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**The Body Shop: Social Responsibility or
Sustained Greenwashing?**

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THE BODY SHOP: **SOCIAL RESPONSIBILITY OR SUSTAINED GREENWASHING?**

“In terms of power and influence, you can forget the church, forget politics. There is no more powerful institution in society than business - I believe it is now more important than ever before for business to assume a moral leadership. The business of business should not be about money, it should be about responsibility. It should be about public good, not private greed.”¹

- Dame Anita Roddick, founder of The Body Shop, in her book *Business as Unusual*, in 2000.

“It’s ironic that a company (The Body Shop) well-known for its anti-animal testing stance should sell-out to one (L’Oréal) that tests on animals and which has yet to show its commitment to any ethical issues at all.”²

- Ruth Rosselson, *Ethical Consumer* magazine,³ in March 2006.

“I do not believe that L’Oréal will compromise the ethics of the Body Shop. That is after all what they are paying for and they are too intelligent to mess with our DNA ...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.”⁴

- Dame Anita Roddick, in May 2006.

A CONTROVERSIAL MAKEOVER

On March 17, 2006, The Body Shop International Plc. (Body Shop), a retailer of natural-based and ethically-sourced beauty products, announced that it had agreed to be acquired by the beauty care giant L’Oréal SA⁵ (L’Oréal) in a cash deal worth £652 million (US\$ 1.14 billion). The deal valued the shares of Body Shop at a premium of 34.2 percent to their price before the acquisition. It was also a major windfall for its founder Dame Anita Roddick (Roddick).

Following this announcement, Body Shop and Roddick came under severe criticism. Body Shop was regarded by many as one of the pioneers of modern corporate social responsibility (CSR). The company was also strongly associated with the social activism of Roddick. Since its inception, the company had endorsed and championed various social issues that complemented its

¹ “Anita Roddick Talk to Benefit Project Censored,” www.sonoma.edu, December 31, 2000.

² “Body Shop’s Shares Rise as its Ethical Rating Plummet,” www.ethicalconsumer.org, March 17, 2006.

³ *Ethical Consumer* is a magazine in the UK that is produced by the Ethical Consumer Research Association (ECRA). ECRA is a not-for-profit consumer organisation that seeks to promote human rights, environmental sustainability, animal welfare, and provide information on the social and environmental track record of well-known organizations. (Source: www.ethicalconsumer.org/aboutec/aboutus.htm).

⁴ Mark Goyder, “The Body Shop and L’Oréal: Why Can’t Big be Beautiful?” www.ethicalcorp.com, May 25, 2006.

⁵ L’Oréal SA, headquartered in Clichy, France, is the world’s leading cosmetics and beauty company. Its portfolio includes various cosmetic brands in segments such as hair color, skin care, sun protection, make-up, perfumes, and hair care. In 2005, L’Oréal’s revenue was €14.53 billion and it earned a net income of €1.639 billion. As of December 2005, it employed 52,080 people.

core values - opposition to animal testing, developing community trade, building self-esteem, campaigning for human rights, and protection of the planet. Body Shop was one of the first companies to publish a 'Values Report' in 1996 (Refer to Exhibit I for Body Shop's mission statement and Exhibit II for its values). Through these initiatives, the company had cultivated a loyal customer base who shared these values of the company.

On the other hand, L'Oréal was viewed by activists as the face of modern consumerism – a company that tested its cosmetics on animals, exploited the sexuality of women, and sold their products by making women feel insecure. Moreover, Nestlé owned 26 percent of L'Oréal. Nestlé was one of the most boycotted companies in the world for its alleged unethical business practices and aggressive promotion of baby milk in developing countries.

Body Shop's critics said that they felt betrayed by the deal as Roddick had previously been quite vocal in her criticism of companies like L'Oréal. They called for a boycott of Body Shop's products as they felt that the company had sold out its values and principles. Body Shop and Roddick defended the deal by saying that L'Oréal would not compromise Body Shop's ethics and that the merger would give Body Shop a chance to spread its values to L'Oréal. L'Oréal also announced that Body Shop's values would not be compromised and that it would continue to operate as an independent unit.

Many analysts were concerned that Body Shop's image would be affected by the acquisition. Some activists felt that Body Shop would not be able to function independently and that an important partner in CSR had been lost. However, they were a few who felt that Body Shop's values would rub in on L'Oréal and believed that the deal had some positives. There were also questions raised about whether L'Oréal was trying to improve its image and buy CSR through this deal. But for Body Shop's staunchest critics, the acquisition by L'Oréal was vindication of their view that Body Shop was nothing more than a greenwasher.

BACKGROUND NOTE

In 1970, Roddick (then Anita Perella) and Gordon Roddick (Gordon) were inspired to set up a beauty products store after seeing a store called 'The Body Shop' in Berkeley, California, USA, that sold cosmetics like shampoos, lotions, body creams, etc. The California store was run by two entrepreneurs, Jane Saunders (Saunders) and Peggy Short (Short), who sold cosmetics on the 'care for the environment' plank.

In March 1976, the Roddicks set up their first Body Shop store at Brighton, UK. The store sold around 15 lines of homemade cosmetics made with natural ingredients such as jojoba oil, rhassoul mud, etc. This store was just next to some undertakers, and two funeral directors threatened to sue Roddick if she used the name 'Body Shop.' They also filed a complaint to the local council regarding the name of the store and its proximity to their businesses. Anita shot back a letter to the council saying that she was a housewife with kids trying to make a living.⁶ She even anonymously phoned the story to *The Argus*.⁷ The newspaper published the story as a centrespread, which resulted in plenty of free publicity for Body Shop.

From its very early days, Body Shop was associated with the social activism of Roddick. The windows of Body Shop stores featured bills of local charity and community events. Roddick was

⁶ At that time Dame Anita was living with her two daughters while her husband was in the US. On his return to UK, he joined the business.

⁷ *The Argus* is a local newspaper based in Brighton, with editions serving the city of Brighton and Hove and the other parts of both East and West Sussex, UK.

also very critical of what she called the environmental insensitivity of industry and called for a change in standard corporate practices.

The second store was opened six months after the opening of the first store. A former garage owner Ian McGlinn (McGlinn) helped them open this shop by lending the Roddicks £4,000.⁸

Roddick gave the company's products brand names such as, Tea Tree Oil Facial Wash, Mango Dry Mist, etc. Urine sample bottles, the cheapest packaging available at the time, were used as containers. All labels were hand-written. Unlike other branded cosmetics, the packaging of its products contained detailed descriptions of the ingredients and their properties. The company never 'sale'⁹ priced their products but customers who returned product containers for refilling were offered a 15 percent discount. In addition to providing product information, a number of leaflets and posters (on recycled paper) provided information about social causes that the company believed in and encouraged its customers to get involved. Customers were greeted with employees wearing T-Shirts bearing a social message. "The politicism of the Body Shop has always been its DNA - the shops became our billboards. I don't give a damn if we were made successful by Mrs Rosie Brown who loved her vitamin E cream. Behind us there was a tacit acceptance of what we were doing,"¹⁰ said Roddick.

Body Shop's core brand identity was its "profits-with-a-principle" philosophy and the brand was closely associated with the social justice agenda. This was a revolutionary idea at the time, and Body Shop developed a loyal customer base. By the late 1970s, it had a number of franchisee stores throughout the UK. Body Shop was growing at a rate of 50 percent annually and was also getting a lot of media attention. Anita hired a PR firm to handle the media. In 1978, Body Shop's first foreign franchisee opened in Brussels, Belgium.

In the 1980s, the Roddicks acquired the US rights to the "Body Shop" name from the two entrepreneurs of Berkeley, who continued to operate a small chain in the San Francisco Bay Area under the new name "Body Time". Some analysts were critical of the Roddicks for having copied the whole business model of these entrepreneurs - from the idea and name, to even the product catalogs and image strategy.

In April 1984, the stock of Body Shop opened for the first time on London's Unlisted Securities Market¹¹, at 95 pence. By the time it obtained a full listing on the London Stock Exchange in January 1986, the stock was selling at 820 pence. During this time, there were some concerns among the Body Shop franchisees that the outfit was becoming too political. But despite these concerns, in 1986, the Body Shop formed an alliance with Greenpeace¹² for the "Save the Whales" campaign. Following some disagreements with Greenpeace, Roddick discontinued this relationship and formed an alliance with Friends of the Earth¹³ (FOE) in 1990. It also teamed up

⁸ As of December 2006, McGlinn owned 25 percent of the company's shares.

⁹ An occasion (usually for a brief period) for buying at specially reduced prices.

¹⁰ "Dame Anita's Radical Approach," www.news.bbc.co.uk, July 17, 2003.

¹¹ The Unlisted Securities Market (1980 to 1996) was a stock exchange set up by the London Stock Exchange to serve the market for shares of companies too small to qualify for a full listing.

¹² Greenpeace, with its global headquarters at Vancouver, British Columbia, Canada, is an international environmental organization founded in 1971. It has a presence in 41 countries. It is known for its various campaigns to stop atmospheric and underground nuclear testing, and for protecting whales. It is also focused on other environmental issues such as bottom trawling, global warming, ancient forest destruction, and genetic engineering.

¹³ Friends of the Earth is an international network of environmental organizations spread across 70 countries. It considers environmental issues in their social, political and human rights contexts and goes

with Amnesty International¹⁴ and from the 1990s onwards became very vocal in its support for international human rights. In 1991, Roddick was awarded the World Vision Award for Development Initiative (Refer to Exhibit III for a list of awards received by Anita Roddick).

During the 1980s and 1990s, Body Shop had its share of critics who accused the company of hypocrisy as they felt that it was making profits under the guise of endorsing social equality. On the other hand, some shareholders complained that instead of maximizing profits, the company was diverting money into “social work” projects.

However, the company had shown strong growth through the 1980s and at its height, in 1991, the company was worth £700 million. But then the company faced many challenges. In the early 1990s, problems surfaced for Body Shop as many “me too” retailers mushroomed in the UK, running businesses on a similar green agenda. The Boots Group Plc¹⁵ launched the Botanics and Natural Collection ranges that directly competed with Body Shop’s product portfolio. Body Shop’s international expansion strategy had not achieved much success. In the US, it faced major reverses as Bath & Body Works¹⁶ emerged as a tough competitor. Its new products too failed to take off.

Body Shop published its first ‘Values Report’ in 1996 and its second ‘Values Report’ in 1998. These reports were audit statements of its social, environmental and animal protection practices. Both reports were given a top rating in a worldwide ranking by SustainAbility¹⁷ for the United Nations on environmental and social reporting.

Though the company continued to grow in size, its market value was on the decline. The board had also got tired of Roddick’s radicalism, her combative stance on globalization, and vocal criticism of anti-wrinkle creams. In 1998, Roddick was forced to step down as the CEO and Patrick Gournay (Gournay) replaced her. Her critics felt that her radicalism had done more harm to the company than good and were happy that she had stepped down. Richard Ratner (Ratner), a retail analyst at Seymour Pierce¹⁸ commented: “It’s very good news. The less she has to do with the business the better.”¹⁹

In 1999, Gournay initiated a restructuring exercise and decided to concentrate on new products. Body Shop exited manufacturing and wholesaling, and focused on retailing. One-fourth of the product line was trimmed and the company bought out franchises that were not in a sound financial position. In 2000, Roddick announced that she would quit the board in two years. However, she continued to carry out PR functions for Body Shop and also traveled the world in search of new product ideas. In fiscal year 2001, the operating profits of the company had

beyond the conservation movement to address the economic and development aspects of sustainability (Source: www.en.wikipedia.org).

¹⁴ Amnesty International is an international non-governmental organization with the stated purpose of promoting human rights. It is one of the leading and most respected human rights organizations in the world.

¹⁵ Boots Group Plc is a leading pharmacy chain in the UK. It was founded in 1849.

¹⁶ Bath & Body Works is a chain of retail store in the US owned by Limited Brands. It specialized in many fragrant lotions, bath items, and home fragrances. It was founded in 1990 in New Albany, Ohio, USA, and had since expanded across the US.

¹⁷ SustainAbility is a strategy consultancy and thinktank.

¹⁸ Seymour Pierce, based in London, UK, is a leading provider of corporate broking and corporate finance services.

¹⁹ Emma Clark, “The End of Anita’s Heyday,” www.news.bbc.co.uk, February 12, 2002.

decreased to £18.2 million when compared to £33.0 million in fiscal year 2000. Some management control problems also surfaced in Body Shop's franchise structure. There were also discussions on the possible buyout of Body Shop. Takeover talks with Grupo Omnilife, a Mexican retailer that distributes nutritional supplements, failed as Grupo Omnilife could not back up its £300 (US\$500) million offer. A £175 million offer by Lush²⁰ failed to impress Roddick as she felt that Lush's founder Mark Constantine was not ethical enough.

In 2002, both Anita and Gordon Roddick stepped down as co-chairmen and were replaced by Adrian Bellamy (Bellamy). Gournay also quit as the CEO and was replaced by Peter Saunders (Saunders), who was the CEO of the company's North American operations. The new chairman shelved the idea of selling the company. "We would not enter into (further buy-out talks) unless we had very good reason to believe that it was in the best interests of shareholders,"²¹ said Bellamy.

Since 2002, Body Shop started working on repositioning itself to the 'masstige'²² sector of the consumer market. The re-positioning exercise began to bear fruit. For the fiscal year ended February 2003, Body Shop reported that its pre-tax profits were £20.4 million, when compared to £11.6 million in the previous year. The turnaround in its performance was followed by strong growth in the next two years.

For the year ended February 26, 2005, Body Shop announced a 21 percent rise in pre-tax profits to £34.5 million (US\$ 65.6 million). As of March 2006, Body Shop had 2,085 branches around the world, including 304 in the UK. Its brand portfolio consisted of more than 600 products (Refer to Exhibit IV for key financials of Body Shop: 2002-2006).

On March 17, 2006, Body Shop announced that it had agreed to be taken over by L'Oréal in a £652 million (US\$ 1.14 billion) deal. L'Oréal offered 300 pence a share, a premium of 34.2 percent to Body Shop's closing share price of 223.5 pence on February 21, 2006. Bellamy said, "For the shareholders, L'Oréal's offer is a significant premium to the share price and I believe provides an opportunity for them to now realize fully the prospects for the group on a stand alone basis."²³

L'Oréal said that the management team at Body Shop would be retained and it would be allowed to preserve its independent identity. Roddick would also continue to act as a consultant. L'Oréal's chairman and CEO, Lindsay Owen-Jones (Owen-Jones) said, "We have always had great respect for The Body Shop's success and for the strong identity and values created by its outstanding founder, Anita Roddick."²⁴ He added, "A partnership between our companies makes perfect sense. Combining L'Oréal's expertise and knowledge of international markets with The Body Shop's distinct culture and values will benefit both companies."²⁵

The deal was also a major windfall for the Roddicks, as they would receive £117 million (US\$204 million) for their 18 percent stake in the company.

²⁰ Lush, based in Poole, Dorset, UK, is a producer and marketer of hand-made bath products, soaps, body lotions and cosmetics.

²¹ "Body Shop Chief Steps Down," www.news.bbc.co.uk, February 12, 2002.

²² The term 'masstige' (Mass-market combined with prestige) covers relatively low priced retail goods that are sold under the banner of a prestigious brand name.

²³ "Body Shop Agrees L'Oréal Takeover," www.news.bbc.co.uk, March 17, 2006.

²⁴ "Body Shop Agrees L'Oréal Takeover," www.news.bbc.co.uk, March 17, 2006.

²⁵ "L'Oréal Buys Out Body Shop for \$1.4 billion US," www.ctv.ca, March 17 2006.

The announcement of the deal had surprised many. Over the years, Anita had been quite vocal in her criticism of L'Oréal. She had vociferously accused the cosmetic industry of making women insecure and particularly criticized L'Oréal for its alleged policy of employing only "sexy" saleswomen on its counters. She had once said, "Does the beauty industry hate women? I've been saying so for years. That L'Oréal is being sued for attempting to fire a saleswoman in California for not being 'hot' enough only confirms it yet again."²⁶

On June 1, 2006, the two companies went on with the deal as European Commission²⁷ (EC) cleared the takeover and said that the takeover would not result in higher prices for cosmetics, nor would it impede competition in the European Union (EU).

THE PIONEER IN MODERN CSR

Body Shop was regarded as one among the first firms in the world to publish a proper report on its social responsibility initiatives.²⁸ In addition to social activism, internal audit programs were conducted at Body Shop for environmental protection, health and safety at work, and the monitoring of 'Against Animal Testing Policy'. In 1991, it drafted the EU Eco-Management and Audit Regulation (EMAS),²⁹ and in 1992, Body Shop published its first environmental statement called 'The Green Book'. Till 1994, the company continued to publish its independently verified annual environmental statements. In January 1996, it published its first 'Values Report'. The report contained results of a social audit of Body Shop (arrived at through consultation with 5,000 stakeholders) as well as its environmental and animal protection performance. Subsequently, in January 1998, Body Shop published its second 'Values Report'. The report included results of Body Shop's integrated internal management systems audit and accounting processes in the area of social, environmental, and animal protection.

The United Nations Environment Programme (UNEP) and SustainAbility ranked both the Values Reports highly in their international benchmarking surveys of corporate environmental reports. This firmly established Body Shop as a pioneer in social reporting. Its social reporting coupled with its social activism led many people to consider Body Shop as a pioneer in modern CSR. And Roddick reinforced this association with her statements such as, "My vision, my hope, is simply this: that many business leaders will come to see a primary role of business as incubators of the human spirit, rather than factories for the production of more material goods and services."³⁰

BODY SHOP'S CSR INITIATIVES

Against Animal Testing

²⁶ Fiona Walsh and Julia Finch, "£600m - Because it's Worth it," www.guardian.co.uk, February 24, 2006.

²⁷ The European Commission is the executive body of the European Union, an intergovernmental and supranational union of 25 member states.

²⁸ "Is this the First Ever Corporate Social/Environmental Report?" www.mallenbaker.net, February 2003.

²⁹ The Eco-Management and Audit Scheme, is a voluntary initiative designed to improve companies' environmental performance. It was initially established by European Regulation 1836/93. Now this has been replaced by Council Regulation 761/01.

³⁰ Chrisna du Plessis, "Finding the Tin Man's Heart – Social Responsibility in the Construction Sector," www.buildnet.co.za, May 2002.

Body Shop did not test its cosmetic products on animals and did not commission others to do it on its behalf, as it considered this practice unethical. Along with customers and animal protection groups, Body Shop campaigned for a change in the law on the testing of animals for cosmetics purposes in the UK, Europe, the Netherlands, Germany, and Japan. Its campaigns had some major successes. In 1996, Body Shop presented the EU with a petition signed by over 4,000,000 people, which at the time was the largest petition against animal testing. Body Shop was also instrumental in the UK government's decision in 1998 to ban animal testing for cosmetic products and ingredients. In addition to this, the company's campaigns also resulted in finished product test bans in Germany and the Netherlands. In Japan, Body Shop organized the first major campaign on this issue.

In 1995, Body Shop got its Against Animal Testing supplier monitoring systems independently audited and certified against the ISO 9002 quality assurance standard. It was also one of the few companies that complied with the Humane Cosmetic Standards (HCS).³¹ In fact, it was the first international cosmetics company to sign the HCS in 1996. It placed restrictions on its suppliers' use of animal tests and fixed December 31, 1990 as the cut-off date for them to comply with these restrictions. Body Shop said that it would not buy any ingredients that had been tested on animals after the cut-off date. Body Shop also ensured that ingredients derived from animals were suitable for vegetarians and did not cause harm to the animal from which it was derived. In 2004, The Body Shop Foundation (BSF), awarded £20,000 to The Centre for Alternatives to Animal Testing at John Hopkins University to support research into alternatives that could substitute animal testing.

In 2005, the company was awarded the first place in the cosmetics category for 'Achieving Higher Standards of Animal Welfare' by the Royal Society for the Protection of Animals, in recognition of its efforts on this issue. The following year it was awarded Europe's first annual Proggy Awards³² in the "Best Cruelty-Free Cosmetics" category, presented by People for the Ethical Treatment of Animals (PETA). Lauren Bowey of PETA said, "The Body Shop is a driving force in promoting a more humane lifestyle. By renouncing animal tests, The Body Shop has shown beauty doesn't have to have an ugly side."³³ Roddick said: "I'm thrilled that we've won this award in recognition of our Against Animal Testing policy. It was always my vision to offer customers not just great products but an opportunity to demonstrate their ethical purchasing power as well. A recent survey conducted with our customers showed that 84 percent of them shopped with us because they shared our values – a million thanks to them for their support."³⁴

Support Community Trade

In the late 1980s, Body Shop purchased its first Community Trade product (CTP). Through CTP, Body Shop sourced products from marginalized communities for a fair price in a sustainable way. For instance, it sourced marula oil from Namibia, bananas from Caribbean, beeswax and honey from traditional beekeepers in Zambia, shea butter from a women's group in Ghana, etc. In Roddick's words, "Our trade with these communities is not just about creating another product or

³¹ The Humane Cosmetics Standard is a internationally recognized scheme that enables consumers to easily identify and purchase cosmetic and toiletry products that have not been tested on animals. (Source: www.buav.org).

³² The Proggy awards are given by the People for the Ethical Treatment of Animals (PETA) since 2005. PETA, based in Norfolk, Virginia, USA, is the largest animal rights organization in the world. (Source: www.en.wikipedia.org).

³³ "The Body Shop Captures PETA Europe Prize," www.thebodyshopinternational.com, 2006.

³⁴ "The Body Shop Captures PETA Europe Prize," www.thebodyshopinternational.com, 2006.

market for The Body Shop. It is about exchange and value, trade and respect, friendship and trust.”³⁵

Through CTP, Body Shop guaranteed a living wage for its Community Trade suppliers and their workers through a predictable and long-term business relationship. It also supported initiatives in the supplier’s community that contributed to sustainable development. Due to its CTP program, Body Shop was also considered a pioneer of fair trade in the cosmetics industry. According to the company, its vision was to present a model for other companies to follow.

To ensure that its CTP relationships would be successful in fulfilling a community’s goals, Body Shop developed a set of Fair Trade Guidelines in 1994 (Refer to Table I for Body Shop’s Fair Trade Guidelines). It benchmarked its CTP Supplier Guidelines to external standards such as Smallholder Guidelines of the Ethical Trade Initiative and the Fairtrade Labelling Organisation.

In addition to this, the company conducted participatory audits, and provided its CTP suppliers with information and feedback to assist them in maximising long-term benefits. It helped suppliers to reduce their dependence on Body Shop by helping them gain access to wider markets and sharing best practices with them.

TABLE I
BODY SHOP’S FAIR TRADE GUIDELINES

1. COMMUNITY	We are looking to work with established community organizations which represent the interests of their people.
2. COMMUNITY IN NEED	We target those groups who are disadvantaged in some way, those whose opportunities are limited.
3. BENEFITS	We want the primary producers and their wider community to benefit from the trade - socially as well as economically.
4. COMMERCIAL VIABILITY	It has to make good commercial sense meaning that price, quality, capacity and availability are carefully considered.
5. ENVIRONMENTAL SUSTAINABILITY	The trade has to meet The Body Shop standards for environmental and animal protection.

Source: www.thebodyshop.com/bodyshop/values/support_community_trade.jsp.

As of July 2006, the CTP included 31 communities spread across 24 countries. More than half of Body Shop’s core product line contained at least one item sourced through CTP. The company strove to include such ingredients in new product development, gifts and accessories. Even gift packaging was sourced through this program. According to the company, each year it bought over £5 million worth of ingredients, gifts, and accessories through the CTP initiative.

Improve Self Esteem

Body Shop said that it marketed products honestly, did not make misleading claims and product promises. The marketing messages celebrated diversity and did not feature ultra-thin or very young models, as was the norm in beauty advertising. A statement in Body Shop’s website reads,

³⁵ www.thebodyshop.com/bodyshop/values/support_community_trade.jsp.

“We will not promise eternal youth, or prey on people’s insecurities, but focus instead on products that provide wellbeing and comfort.”³⁶ It promoted diversity, acceptance and empowerment in its workplace, and maintained equal opportunities standards. Employees were groomed through volunteering, training, and personal development programs.

From its early years, Body Shop had promoted self esteem as one of its values. It challenged what it called “unrealistic beauty ideal presented by the beauty industry” and claimed that it used language and images that showed respect for women. Its campaigns on self-esteem took off in a big way in 1995, when it ran a “Women’s Rights Campaign” during the fourth UN World Conference on Women. As a part of the campaign, it collected more than a million signatures in support of the issue from people in 25 countries. In 1997, it launched a campaign based on ‘Ruby’, a realistic doll which represented real women as opposed to the dolls such as ‘Barbie’. In the same year it supported a debate on self-esteem by the Sophia Institute³⁷ in Singapore. In addition to this, Body Shop UK sponsored an Oxford University research project that looked at the self-esteem of young women and worked with the UK Guide Association to produce a self-esteem activity pack called ‘The Can Do Girls’. In the following year, Body Shop published and distributed globally ‘The Body and Self Esteem’, to raise awareness of the issue of self-esteem and generate debate on the subject.

In 2003, Body Shop launched a global campaign against domestic violence called ‘Stop Violence in the Home’. From its stores in the UK, the company raised £90,000 for the charity organization Refuge³⁸ in less than six months through the sale of badges and the recycling of 18,000 mobile phones. Each of these phones helped raise £2.75 for Refuge and its beneficiaries - women and children affected by domestic violence. In the US, 50,000 mobile phones were donated by customers, raising US\$ 80,000 for The National Coalition Against Domestic Violence³⁹ (NCADV) and The Wireless Foundation.⁴⁰ In 2004, Body Shop’s customers helped raise over £500,000 through the ‘Stop Violence in the Home’ campaign. Throughout Europe and the Middle East, Body Shop stores recycled mobile phones and sold campaign key rings. In the UK, the campaign funded a pilot program to provide women with reconfigured mobile phones as emergency alarms that could be used in vulnerable situations.

In 2005, Body Shop extended its ‘Stop Violence in the Home’ campaign to 40 countries. In that year, it raised over £500,000 for charities supporting victims of domestic violence. US customers donated over 100,000 old mobile phones to raise funds for the NCADV. In Canada, the campaign raised funds to support the Canadian Women’s Foundation.⁴¹ In Singapore, the company launched the campaign with public buses on six important routes carrying ‘Stop Violence in the Home’ advertisements on them. Throughout Europe, a special edition lip care stick was launched

³⁶ www.thebodyshop.com/bodyshop/values/activate_self_esteem.jsp.

³⁷ Sophia Institute, based in Manchester, UK, one of the few institutions in the world dedicated to promoting self-esteem.

³⁸ Refuge is a national charity for women and children experiencing domestic violence.

³⁹ National Coalition Against Domestic Violence is a non-profit organization with a mission “to organize for collective power by advancing transformative work, thinking and leadership of communities and individuals working to end the violence in our lives.” (Source: www.ncadv.org).

⁴⁰ The Wireless Foundation is a non-profit organization established in 1991. It oversees philanthropic programs that utilize wireless technology to help American communities. (www.wirelessfoundation.org).

⁴¹ Canadian Women’s Foundation is a national public foundation for women and girls in Canada. It raises money and makes grants to help stop violence against women and build economic independence for women and their children.

to promote the campaign. It became a best seller and customers also donated thousands of products and gifts, which the company distributed to local women's shelters. In the UK, customers donated over 60,000 mobile phones, which were transformed into personal safety alarms for women or recycled to raise funds for "FonesForSafety"⁴² initiative.

Defend Human Rights

Defending human rights is another core value of the company as it felt that it is the responsibility of every individual to actively support those whose human rights are denied. It ensured that its products were sourced and produced in regions where human and civil rights were respected and adhered to, as set out in the Universal Declaration of Human Rights.⁴³ The Body Shop conducted and supported many Human Rights campaigns. For instance, in 1998, Body Shop Australia ran a "Thumbs Up for Reconciliation" campaign in support of reconciliation between black and white Australians. In 2000, Body Shop launched its Human Rights Awards.

In addition to adhering to all relevant international Human Rights Standards in areas such as working conditions, protection of privacy, etc., Body Shop also benchmarked its employee management policies against international standards.

Body Shop was a founding member of the Ethical Trade Initiative (ETI) and strove to ensure that its suppliers complied with the ethical trade standards (Refer to Table II for the Body Shop's ethical trade standards). Suppliers were screened by a buying team who were given 'ethical targets' on an annual basis. The team was also provided training in this area. Being a member of Supplier Ethical Data Exchange (SEDEX), Body Shop insisted on and ensured that its suppliers conducted regular ethical assessments. In addition to this, Body Shop worked with other stakeholders at various levels to share best practices and influence national and international policy on ethical trade issues.

TABLE II
BODY SHOP'S ETHICAL TRADE STANDARDS

- | |
|---|
| <ul style="list-style-type: none"> • Employment is freely chosen • Freedom of association and the right to collective bargaining are respected • Working conditions are safe and hygienic • Child labour is not used • Living wages are paid • Working hours are not excessive • No discrimination is practiced • Regular employment is provided • No harsh or inhumane treatment is allowed |
|---|

Source: www.thebodyshopinternational.com

⁴² Fonesforsafety is a mobile phone recycling scheme which turns used mobile phones into reconfigured "999 only" phone alarms for victims of domestic violence (Source: www.fonesforsafety.org.uk).

⁴³ The Universal Declaration of Human Rights is a declaration adopted by the United Nations General Assembly on December 10, 1948 at Paris. It outlined the organization's view on guaranteeing human rights to all people.

Protect the Planet

Body Shop said that it aimed to be a sustainable business and considered protection of the planet as a key responsibility. In 1986, the company began its campaign for protection of the planet. The company developed its first international environmental policy in 1992.

Body Shop supported materials and technologies that caused minimal harm to the environment and promoted the use of renewable resources and sustainable ingredients. It also strove to minimize wastage by using recycled materials and minimal packaging. In 1993, it stopped using PVC⁴⁴ in its packaging, and in 2005, it announced that it would phase out all use of phthalates⁴⁵ in its products by the end of 2006. It partnered with Friends of the Earth, Greenpeace, WWF US and the US Campaign for Safe Cosmetics to ensure that its policies for chemicals use were environmentally responsible. The company had also set itself a target of becoming a carbon neutral retailer by 2010.⁴⁶

Body Shop strove to ensure that its policies and practices regarding wood products were in line with the best sustainability practices. It was a supporter of the Forest Stewardship Council⁴⁷ (FSC) certification scheme. It strove to ensure that all its wood products were derived from an FSC source. Body Shop was also a member of the World Wildlife UK Forest and Trade Network.⁴⁸

In 2004, Body Shop committed itself to address social and environmental impacts of palm oil⁴⁹ production including deforestation, biodiversity and the rights of indigenous populations, poor labor conditions, etc. As an active member of the Roundtable on Sustainable Palm Oil,⁵⁰ Body Shop partnered with NGOs and producers to ensure that customers would be able to choose sustainable palm oil.

Other Initiatives

The company made regular donations to charitable organizations including The Body Shop Foundation (BSF), its charitable trust that was set up in 1990. The trust supported charities working on environmental, animal welfare and human rights issues. As of April 2006, Body Shop had donated over £8 million to BSF.

⁴⁴ PVC or polyvinyl chloride is a polymer used for packaging and building and construction industry. There are concerns about the negative impact of PVC on the environment.

⁴⁵ Phthalates are a group of chemical compounds that are mainly used as substances added to plastics to increase their flexibility. There are concerns about the impact of phthalates on health.

⁴⁶ "Protect Our Planet," www.thebodyshopinternational.com, 2006.

⁴⁷ The Forest Stewardship Council (FSC) is a non-profit organization based in Bonn, Germany. FSC's stated mission is "to promote environmentally appropriate, socially beneficial and economically viable management of the world's forests". (Source: www.en.wikipedia.org)

⁴⁸ The World Wildlife UK Forest and Trade Network was founded in 1995 by 20 member companies with the stated mission of improving the management of the world's production forests by using the purchasing power of UK businesses.

⁴⁹ Palm oil is an important ingredient in many toiletry products.

⁵⁰ Roundtable on Sustainable Palm Oil is a not-for-profit association whose members represent the oil palm growers, palm oil processors and traders, consumer goods manufacturers, retailers, banks and investors, environmental/nature conservation NGOs and social/development NGOs.

In 2004, the company donated £1.3 million to charitable organizations, of which £0.7 million was donated to The Body Shop Foundation⁵¹ and £100,000 to the Disaster Emergency Committee for the Asian tsunami⁵² victims. The company pledged an additional £100,000 to Children on the Edge⁵³ to help rebuild the lives of children in Aceh, the Indonesian province that was severely hit by the tsunami in December 2004. Body Shop raised £200,000 for tsunami victims through the contributions of its customers. The company also sold bracelets in the US and Canada to raise US\$ 300,000 for HIV/AIDS victims.

In 2005, the stores in the UK supported the 'Make Poverty History'⁵⁴ campaign through the sale of over 200,000 white wristbands, raising in excess of £100,000 for the campaign. In addition to these campaigns, Body Shop was also engaged in causes such as violence against children. The year 2004 saw the return of Body Shop to social reporting as it published its independently verified Values Report in 2004 and 2005.

CRITICISMS

Though the company had a distinguished record as a pioneer of corporate responsibility, it had its fair share of critics. From the 1990s, Body Shop faced increased scrutiny regarding its activities and claims. Business ethics expert Jon Entine (Entine) was one of Body Shop's fiercest critics. Entine accused Body Shop and its founders of being hypocrites, as in his opinion, they were preying on the idealism of consumers, while not being any different from other companies in their pursuit of profit. In 1994, Entine reported that Charity Commission for England and Wales⁵⁵ records did not show any charitable contributions from the company in its first 11 years of operation. In the subsequent years, its contribution to charity was less than 1.5 percent of pretax profits (which was the average contribution made by US corporates). He also said that the company made false claims that its products were natural. He alleged that there was extensive use of petrochemicals in the preparation of Body Shop's products. He quoted many ex-employees who had claimed that the stories put out to customers about various products were totally fabricated. He even cited the fact that Roddick herself had likened the operations at Body Shop to a "dysfunctional coffin".⁵⁶

In 1998, McSpotlight⁵⁷ and Greenpeace UK put forward similar criticisms that Body Shop exploited the public by championing various agendas while it was actually more similar to other

⁵¹ The Body Shop Foundation is the charitable trust of Body Shop established in 1990.

⁵² The Asian Tsunami (a series of waves generated when a body of water, such as an ocean is rapidly displaced on a massive scale) is one of the deadliest disasters in modern history that left a total of 229,866 persons lost, including 186,983 dead and 42,883 missing. The tsunami occurred in the Indian ocean in December 26, 2004.

⁵³ Children on the Edge is a organization committed to working on behalf of marginalized and vulnerable children especially those orphaned or victims of war.

⁵⁴ It is the biggest ever anti-poverty movement. It was started in 2005.
(Source: www.makepovertyhistory.org).

⁵⁵ The Charity Commission is the non-ministerial government department that regulates registered charities in England and Wales.

⁵⁶ Australian Financial Review, "Body Shop's Packaging Starts to Unravel," www.jonentine.com, December 18, 2002.

⁵⁷ McSpotlight is a website that highlights the alleged exploitation of animals, people and the environment by the McDonald's fast-food restaurant chain.

corporate entities. They said that Body Shop's products were not natural, but had been synthesized and produced. Though the company claimed that it was against animal testing, its products contained ingredients that had been tested on animals by other companies. (Refer to Exhibit V for the leaflet released by McSpotlight and Greenpeace UK).

Critics also dismissed the company's CTP as a mere marketing ploy as it accounted for less than one percent of sales of Body Shop products. Body Shop was also accused of paying exploitative wages and having an anti-trade union stance. Its CTP was also viewed as patronizing and was said to have created tensions and divisions within indigenous communities and undermined self-sufficiency and self-dependence. McSpotlight accused Body Shop of marketing products by making people feel insecure about their looks, in the same way that other firms used to sell their personal care products. McSpotlight cited the company's "Love Your Body" campaign as an example. Some critics pointed out that the visual on the home page of Body Shop was no different from the idealized body images of beauty as projected by the cosmetics industry. The company was also accused of being very aggressive in its response to any form of criticism and allegedly tried to intimidate its critics through invectives and/or lawsuits.

Some analysts suggested that the image projected by the company and its "anti-city" attitude was hypocritical for a company that raised funds by listing on the London Stock Exchange. "It's massively hypocritical. If making money from the City, you've got a nerve criticising the very people you're taking money from,"⁵⁸ said Ratner. Critics felt that there was a big gap between the image projected by the company and its actual practice.

Critics also argued that after its lackluster results in 2001 and 2002, the management was more focused on improving its financial position. It was only in 2004 that the company made a comeback to serious social reporting. But analysts felt that even after this gap, the 2005 report was unsatisfactory and failed to answer the criticisms leveled against it in a comprehensive way. The 2005 Values Report responded only indirectly to some of the criticisms that had been leveled against Body Shop.

Some analysts said that the company's report had not clarified its position on the allegations regarding its CTP. It did not provide any figures as to what proportion of Body Shop's products were sourced through the CTP. Though the company had listed its participation in many stakeholder initiatives, the impact of these initiatives was not touched upon. It was also said that the company's position on workplace issues was not set out clearly and allegations of exploitative working conditions were not refuted properly.

Criticisms of Body Shop intensified after the company announced that it had agreed to be taken over by L'Oréal. L'Oréal did not deny that it used animal testing for cosmetics, something Body Shop founder, Roddick, had opposed throughout the 30 years of her business life. Critics (including Roddick, in the past) had campaigned against L'Oréal's alleged exploitation of the sexuality of women. Also, it was Roddick who had previously criticized L'Oréal for using only "sexy" saleswomen in their stores.

In a statement on its website, Naturewatch said: "We feel that the Body Shop has 'sold out' and is not standing by its principles."⁵⁹ There were also several calls to boycott Body Shop's products. John Ruane, director of Naturewatch, said, "She appears to be taking the money and running. Clearly all the money that goes into the till at Body Shop in the future effectively amounts to

⁵⁸ "Dame Anita's Radical Approach," www.news.bbc.co.uk, July 17, 2003.

⁵⁹ Heather Tyler, "Mixed Reaction to Body Shop Takeover," www.stuff.co.nz, March 21, 2006.

supporting L'Oréal and, by association, disgusting animal testing. Consumers can make their feelings clear by not shopping at Body Shop.”⁶⁰

Another reason why the sale of Body Shop to L'Oréal was criticized was that Nestlé was a large shareholder (26 percent) in L'Oréal. Nestlé had been strongly criticized by activists for several decades for allegedly promoting baby milk powder in the developing world. In January 2005, Nestlé was voted as the 'least responsible company' in an Internet poll. It was also one of the four most boycotted companies in the world and the most boycotted company in the UK.

Anti-animal testing and anti-Nestlé campaigners called for a boycott of Body Shop too. Various protests were organized by animal rights activists and they also began digging deeper behind the marketing strategies and public image of Body Shop. They used a spoof of a 1990s leaflet of Body Shop and urged Body Shop loyalists to send back their Body Shop loyalty cards to register their protests (Refer to Exhibit VI-A and VI-B for backlash against Body Shop).

In response to the protests, L'Oréal clarified that it had not done any animal testing since 1989. L'Oréal said in a statement, “We have not carried out or commissioned tests of products or ingredients on animals since 1989.”⁶¹ But it added that it could not guarantee that all ingredients bought from other firms had not been tested on animals. Its spokeswoman said that some ingredients still had to be tested under European health and safety rules. However, it did not stop the flow of criticism and demonstrations in front of various Body Shop stores.

On June 26, 2006, Naturewatch organized a protest at the Body Shop headquarters in Littlehampton, West Sussex, UK. The protest included “Lilly Lapin”, a bunny mascot adopted for this campaign, while one supporter wore a dress made out of Body Shop's loyalty cards that were sent to Naturewatch by customers unhappy with the L'Oréal deal. Ruane said that the campaign was getting a lot of support. “It's been very good with tremendous support from everybody passing, the horns are hooting all over the place and we think it's been successful,”⁶² he said.

Many Body Shop loyalists were taken aback by the deal. Some of them said that they felt betrayed and vowed never to shop at Body Shop again. A consumer said, “The Body Shop used to be my high street ‘safe-house,’ a place where I could walk into and know that what I bought was okay, that people were actually benefiting from my purchase. Now the people benefiting are the overpaid, underworked ‘fat-cat’ CEOs of animal-testing L'Oréal and baby-milk-selling Nestlé. By buying from the Body Shop, you are now no longer supporting ethical consumerism. If I want legitimate fair-trade, non-animal tested products, I can find them easily, at the same price, elsewhere.”⁶³

Several anti-animal cruelty organisations struck Body Shop off from their ethical shopping lists. *Ethical Consumer* downgraded its ethical rating of Body Shop from 11/20 (average), to 2.5/20 (very poor), on “ethiscore”.⁶⁴ As per the BrandIndex,⁶⁵ within three weeks of the announcement

⁶⁰ Sean Poulter, “Roddick Sells the Body Shop for £652m,” www.dailymail.co.uk, March 18, 2006.

⁶¹ “Body Shop Row Over Animal Testing,” www.news.bbc.co.uk, June 26, 2006.

⁶² “Body Shop Row over Animal Testing,” www.news.bbc.co.uk, June 26, 2006.

⁶³ “Has the Body Shop Sold Out?,” www.newconsumer.org, April 2006.

⁶⁴ Ethiscore is a numerical rating (out of 20) designed to allow consumers to compare companies across a range of corporate responsibility issues, including the environment, human and animal rights. The higher the score, the better a company's ethical record. Scores between 0 and 4 signifies ‘very poor’.

⁶⁵ BrandIndex is a daily measure of public perception of more than 1,100 consumer brands across 32 sectors, measured on a 7-point profile: general impression, 'buzz', quality, value, corporate image, customer

of the deal, Body Shop's "satisfaction" rating had dropped by 11 points to 14, its "buzz" rating fell by 10 points to -4, and its "general impression" fell by three points to 19.

Mike Brady (Brady), Campaigns and Networking Coordinator at Baby Milk Action commented: "The strength of feeling seems to have taken Body Shop and Dame Anita Roddick by surprise - they still do not have a statement on the Nestlé link."⁶⁶

BODY SHOP'S RESPONSE

Body Shop clarified that the acquisition by L'Oréal would not dilute its ethical stance and that it would continue its position on anti-animal testing. Body Shop spokesman Bill Eyres said, "It has been agreed that all our values are ring-fenced and we will continue to apply our animal testing policy."⁶⁷

Roddick justified the deal by saying that L'Oréal wanted to learn from Body Shop's commitment to the environment and human rights in business. She also denied that she had sold out and maintained that the company's values would not change. She said, "I don't see it as selling out. L'Oréal has displayed visionary leadership in wanting to be an authentic advocate and supporter of our values."⁶⁸ She added, "The campaigning, the being maverick, changing the rules of business – it's all there, protected. And it's not going to change. That's part of our DNA. But having L'Oréal come in and say we like you, we like your ethics, we want to be part of you, we want you to teach us things, it's a gift. I'm ecstatic about it. So I don't see it as selling out."⁶⁹

Roddick argued that if at all she had sold out, it was by going to the stock market in 1984 and putting Body Shop in the hands of people who were contemptuous of the values of Body Shop. "We then became 'owned' by people who were happy to downgrade our stock at the merest whiff of community trade, who believed that pioneering an end to animal testing in cosmetics was a threat to our share price ... That was, I now realise, selling out,"⁷⁰ she said. She added that Body Shop would be better off in the hands of L'Oréal who had publicly committed itself to upholding the values of Body Shop. "They (L'Oréal) understand what a maverick The Body Shop was in the business world and how we helped change the language of business, incorporating the action of social change, especially in human rights, animal welfare, the environment and community trade,"⁷¹ said Dame Roddick.

Owen-Jones acknowledged that L'Oréal would not be able to stop animal testing overnight, but this issue was a part of its long-term plan. He said, "I can't overnight use the Body Shop approach in all of the L'Oréal companies, but our long-term commitment is to join Body Shop on this issue. I cannot be clearer than that."⁷²

satisfaction and whether respondents would recommend the brand to a friend. (Source: www.brandindex.com).

⁶⁶ "Body Shop Will Lose Support of 99% of Nestlé Boycott Supporters Initial Survey Results Reveal," www.babymilkaction.org, March 28, 2006.

⁶⁷ Robert Booth, "Activists Call Body Shop Boycott," www.guardian.co.uk, March 17, 2006.

⁶⁸ "L'Oréal Buys Out Body Shop for \$1.4 billion US," www.ctv.ca, March 17 2006.

⁶⁹ David Teather, "Roddick Nets £130m from Body Shop sale," www.business.guardian.co.uk, March 18, 2006.

⁷⁰ Anita Roddick, "Every Body Grows Strong," www.anitaroddick.com, March 21, 2006.

⁷¹ "L'Oréal to Buy the Body Shop," abc.net.au, March 17, 2006.

⁷² David Teather, "Roddick Nets £130m from Body Shop sale," www.business.guardian.co.uk, March 18, 2006.

Roddick agreed that she had an issue with L'Oréal over animal testing earlier, but she was now convinced that L'Oréal was sincere in its commitment to this issue. She said, "So yes, I have criticised the cosmetics industry for their fantasies in the past. I'm not going to stop doing so now, but that does not mean I'm going to be satisfied with a splendid but pure isolation... I have not worked all these years to be satisfied to have pioneered a new way of doing business that nobody else ever tries."⁷³

With regard to the allegations that Body Shop marketed its products by making people feel insecure, Body Shop stated: "We do not promise eternal youth in our advertising, or prey on women's insecurities, but focus instead on products which provide well-being and comfort." It also said that it was committed to not using ingredients in its cosmetics that had been tested on animals for cosmetic purposes after December 31, 1990. It further pointed out that most of the ingredients used in cosmetic and toiletry products had been animal tested for some purpose at some time in their history, and it would be almost impossible to sell products whose ingredients had never been tested on animals.

L'ORÉAL BUYING CSR?

Some analysts felt that the acquisition was an attempt by L'Oréal to buy CSR. They cited other instances when major multinational corporations bought up smaller, model ethical corporations such as Unilever's acquisition of Ben and Jerry's, The Coca Cola Company's buyout of Odwalla, Colgate-Palmolive Company's takeover of Tom's of Maine, and Dean Foods' acquisition of Horizon Organics. Critics argued that these "model" corporations would find it difficult to continue the good work under their new parent.

The economic viability of an acquisition for such a reason is also a question mark, as generally, there is a public backlash after such acquisitions. As L'Oréal was not perceived to share the principles of Body Shop, Body Shop's association with L'Oréal raised questions about the ethical standards of Body Shop itself. Its customer base was also affected. A spokeswoman of *Ethical Consumer*, Mary Rayner said, "This deal would have a seriously negative impact on the Body Shop. It has built itself up on the principle of not testing on animals, but in one fell swoop this would completely ruin its reputation."⁷⁴ ABN AMRO⁷⁵ too said that it was unconvinced by the deal. It commented: "We have some concerns that L'Oréal's mere ownership will deter some of Body Shop's existing customers, while management's presentation was relatively short on detail as to how it will seek to grow the business going forward."⁷⁶

Critics felt that if a company is serious about CSR and ethical issues, it could cultivate this in their own organization rather than buy out a company that is considered a model organization. Ruth Rosselson (Rosselson) of *Ethical Consumer*, said, "If L'Oréal is really concerned about ethical issues, it can start taking them more seriously within L'Oréal itself."⁷⁷

⁷³ "The Body Shop Sold Out," www.choosecrueltyfree.org.au, 2006.

⁷⁴ Jim Armitage, "L'Oréal Mulls £600m Body Shop Takeover," www.thisismoney.co.uk, February 23, 2006.

⁷⁵ ABN AMRO is the largest bank in the Netherlands and has operations all over the world.

⁷⁶ "ABN Amro Unconvinced by L'Oréal Body Shop Buy," www.newratings.com, March 20, 2006.

⁷⁷ Ethical Consumer, Press Release, www.ethicalconsumer.org, March 17, 2006.

OUTLOOK

Some analysts felt that L'Oréal did not share the principles of Body Shop and that this acquisition had removed the biggest supporter of ethically-sourced beauty care products from the market. Despite the assurance to the contrary, Body Shop might not be able to function autonomously. They pointed out that already five members of the board, namely Peggy Bruzelius, Howard Mann, Jack Keenan, Irene Miller and Gordon, had resigned, and were replaced by former L'Oréal UK chief Tom Vyner and current L'Oréal CEO Jean-Paul Agon, along with four others.⁷⁸ Brady said that the Body Shop brand had been badly damaged by linking itself to an allegedly unethical company like Nestlé. Rosselson said, "I for one will certainly not be shopping at Body Shop again. L'Oréal has yet to show its commitment to any ethical issues at all."⁷⁹ It was reported that many consumers too had similar views.

Though many people were concerned by the deal, some were more optimistic of the merger. Save Animals From Exploitation⁸⁰ (SAFE) campaign director Hans Criel said, "Hopefully the Body Shop will continue to grow the message as the company expands with its new owners. We would like to see the Body Shop's ethics rub off on L'Oréal – not the other way around."⁸¹ The Royal Society for the Prevention of Cruelty to Animals⁸² (RSPCA) felt that the match was "odd" but urged L'Oréal to take up the Body Shop's ethical stance on animal testing. It said, "The Body Shop has proved that an ethical approach to trading can be a huge high street success - an approach which it must be allowed to maintain."⁸³ Analysts felt that L'Oréal's interest would be well served if it kept its word of not interfering with the integrity of the Body Shop brand in any way that might have an adverse impact on Body Shop's public image. According to Euromonitor, if L'Oréal kept its distance, it would convince the consumers to get back to their previous buying habits.

Body Shop claimed that, despite some public unhappiness over the deal, its business was not hurt in the period after the acquisition. It announced that sales in the eight weeks to April 22, 2006, were up 5 percent as compared to the corresponding period of 2005. Sales for the quarter (July to September) were £116 million, a growth of 8.8 percent over the corresponding period of 2005.⁸⁴ The company also announced that it was looking forward to launching a number of innovative products in the fiscal year 2007, including a major new-look make-up collection and a skin care range using Aloe Vera sourced through its CTP.

However, some of Body Shop's critics maintained that Body Shop was merely continuing its earlier unethical ways and that it was no different from any other company. It had smartly leveraged on the growth in ethical consumerism. There was a huge gap between the image projected by the company and its actual practice. For long, these critics had dismissed all talk of

⁷⁸ "L'Oréal Takes Over Body Shop," www.naturewatch.org, June, 15, 2006.

⁷⁹ David Teather, "Roddick Nets £130m from Body Shop sale," www.business.guardian.co.uk, March 18, 2006.

⁸⁰ Save Animals From Exploitation, based in Chirstchurch, New Zealand, is a non-profit animal welfare and rights organization in New Zealand. It was founded in 1930.

⁸¹ Heather Tyler, "Mixed reaction to Body Shop takeover," www.stuff.co.nz, March 21, 2006.

⁸² The Royal Society for the Prevention of Cruelty to Animals (RSPCA) is a charity in England and Wales that promotes animal welfare. It is funded by voluntary donations and is one of the largest charities in the UK. (Source: www.en.wikipedia.org).

⁸³ Sean Poulter, "Roddick Sells the Body Shop for £652m," www.dailymail.co.uk, March 18, 2006.

⁸⁴ Nick Bevens, "Body Shop Defies Green Critics," www.scotsman.com, October 14, 2006.

sustainability by Roddick as empty rhetoric. They now saw the Body Shop's decision to be taken over by L'Oréal as a vindication of their view that Body Shop had always been a greenwasher.

SUGGESTED QUESTIONS FOR DISCUSSION

1. The Oxford English Dictionary defines greenwashing as “disinformation disseminated by an organization so as to present an environmentally responsible public image.” Do you believe that The Body Shop was guilty of greenwashing, under the leadership of Dame Anita Roddick? Justify.
2. The Body Shop was considered a pioneer in modern corporate social responsibility. Can its sale to L'Oréal be considered a sellout of its values and principles? Or is it an attempt to “to spread human values wider in business”? Or has it just found a strategic partner to help its products reach a larger market?
3. Discuss the importance of CSR and brand values as factors that need to be considered during mergers and acquisitions vis-à-vis financial parameters. Some critics opine that many multinationals are keen to acquire an ethical company with the hope that it may influence how the parent company is perceived. Do you agree with the critics that L'Oréal was trying to buy CSR through its acquisition of The Body Shop? Discuss.

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EXHIBIT I BODY SHOP'S MISSION STATEMENT

- To dedicate our business to the pursuit of social and environmental change.
- To creatively balance the financial and human needs of our stakeholders: employees, customers, franchisees, suppliers and shareholders.
- To courageously ensure that our business is ecologically sustainable: meeting the needs of the present without compromising the future.
- To 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.
- To passionately campaign for the protection of the environment, human and civil rights, and against animal testing within the cosmetics and toiletries industry.
- To tirelessly work to narrow the gap between principle and practice, whilst making fun, passion and care part of our daily lives

Source: www.thebodyshopinternational.com

EXHIBIT II BODY SHOP'S VALUES

AGAINST ANIMAL TESTING	Against animal testing: We consider testing products or ingredients on animals to be morally and scientifically indefensible.
SUPPORT COMMUNITY TRADE	Support community trade: We support small producer communities around the world who supply us with accessories and natural ingredients.
ACTIVATE SELF ESTEEM	Activate self esteem: We know that you're unique, and we'll always treat you like an individual. We like you just the way you are.
DEFEND HUMAN RIGHTS	Defend human rights: We believe that it is the responsibility of every individual to actively support those who have human rights denied to them.
PROTECT OUR PLANET	Protect our planet: We believe that a business has the responsibility to protect the environment in which it operates, locally and globally.

Source: www.thebodyshopinternational.com.

EXHIBIT III
AWARDS WON BY ANITA RODDICK*

1984	Veuve Clicquot Business Woman of the Year
1988	Order of the British Empire (OBE)
1991	Center for World Development Education's World Vision Award, USA
1993	Banksia Foundation's Australia Environmental Award
1993	Mexican Environmental Achiever Award 1993 - National Audubon Society Medal, USA
1994	Botwinick Prize in Business Ethics, USA
1994	University of Michigan's Annual Business Leadership Award, USA
1995	Women's Business Development Center's First Annual Woman Power Award, USA
1996	Women's Center's Leadership Award, USA
1996	The Gleitsman Foundation's Award of Achievement, USA
1997	United Nations Environment Programme (UNEP), Honouree, Eyes on the Environment
1999	British Environment & Media Award
1999	Chief Wiper-Away of Ogoni Tears, Movement for the Survival of the Ogoni People, Nigeria
2001	International Peace Prayer Day Organisation's Woman of Peace
2003	Dame Commander of the British Empire (DBE)

* The list is not exhaustive.

Source: www.en.wikipedia.org/wiki/Anita_Roddick

EXHIBIT IV
KEY FINANCIALS OF THE BODY SHOP*

(For the 52 weeks ended February 25, 2006)	2006	2005	2004	2003	2002
Revenue (£ million)	485.8	419.0	381.1	378.2	379.6
Operating Profit (£ million)	41.5	39.2	30.3	24.3	15.2
Net Profit (£ million)	29.2	28.8	21.7	13.6	5.4
EPS					
Basic earnings per ordinary share (Pence)	13.6	13.8	10.7	6.8	2.8
Diluted earnings per ordinary share (Pence)	13.2	13.3	10.6	6.8	2.8
Number of Stores	2,133	2,045	2,007	1,968	1,954

*Note: 2002 to 2003 figures are according to UK GAAP (Generally Accepted Accounting Principles). 2004 to 2005 figures are according to IFRS (International Financial Reporting Standards).

Adapted from "The Body Shop International Plc Annual Reports and Accounts" 2004-2006, www.thebodyshopinternational.com, 2006.

EXHIBIT V

LEAFLET RELEASED BY MCSPOTLIGHT AND GREENPEACE UK**WHAT'S WRONG WITH THE BODY SHOP?
- a critique of 'green' consumerism -**

The Body Shop has successfully manufactured an image of being a caring company that is helping to protect the environment and indigenous peoples, and preventing the suffering of animals - whilst selling 'natural' products. But behind the green and cuddly image lies the reality - the Body Shop's operations, like those of all multinationals, have a detrimental effect on the environment and the world's poor. They do not help the plight of animals or indigenous peoples (and may be having a harmful effect), and their products are far from what they're cracked up to be. They have put themselves on a pedestal in order to exploit people's idealism - so this leaflet has been written as a necessary response.

Companies like the Body Shop continually hype their products through advertising and marketing, often creating a demand for something where a real need for it does not exist. The message pushed is that the route to happiness is through buying more and more of their products. The increasing domination of multinationals and their standardised products is leading to global cultural conformity. The world's problems will only be tackled by curbing such consumerism - one of the fundamental causes of world poverty, environmental destruction and social alienation.

FUELLING CONSUMPTION AT THE EARTH'S EXPENSE

The Body Shop has over 1,500 stores in 47 countries, and aggressive expansion plans. Their main purpose (like all multinationals) is making lots of money for their rich shareholders. In other words, they are driven by power and greed. But the Body Shop try to conceal this reality by continually pushing the message that by shopping at their stores, rather than elsewhere, people will help solve some of the world's problems. The truth is that nobody can make the world a better place by shopping.

20% of the world's population consumes 80% of its resources. A high standard of living for some people means gross social inequalities and poverty around the world. Also, the mass production, packaging and transportation of huge quantities of goods is using up the world's resources faster than they can be renewed and filling the land, sea and air with dangerous pollution and waste. Those who advocate an ever-increasing level of consumption, and equate such consumption with personal well-being, economic progress and social fulfillment, are creating a recipe for ecological disaster.

Rejecting consumerism does not mean also rejecting our basic needs, our stylishness, our real choices or our quality of life. It is about creating a just, stable and sustainable world, where resources are under the control of local communities and are distributed equally and sparingly - it's about improving everyone's quality of life. Consuming ever more things is an unsatisfying and harmful way to try to be happy and fulfilled. Human happiness is not related to what people buy, but to who we are and how we relate to each other.

LET'S CONSUME LESS AND LIVE MORE!**MISLEADING THE PUBLIC**

Natural products? - The Body Shop gives the impression that their products are made from mostly natural ingredients. In fact like all big cosmetic companies they make wide use of non-renewable petrochemicals, synthetic colours, fragrances and preservatives, and in many of their products they use only tiny amounts of botanical-based ingredients. Some experts have warned about the potential adverse effects on the skin of some of the synthetic ingredients. The Body Shop also regularly irradiate certain products to try to kill microbes - radiation is generated from dangerous non-renewable uranium which cannot be disposed of safely.

Helping animals? - Although the Body Shop maintain that they are against animal testing, they do not always make clear that many of the ingredients in their products have been tested on animals by other companies, causing much pain and suffering to those animals. They accept ingredients tested on animals before 1991, or those tested since then (if they were animal-tested for some purpose other than for cosmetics). There continue to be concerns about the enforcement of their policy. Also, some Body Shop items contain animal products such as gelatine (crushed bone).

Caring for our bodies? - The cosmetics industry, which includes the Body Shop, tries to make women - and increasingly now also men - feel inadequate and insecure about their bodies, and pushes the message that people need 'beautifying'. Women especially are often put under pressure to conform to the impossible physical ideals set by money-oriented industries and the media. Let's appreciate everyone's natural beauty and dignity.

LOW PAY AND AGAINST UNIONS

The Body Shop pay their store workers low wages at or near the expected minimum wage and well below the official European 'decency threshold' for pay. The company is opposed to trade unions, ensuring that they keep labour costs down and that employees are not able to organise to improve their working conditions. None of their workers are unionised so employees are forced to channel their grievances and demands through procedures completely controlled by the company. This isolates workers and denies them collective bargaining power.

EXPLOITING INDIGENOUS PEOPLES

The Body Shop claim to be helping some third world workers and indigenous peoples through so-called 'Trade Not Aid' or 'Community Trade' projects. In fact, these are largely a marketing ploy as less than 1% of sales go to 'Community Trade' producers, and it has been shown that some of these products have been sourced from mainstream commercial markets. One such project, which has been the centrepiece of the company's marketing strategy for years, is with the Kayapo Indians in Brazil. The Body Shop have claimed that by harvesting brazil nut oil (used in hair conditioner), the Indians are able to make sustainable use of the forest thereby preventing its destruction by mining and logging companies. But only a small number of the Kayapo are involved, creating resentment and internal divisions within the community. As the Body Shop are the sole buyer of the oil, they can set any price they like. The project does nothing to safeguard the Indians' future interests. Furthermore, the company has used them extensively for PR purposes for which they have not been compensated.

Such projects take attention away from the need to oppose the threats to the survival of indigenous peoples. Rather than encouraging them to be tied into the market economy controlled by foreign companies, people should be supporting their freedom to control their own land and resources and therefore their future.

One recent Body Shop advertisement extolled their commitment to indigenous peoples and the American Express card (the ultimate symbol of consumerism). At the time American Express was a major backer of a massive hydroelectric scheme due to flood vast areas of Cree Indian land in Quebec against Cree opposition.

CENSORSHIP

As the Body Shop rely so heavily on their 'green', 'caring' image, they have threatened or brought legal action against some of those who have criticised them, trying to stifle legitimate public discussion. It's vital to stand up to intimidation and to defend free speech.

Source: www.mcspotlight.org.



EXHIBIT VI (B)

BACKLASH AGAINST BODY SHOP



WHY BOYCOTT THE BODY SHOP? ☠

As you may have recently heard the body shop is to be sold to French cosmetics giant L'Oreal. So what does this mean for the Body Shop? What you might not know is that there are three companies involved in this situation. Body Shop may be a part of L'Oreal but who are L'Oreal owned by? The answer is Nestlé, the worlds most campaigned against multi national company. Below are some issues which we hope might give you reason to not support the once ethical Body Shop.

🕒 AGAINST ANIMAL TESTING - NOT TRUE

L'Oreal claim to have stopped testing their products on animals in 1989
 EU Legislation states that new chemical formulas must be tested on animals.
 3% of L'Oreals annual turnover goes to Research and Development.
 L'Oreal develop over 4000 new chemical formulas every year

L'Oreal products as a finished formula have most probably not been tested on animals but the ingredients which go into L'Oreal products have been tested on animals. These experiments require one small animal (usually a rabbit) and one large animal (usually a cat or dog). Nestlé openly admit animal experimentation.

🕒 DEFEND HUMAN RIGHTS - NOT TRUE

Demanding money from a war torn Iraq
 Sued by human rights group over child labour
 Demanding money from a famine stricken Ethiopia

It may sound far fetched but these are facts. Nestlé doesn't seem to have the interests of fellow humans on its list of priorities.

🕒 ACTIVATE SELF ESTEEM - FALSE

Dame Anita actually has lashed out in the past against L'Oreal of all people! Anita Roddick criticised L'Oreal for its treatment of female staff and internal policies to fire employees whom they considered un-attractive.

For more information or to view our sources for information please visit our website at the below address or email us info@boycottbodyshop.co.uk
 Why not write or email the Body Shop and tell them how you feel about L'Oreal and Nestlé?

🕒 SUPPORT COMMUNITY TRADE - FALSE

Operations in oppressive regimes
 The Nestlé union leader was assassinated
 Colombian union workers receive death threats

Nestlé majority owners of L'Oreal and now the body shop have a very murky past when we delve into the workings of overseas, particularly 3rd world and developing country activities.

🕒 PROTECT OUR PLANET - FALSE

Nestlé Disregard of palm oil environmental threat
 Nestlé knowingly sold contaminated baby milk formula
 Mislabelling of Nestlé products with GM ingredients
 Use of nanotechnology in Nestlé food production

Please sign the pledge to boycott the Body Shop at
WWW.BOYCOTTBODYSHOP.CO.UK

Source: www.stopanimalcruelty.co.uk.