunity for us to communicate with our customers about what we use and why, and the strides we are making to provide products that are good for the planet. We'll continue to communicate the environmental benefits of our products to our customers. We'll be increasingly transparent about the sustainability of our product ranges, including their environmental footprint.

	2016	2017	2018	Pro-rata Target 2018 <sup>7</sup>
Category level results published	Published	16 out of 17 company websites	17 out of 17 company websites	17 company websites

7. The pro-rata target 2018 notes the progress we expected to achieve at the end of 2018 in order to reach the objectives set for 2020.



# TARGET 8:

**DEVELOP AN INNOVATION PIPELINE THAT DELIVERS PIONEERING COSMETIC INGREDIENTS WHICH ARE SUSTAINABLY SOURCED FROM BIODIVERSITY HOTSPOTS AND HELPS TO ENRICH THESE AREAS BY 2020**

## THE STORY SO FAR

In 2016 we set up systems, processes and a special team to drive biodiversity-enhancing innovations in our ingredients and products as well as our packaging. We identified a number of potential ingredients that, with careful sourcing and supporting of producer communities, might help to preserve and protect at-risk biodiverse habitats. We also started checking these potential ingredients against our strict quality, performance and sustainability criteria.



## TARGET 8 – OUR PROGRESS IN 2018

In 2018 we identified 41 potential pioneering and biodiversity-enhancing ingredients from a long list of 596. After testing by our innovation team, two ingredients look particularly promising. We need to conduct additional research before confirming whether they'll be used in any of our products, but are optimistic that our investment in this area will bear fruit.

We don't have specific targets on this initiative but are proud of our progress. We're confident that, in time, this will contribute to our overall sustainable sourcing measures.

Finding new ingredients that meet our strict biodiversity, sustainability and quality criteria involves significant work with potential suppliers and other partners as well as our own tests. This involves working closely with our sustainable sourcing team. The final step in confirming a new ingredient is finding the most efficient way to incorporate it in our products.

We also hope to source exciting new ingredients from endangered habitats around the world that we're helping to safeguard through our Bio-bridge initiatives (see page 25).



## LOOKING AHEAD

Being part of Natura &Co gives us exciting opportunities to work on sustainable innovations. Customers' increasing focus on natural and sustainable ingredients gives us added incentive to innovate in how we source, process and report on our ingredients.

Ingredients from biodiversity hotspots in the innovation pipeline	2016	2017	2018
	19	21	41

**ENRICH  
OUR  
PLANET**



# TARGET 9:

**BUILD BIO-BRIDGES, PROTECTING AND REGENERATING 75 MILLION SQUARE METRES OF HABITAT, HELPING COMMUNITIES TO LIVE MORE SUSTAINABLY BY 2020**

## THE STORY SO FAR

In 2016 in partnership with World Land Trust and other conservation NGOs, we helped to protect plant and animal species in at-risk habitats around the world. We also supported scientific research and lobbied governments and other authorities to improve conservation efforts.

This work is helping to protect a newly-identified species of orang-utan, the Tapanuli, the world's rarest great ape. It has also helped to secure a better future for Sumatran tigers, Asian elephants and to boost Vietnam's population of red-shanked doucs (a species of primate).



## TARGET 9 – OUR PROGRESS IN 2018

2018 was another amazing year for the World Bio-Bridges Mission. We helped to protect 26.2 million square metres of endangered habitat, donated £921,000 to conservation charities and built seven new Bio-bridges in Guatemala, Tanzania, Nepal, Australia, Armenia, Kyrgyzstan and England. We also continued work on our original Bio-bridge in Vietnam.

Highlights from 2018 include securing former plantation land in Malaysia for long-term protection and celebrating the birth of the world's rarest orang-utan twins in our Indonesian Bio-bridge. One of only an estimated 15 remaining Caucasian leopards was spotted in our Armenian Bio-bridge, confirming that we're playing a part to help safeguard some of the world's most endangered species. The World Bio-Bridges Mission won the Marie Claire Prix D'Excellence De la Beauté Sustainability Award in the UK in recognition of these achievements.

## LOOKING AHEAD

The World Bio-Bridges Mission will end in 2019 with new projects in Ecuador, India and Rwanda, working in partnership with World Land Trust and WCS Rwanda, respectively. We'll also make a final pledge to our original project in Vietnam. We're on track to protect over 80 million square metres of habitat and raise more than £2 million to support biodiversity around the world by mid-2019, exceeding our 2020 target. Our future strategy will prioritise protecting biodiversity through our everyday business practices rather than separate philanthropy.

Square metres protected	2016	2017 (cumulative)	2018 (cumulative)	Pro-rata Target 2018 <sup>8</sup> (cumulative)	Target 2020 (cumulative)
	17,262,514	41,388,114	<b>67,551,638</b>	56,250,000	75,000,000

8. The pro-rata target 2018 notes the progress we expected to achieve at the end of 2018 in order to reach the objectives set for 2020



## BIO-BRIDGES IN A NUTSHELL

Bio-bridges are restored or protected wildlife corridors in damaged or threatened landscapes. They help endangered species to reconnect and survive, and enable local communities to live more sustainably. They also trap carbon dioxide that would otherwise contribute to climate change.

The World Bio-Bridges Mission was our philanthropic programme to enrich biodiversity around the world, through funding and supporting conservation organisations in building Bio-bridges. From 2016–2018, we built Bio-bridges in 11 sites, helped protect 67.6 million square metres of habitat and raised £1.6 million to support biodiversity initiatives around the world. We worked with local partners in Africa, Asia, Australia, Europe and Latin America.

# TARGET 10:

**REDUCE THE ENVIRONMENTAL FOOTPRINT OF OUR STORES EVERY TIME WE REFURBISH OR REDESIGN THEM BY 2020**

## THE STORY SO FAR

We have about 3,000 stores across the globe, so reducing the environmental footprint of our shopfit materials has a significant positive impact. In 2016 we developed and trialed Beat, a store concept to replace our energy-efficient Pulse store design. We refitted the first few Beat stores in 2017.

**GROW COMMUNITY TRADE**

**POWER TO THE PEOPLE**

30 YEARS AGO, WE PIONEERED DIRECT TRADE WITH LOCAL COMMUNITIES TO SOURCE THE FINEST INGREDIENTS AND ACCESSORIES

TODAY WE ARE EMPOWERING OVER 20,000 PEOPLE IN 22 COUNTRIES AROUND THE WORLD

BY 2020 WE WILL DOUBLE OUR COMMUNITY TRADE INGREDIENTS BECAUSE WE BELIEVE IN BUSINESS AS A FORCE FOR GOOD

ENRICH THE EXPERT

20th Anniversary

FOLLOW US thebodyshop.com



## TARGET 10 – OUR PROGRESS IN 2018

We made progress against this target in 2018. We refitted 34 stores using our Beat concept – 26 in Europe, the Middle East and Africa and eight in the Asia-Pacific region.

We assess our store designs to reduce the environmental footprint of our shopfits. Using objective criteria developed with BRE (Building Research Establishment), part of world sustainability assessment method BREEAM, we score every material used in our refits, including furniture, lighting and displays. This score covers manufacturing, lifespan, reusability, recyclability, packaging, transport and maintenance. With BRE we also developed a guide to help our suppliers rate the sustainability of shopfit and visual merchandising materials based on their full life-cycle.

Our designs minimise the materials used and maximise reusability and recyclability, such as using sustainable wood veneer and metal instead of laminates. We're using materials with more recycled content, reduced weight and longer lifespans. And we're investigating opportunities to re-use old fixtures in other stores.



## LOOKING AHEAD

We'll continue using our Sustainable Material Score Card to keep improving and innovating in this area. In 2019 we'll work on a new store concept based on a more wide-ranging definition of sustainability, beyond materials and lighting. We're also planning to trial new construction methods for our fixtures to improve their environmental performance.

	2016	2017	2018
Redesigned/refurbished stores with improved env. footprint	No refurbishment or redesign	4	34

# TARGET II:

## DEVELOP AND DELIVER THREE NEW SUSTAINABLE PACKAGING INNOVATIONS BY 2020

### THE STORY SO FAR

We are committed to ensuring that our packaging doesn't harm the environment when it's made, used or at the end of its life. We conducted significant research and tests in 2016 and 2017 but none of our potential sustainable new packaging ideas met our strict standards. To improve our performance, we created a new packaging team.

### OUR PROGRESS IN 2018

Our commitment to sustainable business covers our environmental and social impact. In 2018 our investment in sustainable packaging innovations really started to show results across both areas.

Our main packaging innovation in 2018 involved approving ethically sourced Community Trade recycled plastic for our product packaging, using existing packaging collected by marginalised waste pickers in India (see page 30). This will help to improve the labour conditions and incomes of thousands of formerly unofficial waste pickers, while also reducing plastic pollution of waterways and land.

The first products to use this new packaging will hit shelves in May 2019, and we expect to use it in almost three million bottles by the end of that year.

In addition to packaging innovation, we also reduced the overall packaging of our range of gift items by an impressive 32% compared with 2017. Together, this means we saved 224 tonnes of paperboard, 26 tonnes of plastics and 86 tonnes of metal from being used.



## TARGET II – LOOKING AHEAD

In 2019, we'll launch an ambitious, long-term packaging strategy aligned with the objectives from the Future-Fit Business Benchmark to guide our future projects.

Included in our plans will be to increase our use of Community Trade recycled plastic from 250 tonnes in 2019 to over 900 tonnes within three years.

Sustainable packaging innovations	2016	2017	2018	Pro-rata Target 2018 <sup>9</sup> (cumulative)	Target 2020
		0	0	1	1

9. The pro-rata target 2018 notes the progress we expected to achieve at the end of 2018 in order to reach the objectives set for 2020.

## PACKAGING INNOVATIONS

Our new packaging strategy commits us to working towards becoming a circular economy business (one that maximises resources and minimises waste). We have set bold targets for 2030 to ensure that our packaging does not harm people or the environment and can be repurposed.

This will involve innovation and collaboration to change the way we package our products, add value to our packaging to encourage re-use and reduce the number of materials we use. From 2019, in selected markets, we will partner with recycling specialist TerraCycle to produce a waste-free shopping platform called Loop. Loop offers consumers an affordable and environmentally sustainable alternative to typical packaging.

Through its subscription service, consumers' packaging can be collected, refilled and reused. We are delighted to have been invited to join the pilot of this new packaging model. We will trial this scheme with our Tea Tree Oil and may broaden its use.



## PLASTIC RECYCLING INNOVATIONS

Used responsibly, we believe that plastic can be sustainable. In 2018 we started planning the sourcing of Community Trade recycled plastic in Bengaluru, India, in partnership with Plastics For Change. In India, 1.5 million waste pickers sort 6,000 tonnes of plastic every day. These waste pickers often have limited rights and are vulnerable to discrimination and extreme poverty. From May 2019, we'll use plastic, picked by these waste pickers, in our 250ml haircare bottles, alongside recycled plastic from Europe.

Our on-going aim is to increase our use of Community Trade recycled plastic over time. By the end of 2022, this means around 2,500 waste pickers will receive a fair price, predictable income and access to better working conditions. Alongside this, we'll work with local partners to help the waste pickers access healthcare and other essential services.

In 2018 we also established systems for our customers to recycle our empty packaging in-store. This will launch in five countries in 2019, with more planned in future. Where possible, TerraCycle® will recycle packaging locally. Where that's not possible, packaging will be turned into products such as furniture.

*"This is the world's first ever programme of verified Fair Trade plastic collection for use in recycling."*

Andrew Almack, CEO,  
Plastics for Change

# TARGET 12:

**ENSURE THAT 70% OF OUR PRODUCT PACKAGING DOES NOT CONTAIN FOSSIL FUELS BY 2020**

## THE STORY SO FAR

Everyone knows using fossil fuels contribute to climate change so we try to use them as little as possible. This is a challenge in cosmetic packaging as making most plastics involves using oil. We made some initial improvements in 2016 but our progress dipped in 2017. Although more than half of our product packaging wasn't made using oil/petroleum, coal or natural gas, we had hoped to achieve more. However, we increased our use of recycled plastics and other materials to lessen our environmental impact.

## TARGET 12 – OUR PROGRESS IN 2018

By the end of 2018, 56% of our packaging wasn't derived directly from fossil fuels. This represents a slight improvement on 2017 but fell short of our target for the year.

We've realised that when plastic packaging is necessary - such as for liquids and creams - the best approach is to use recycled plastics. Although these were originally made using oil, reusing them limits the need to use further fossil fuels. Our main challenge has been sourcing high-quality recycled plastics in the huge quantities we need.

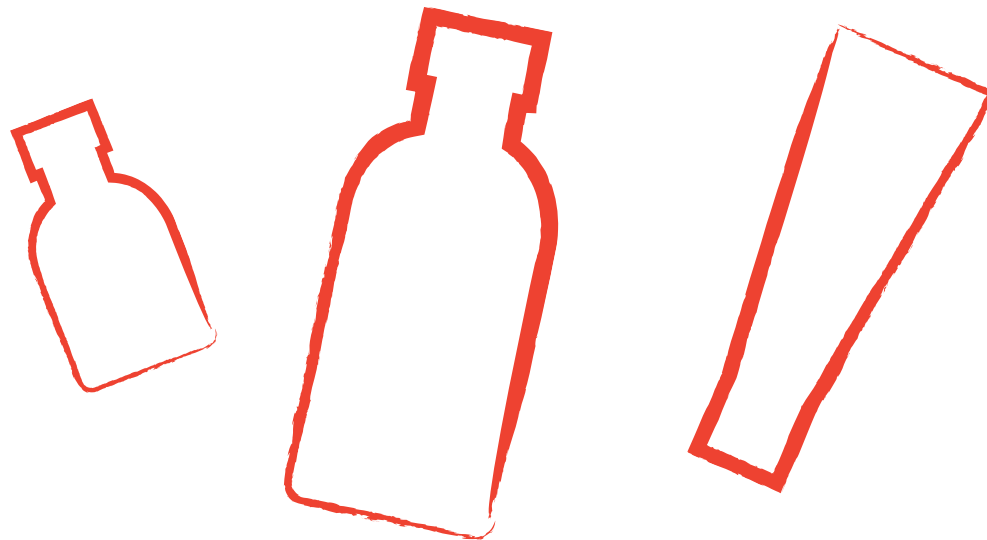
After delays caused by new bottle designs and colour matching, we finally solved this problem in 2018. The first products using our Community Trade recycled plastic from India launched in-store in May 2019 (see page 30).

## LOOKING AHEAD

In 2019 we'll launch an ambitious packaging strategy, aligned with the objectives from the Future-Fit Business Benchmark. This will take multiple approaches to improving the sustainability of our packaging, including increasing our in-store collections of used packaging. We'll also continue to increase our use of post-consumer plastic and reduce the packaging materials we use as much as possible.

Percentage of product packaging free from fossil fuels	2016	2017	2018	Pro-rata Target 2018 <sup>10</sup> (cumulative)	Target 2020
		58%	55%	56%	67%

10. The pro-rata target 2018 notes the progress we expected to achieve at the end of 2018 in order to reach the objectives set for 2020.





# TARGET 13:

**POWER 100% OF OUR STORES WITH RENEWABLE OR CARBON-BALANCED ENERGY BY 2020**

## THE STORY SO FAR

It's well-known that carbon emissions cause climate change. Sourcing renewable energy (generated from solar, wind, biomass or geothermal sources) for our stores is vital to reduce our carbon emissions. We made good progress in this in 2016 but our performance then plateaued.



## TARGET 13 – OUR PROGRESS IN 2018

We fell short of our 2018 green energy target. Just 16% of our stores around the world used renewable or carbon balanced energy.

Availability of renewable energy in many countries and regions remains a challenge. Although we prefer to use renewable energy wherever possible, carbon balancing is a good backup option (see box).

Given our performance has not reached our expectations nor our responsibilities as a responsible business we have carbon balanced 143,856 tonnes of carbon dioxide which is equivalent to our reported consumption of non-renewable energy in our company and franchise-owned stores around the world\*.

For our non-store premises, progress has been more positive. Our global office in Littlehampton, UK is carbon negative. Our on-site solar panels produce 25% of the site's energy and we sell some energy back to the grid. All other energy used there is 100% renewable. Our global headquarters in East Croydon, UK uses 100% renewable energy.

## LOOKING AHEAD

We remain committed to using renewable energy. In 2019 and 2020 we'll continue to expand the use of our carbon balancing programme for our stores who are not using renewable energy sources. Our new strategy from 2021 will prioritise our work on our carbon footprint.

Percentage of stores powered by renewable energy	2016	2017	2018	Target 2018	Target 2020
	23%	23%	16%	50%	100%

\*The tonnage figure is based on WLT's carbon balanced rate of £4.50 / tonne used for carbon balancing in Vietnam.



## CARBON BALANCING IN A NUTSHELL

Our carbon balancing programme is managed by international conservation charity World Land Trust, which is also our main Bio-bridges partner. This scheme prevents or absorbs carbon emissions by protecting threatened forests, through projects that meet the Climate Community and Biodiversity Alliance standard.

Our carbon balancing scheme focuses on action on the ground rather than extensive administration, as some other carbon neutral programmes do. The scheme follows a three-step cycle - measuring energy use, reducing energy use and then compensating for unavoidable carbon emissions.

In 2018, we carbon balanced emissions equivalent to our in-store, non-renewable energy use by protecting the critically endangered Khe Nuoc Trong forest in Vietnam.

# TARGET 14:

**REDUCE BY 10% THE ENERGY USE IN ALL OUR STORES BY 2020**

## THE STORY SO FAR

In addition to striving to use renewable energy wherever possible, it's important to reduce our overall energy use. After promising achievements in 2016, we made fewer overall energy savings in-store in 2017, although some countries performed well. We're proud that all stores we have renovated since 2016 use lower energy LED lights but know that we need to do more. We produced training tools to help and motivate senior managers and store staff in this.



## TARGET 14 – OUR PROGRESS IN 2018

The good news is that we made greater reductions in our energy use in 2018 (9%) compared with 2017 which brought us close to our target. A key priority moving forward will be improving our data collection and processing systems to capture better information about where, and how, we're saving energy effectively and where we need to redouble our efforts.

As explained under target 13, we used our carbon balancing programme to counter the non-renewable energy used by our stores and will continue to do so.

Our energy reductions in our non-store premises demonstrate progress. The average 2018 electricity consumption in our warehouses was 68% less than in 2017. In the same period, the average electricity use in our offices decreased by 28%.

## LOOKING AHEAD

Across our global business, we'll continue to reduce our energy use wherever possible and are determined to make additional progress in this area before we launch our next strategy in 2021. This will include energy use in our stores but will encompass everything we do - from manufacturing and packaging to all of our premises.

	2016	2017	2018	Target 2018	Target 2020
Energy reduction in stores	-5.69%	-2.96%	-9%	-10%	-10%

## TECHNIQUES WE'RE USING TO SAVE ENERGY IN HONG KONG

Since 2016, light boxes in our high street stores in Hong Kong are automatically switched on just in the evening rather than being on all day. Staff switch off unnecessary lights and air-con while closing stores and ensure that all lights and electronics are off before they leave. Office staff are advised to turn laptops, computers and monitors off during their lunch hour.

Our Hong Kong colleagues participate in Earth Hour every year, turning off non-essential lights from 8.30-9.30pm on a specific day to enhance awareness of saving energy. They keep educating staff on energy-saving measures and praise the top 10 energy-saving stores.



# LOOKING FORWARD

**THE BODY SHOP IS A BUSINESS THAT SEEKS TO CREATE CHANGE. HISTORICALLY, WE HAVE TAKEN ACTION AND ACHIEVED AMAZING THINGS. WE HAVE CAMPAIGNED ON IMPORTANT ISSUES AND INSPIRED CUSTOMERS TO THINK DIFFERENTLY. WE HAVE CHANGED LAWS AND BROKEN NEW GROUND, SOMETIMES EVEN IN AREAS UNRELATED TO OUR CORE BUSINESS.**

However, the world has changed and the challenges we face are now different than they were when we first started. The progress made under our Enrich Not Exploit™ Commitment is something we can be really proud of. But we can do more and so, by focussing our resources on developing a new sustainability plan, will seek to drive more holistic changes covering all areas of our own business, and influencing the system in which we operate.

Moving forward, The Body Shop will commit to three things: A new and ambitious goal, a new legal status and a renewed philosophy of driving change.

Our new goal is for The Body Shop to be a regenerative business – for our people, for society, for the natural world and planet. Our key reference point for this work is the Future-Fit Business Benchmark which is our guide for eliminating all harm, and then going beyond this to ensure a positive impact. We are looking forward to announcing our ambition in early 2021.

Our new legal status, which embraces the approach taken by the B Corp movement which we have long admired, means we have recently changed our Articles of Association in the UK.

The Body Shop International Limited is now accountable for delivering a strong triple bottom line performance, meaning our success as a business will take into account not only our profits, but our sustainability and social impact work too.

In addition, we are seeking to fulfil a long-held ambition to become a B Corp and reach the challenging threshold to become certified in the near future.

Finally, we are stepping back into the change movement. We are committed, we want to try new things and know we can influence change. Supporting the Tomorrow's Capitalism study with John Elkington's Volans team to explore the reinvention of the triple bottom line is a good example of what we are already doing to move this work forward.

We will share the journey with our customers and stakeholders, recognising that whilst no business is perfect, there is great power in the scale of ambition.

There will be other companies who also recognise and accept the role they need to play to create positive change. These organisations can be powerful allies as we start our journey to be a company that creates change, not only within its own business and industry, but across the entire system.

I'm excited about this step-change in our approach to sustainability. We hope you will join us on this journey.



**Christopher Davis**  
International Director of Sustainability



	<b>ENRICH NOT EXPLOIT™ TARGETS</b>	<b>IN MORE DETAIL</b>
<b>1</b>	Increase our Community Trade programme from 27 to 40 suppliers and help enrich supplier communities.	Number of new Community Trade suppliers which meet the applicable social and environmental standards of The Body Shop Sustainable Sourcing Charter and for which a purchase order has been raised between January 2018 and December 2020.
<b>2</b>	Benefit 40,000 economically vulnerable people around the world via access to work and/or sustainability projects that relate to our supply chain.	Number of people and wider community members who benefit from employment and sustainability projects that relate to our supply chain activities. We will include people from Community Trade suppliers and other sourcing programmes.
<b>3</b>	Engage 8 million people in our Enrich Not Exploit™ mission, creating our biggest campaign ever.	Number of signatures on The Body Shop Forever Against Animal Testing petition.
<b>4</b>	Invest 250,000 hours of our skills and know-how to enrich the biodiversity of local communities.	Number of hours volunteered by The Body Shop employees and The Body Shop franchise employees in paid work time.
<b>5</b>	Ensure 100% of our natural ingredients are traceable and [...]	Number and percentage of natural ingredients whose feedstock is traceable to country of origin at minimum.
	[...] sustainably sourced,	Number and percentage of natural ingredients meeting The Body Shop definition of 'sustainably sourced'.
	[...] protecting 10,000 hectares of forest and other habitat.	Number of hectares of habitat that has been protected as a result of The Body Shop sourcing of natural ingredients in that area.
<b>6</b>	Reduce year-on-year the environmental footprint of all our product categories.	Category averages of biodegradability (%), % of ingredients of natural origin, number and % (of formula) of materials derived from green chemistry, measured against the previous year's scores every year, starting in 2015.
<b>7</b>	Publish our use of ingredients of natural origin, ingredients from green chemistry, and biodegradability of our products.	Number and proportion (%) of company websites which publish our use of ingredients of natural origin (%), ingredients from green chemistry (%), and the biodegradability (%) of our products at category, product family and article levels.

	<b>ENRICH NOT EXPLOIT™ TARGETS</b>	<b>IN MORE DETAIL</b>
<b>8</b>	Develop an innovation pipeline that delivers pioneering cosmetic ingredients from biodiversity hotspots and which helps to enrich these areas.	Number of ingredients: whose feedstock is traceable to a biodiversity hotspot; that help protect biodiversity; which are not currently used by The Body Shop; which are relatively unknown in cosmetics industry; and which have proven cosmetic benefits.
<b>9</b>	Build Bio-Bridges, protecting and regenerating 75 million square metres of habitat, [...]	Number of square metres of habitat protected and regenerated in target areas.
	[...] helping communities to live more sustainably.	N/A. Activities commenced in 2017.
<b>10</b>	Reduce the environmental footprint of our stores every time we refurbish or redesign them.	<p>1. A reduction in the LIST (Low Impact Sustainability Tool, a resource of the Buildings Research Establishment (BRE)) score of stores that have been refurbished or redesigned;</p> <p>AND</p> <p>2. A reduction in the average energy usage per year per store (global level) in kWh.</p> <p>Measurement of the overall target uses a binary system and weights both of the factors equally in the absence of more detailed information to carry out a detailed weighting. This means that in order to claim a reduction in our environmental footprint, there must be a reduction in both metrics. This target will be assessed at a global level only.</p>
<b>11</b>	Develop and deliver three new sustainable packaging innovations.	<p>Number of product packs which:</p> <p>1. Use a new technology (in the cosmetics sector), OR use existing technology in a new context, OR obtain a packaging material from a source previously uncommercialised for the cosmetics industry;</p> <p>AND</p> <p>2. Meet at least the Basic level threshold for Cradle-to-Cradle certification.</p>
<b>12</b>	Ensure that 70% of our product packaging does not contain fossil fuels.	Amount of non-virgin fossil fuel derived material in product packaging by weight - the post-consumer recycle (PCR) - is categorised as non fossil-fuel-derived.
<b>13</b>	Power 100% of our stores with renewable or carbon-balanced energy.	<p>1. Percentage of stores running on renewable energy.</p> <p>2. Number and percentage of stores carbon balancing.</p>
<b>14</b>	Reduce by 10% the energy use of all our stores.	Total energy use of all The Body Shop stores in kWh.