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Runner Up

‘Enrich Not Exploit’: Can New CSR Strategy Help Body Shop Regain Glory?

Inspection Copy

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‘Enrich Not Exploit’: Can New CSR Strategy Help Body Shop Regain Glory?

Abstract

This case looks at some key challenges before Jeremy Schwartz (Schwartz), CEO of The Body Shop International Plc. (Body Shop), and its International Director of Corporate Responsibility and Campaigns, Christopher Davis (Davis), as they try to re-establish the company as a leader in ethical retail and maintain its distinct image amid tough competition and boost sales.

Body Shop was regarded as a pioneer in modern CSR practices and was strongly associated with the social activism of its founder, Dame Anita Roddick (Roddick). The case discusses how since its inception, Body Shop had endorsed and championed various social issues such as opposition to animal testing, development of community trade, building of self-esteem, campaigning for human rights, and protection of the planet. Through these initiatives, the company had cultivated a loyal base of customers. The case goes on to discuss the acquisition of Body Shop by the beauty care giant, L'Oréal SA (L'Oréal), and how its ethical image suffered after the takeover. Customers and activists felt betrayed by the deal as Roddick had previously been vocal in her criticism of companies like L'Oréal on account of their alleged unethical policies. According to Schwartz, after the death of Roddick in 2007, Body Shop's fortunes reportedly took a sharp downturn and its ethical message faded.¹ Moreover, with a host of new competitors making their way into the green cosmetics market, the sales of Body Shop plummeted.

In 2016, to reinvigorate the brand, position itself as a more ethical business, and reassert its position as a trailblazer of positive change, Body Shop unveiled its new global CSR campaign. The new commitment entitled 'Enrich Not Exploit' outlined 14 sustainable targets with a focus on people, products, and the planet, touching all areas of the business, to be delivered by 2020. The initiative was aimed at supporting Body Shop in its aim of becoming the world's most ethical and sustainable global business. But will this help Body Shop regain its past glory?

¹ Lubna Hamdan, "Natural beauty: Body Shop's Jeremy Schwartz," www.arabianbusiness.com, April 1, 2016.

Case

'Enrich Not Exploit': Can New CSR Strategy Help Body Shop Regain Glory?

On February 2, 2016, The Body Shop International Plc. (Body Shop), a UK-based retailer of natural-based and ethically-sourced beauty products, unveiled a new global CSR strategy to reassert its leadership in ethical business. The commitment, entitled 'Enrich Not Exploit', outlined 14 new sustainability targets to be achieved by 2020 that touched all areas of the business. According to Jeremy Schwartz (Schwartz), Chairman and CEO of Body Shop, *"The Body Shop can be both a force for good and a successful, profitable business. 40 years ago [founder] Anita Roddick set out a challenge for The Body Shop to tackle the big issues of her time. We're now tackling the big issues of today. We want our Enrich Not Exploit™ commitment to inspire a new generation of customers, supporters and especially millennials who truly care about how a company operates. Re-establishing The Body Shop as a leader will come from delivering our ambitious aim to be the world's most ethical and truly sustainable global business."*⁴

Founded in 1976 by Dame Anita Roddick (Roddick), Body Shop was regarded as a pioneer of modern CSR. Since its inception, the beauty retailer, which was strongly associated with the social activism of Roddick, had endorsed and championed various social issues that complemented its core values –opposition to animal testing, developing community trade, building self-esteem, campaigning for human rights, and protection of the planet. Through these initiatives, Body Shop had cultivated a loyal customer base. But following its acquisition by beauty care giant L'Oréal SA (L'Oréal) in March 2006, both Body Shop and Roddick came under severe criticism. Loyal customers felt betrayed as Roddick had previously been quite vocal in her criticism of companies like L'Oréal that tested their cosmetics on animals, exploited the sexuality of women, and sold their products by making women feel insecure. After its acquisition, the fortunes of Body Shop took a sharp downturn. With a host of new competitors jumping on the natural products bandwagon and offering their own green cosmetic lines, its sales plummeted. The beauty retailer's operating margin narrowed, reaching a seven-year low in 2015. Body Shop's ethical message also faded and by the company's own admission it had been comparatively quieter on the sustainability front over a period of time.

To re-establish itself as the world's most ethical and truly sustainable global business, Body Shop announced a new CSR commitment with the focus on people, products, and the planet. According to Christopher Davis (Davis), International Director of Corporate Responsibility

and Campaigns at Body Shop, the new sustainability commitment would broaden Body Shop's appeal to the next generation of customers and revive its image as a pioneering force in ethical retail. However, some analysts felt the new CSR goals were not exceptional. *"With leading companies such as Marks & Spencer, Unilever, Smurfit Kappa and Skanska all placing sustainability at the heart of their business strategies, all formally disclosing their objectives and targets, and all committed to driving best practice right through their entire supply chains, the 14 goals of The Body Shop don't seem particularly extraordinary,"*ⁱⁱⁱ remarked Senior Corporate Sustainability Adviser, Darina Eades. So going forward what could Schwartz and Davis do to distinguish Body Shop from its rivals who were more actively involved in CSR than before? Would the new CSR approach help the beauty retailer in regaining its past glory as a leader of ethical business practices in retail and boost sales?

THE BODY SHOP (1976–2006)

In March 1976, Anita Roddick and her husband Gordon 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. From its very early days, Body Shop was associated with the social activism of Roddick, who was critical of what she called the environmental insensitivity of industry and wanted a change in standard corporate practices. By the late 1970s, the company had a number of franchisee stores throughout the UK.

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' priced its products but customers who returned product containers for refilling were offered a 15% discount. In addition to providing product information, a number of leaflets and posters on recycled paper provided information about the social causes the company believed in and encouraged its customers to get involved. Customers were greeted with employees wearing T-shirts bearing a social message. The windows of Body Shop stores featured bills of local charity and community events.

Under Roddick's leadership, Body Shop set a new standard, "retailing with a conscience" on a large scale. The company sourced the ingredients for its products from indigenous farmers in developing countries. The company promoted recycling, used natural ingredients in its products, and avoided selling products tested on animals. 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.

In 1978, Body Shop's first foreign franchisee opened in Brussels, Belgium, and shortly after, it entered North America. In April 1984, the stock of Body Shop opened for the first time on London's Unlisted Securities Market, 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.

In the 1980s, Body Shop was quite vocal on environmental issues and it launched the 'Save the Whales' campaign. It also teamed up with Amnesty International² and from the 1990s became vocal in its support for international human rights. In 1990, The Body Shop Foundation, the charitable arm of the company, was established to fund human rights, animal welfare, and environmental protection groups and projects globally.

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 showed strong growth through the 1980s and at its height, in 1991, it was worth £700 million. In 1993, the firm banned any products tested on animals. Body Shop was regarded as one of the first firms in the world to publish a proper report on its social responsibility initiatives, having published its first 'Values Report' in 1996.ⁱⁱⁱ

However, problems surfaced for Body Shop in the early 1990s as many "me too" retailers mushroomed in the UK, running businesses on a similar green agenda. Competitors such as Boots and Sephora encroached on Body Shop's market niche by offering their own natural health and beauty products. Body Shop's international expansion strategy too did not achieve much success. In the US, it faced major reverses as Bath & Body Works emerged as a tough competitor.

Though Body Shop continued to grow in size, its market value was on the decline. The board had also got tired of Roddick's radicalism and her combative stance on globalization. In 1998, Roddick was forced to step down as CEO and Patrick Gournay (Gournay) replaced her. However, she continued to carry out PR functions for Body Shop. In 1999, Body Shop exited manufacturing and wholesaling, and focused on retailing. The Body Shop At Home, the direct-selling arm of the retailer, was launched in the UK (1994), Canada (1995), Australia (1997), and the US (2001). But problems persisted.

In 2002, both Roddick and Gordon stepped down as co-chairmen, but Roddick was retained as a creative consultant of the company. Gournay also quit and was replaced by Peter Saunders, who had earlier been the CEO of Body Shop's North American operations. Body

² Amnesty International is one of the leading and most respected human rights organizations in the world.

Shop started working on repositioning itself to the 'masstige'³ sector of the consumer market. The re-positioning exercise began to bear fruit and the company was back to profits. By March 2006, Body Shop had 2,085 branches globally including 304 in the UK. Its brand portfolio consisted of more than 600 products.

TAKEOVER BY L'ORÉAL

On March 17, 2006, Body Shop announced that it had agreed to be taken over by French cosmetics giant L'Oréal in a £652 million (US\$ 1.14 billion) deal. Commenting on the acquisition, Lindsay Owen-Jones, chairman and CEO of L'Oréal, 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, Dame Anita Roddick. A partnership between our companies makes perfect sense. Combining L'Oreal's expertise and knowledge of international markets with The Body Shop's distinct culture and values will benefit both companies."*^{iv}

Post-acquisition, Body Shop continued to operate independently within the L'Oréal Group. The management team of Body Shop was retained and reported directly to the CEO of L'Oréal. Roddick continued to act as a consultant till she passed away in September 2007.

Following the deal with L'Oréal, Body Shop and Roddick faced an angry backlash. Body Shop was regarded by many as one of the pioneers of modern CSR. 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 its products by making women feel insecure. Body Shop's critics said they felt betrayed by the deal as Roddick had previously been highly critical of companies like L'Oréal.^v She had vociferously accused the cosmetic industry of making women feel insecure and particularly criticized L'Oréal for its alleged policy of employing only "sexy" saleswomen on its counters. To make matters worse, 26% of L'Oréal was owned by Nestlé, one of the most boycotted companies in the world for its alleged unethical business practices and aggressive promotion of baby milk in developing countries. The move sparked calls for boycotts from animal welfare activists, who feared L'Oréal would destroy what remained of the Body Shop's eco-friendly ethos. There were also questions raised about whether L'Oréal was trying to improve its image and buy CSR through this deal.

Some customers called for a boycott of Body Shop's products as they felt that the company had sold out its values and principles. Some of them 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*

³ 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.

benefiting from my purchase. Now the people benefiting are the overpaid, underworked 'fat-cat' CEOs of animal-testing L'Oreal and baby-milk-selling Nestle. 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.^{vi}

Body Shop and Roddick defended the deal 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. Roddick agreed that she had had an issue with L'Oréal over animal testing earlier, but she was now convinced that the company was sincere in its commitment to this issue. L'Oréal also announced that it would not dilute Body Shop's ethical stance and committed itself to upholding the values of the company.

BODY SHOP'S CORE VALUES

According to Davis, Roddick was ahead of her time in establishing Body Shop as an ethical beauty business.^{vii} Speaking about this, Schwartz said, *"The Body Shop courageously pioneered new ways of thinking, acting and speaking out as a company. Our ground-breaking campaigns were ahead of their time and changed laws on animal testing, domestic violence and human trafficking. We were the first in beauty to use community trade and we still have the strongest programme in the industry. We are small, but we lead."*^{viii}

The CSR strategy of Body Shop was based on five core values **(See Exhibit I)**:

Support Community Fair Trade

Launched in 1987, Community Fair Trade (CFT) was Body Shop's own independently verified fair trade initiative to help marginalized communities improve their lives and alleviate poverty. The objectives of CFT were to source high-quality ingredients, gifts, and accessories in a fair way; to provide benefits to smallholders, artisans, and their communities; and to share stories that inspired the company's mission. Through CFT, Body Shop sourced products from under developed communities for a fair price in a sustainable way. Annually, Body Shop's CFT offered a stable income to thousands of workers and developed communities by building schools and health care centers, providing clean water, and offering education scholarships.

Body Shop developed a set of Fair Trade Guidelines in 1994 **(see Exhibit II)**. The company conducted participatory audits, and provided its CFT suppliers with information and feedback to assist them in maximizing long-term benefits. It helped suppliers to reduce their dependence on Body Shop by helping them gain access to wider markets and sharing its best practices with them. With Body Shop being acquired by L'Oréal, eight of Body Shop's CFT

raw materials were being used by other brands of L'Oréal as part of their Solidarity Sourcing program⁴.

By 2013, Body Shop's CFT worked with 25 suppliers in 21 countries, buying over 1,200 tonnes of ingredients and 2.2 million gift and accessory items from across the world. In 2014, Body Shop sourced CFT organic argan oil from six Moroccan co-operatives, thereby providing 334 rural women with a regular income, giving them financial independence, reducing relocation, and supporting local economic development. In 2014–2015, Body Shop spent about £21 million on purchasing over 3 million kilos of CFT ingredients. It worked with 25,000 CFT producers and farmers in 21 countries.

Activate Self-Esteem

Body Shop valued people and their work and challenged what it called the "unrealistic beauty ideal presented by the beauty industry." The beauty retailer supported and built self-esteem, particularly among women, through its human rights campaigns and income-generating projects linked to its CFT initiative as well as in-store and in the media. Its campaigns on self-esteem took off in a big way in 1995 when it launched a "Women's Rights Campaign" during the fourth UN World Conference on Women. As a part of the campaign, the retailer 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 dolls such as 'Barbie'.

In its ads, Body Shop used language and images that showed respect for women. Every poster displayed in-store and every image on the company's website adhered to certain guidelines such as avoiding altering the size or body shape of its models and not featuring ultra-thin or very young models, as was the norm in beauty advertising. Body Shop promoted diversity, acceptance, and empowerment in its workplace and maintained equal opportunities standards. Employees were groomed through volunteering, training, and personal development programs. In 2013, self-esteem related to disability became one of the funding priorities for The Body Shop Foundation.

Defend Human Rights

Using its global presence, Body Shop campaigned for human rights in the media and in its stores. It also partnered with its suppliers to expand ethical trade practices that respected workers' rights. Body Shop conducted and supported many human rights campaigns. For instance, in 1998, to celebrate the 50th Anniversary of the Universal Declaration of Human

⁴ Through its Solidarity Sourcing program, the L'Oréal Group opens up its purchasing process and calls for tenders from small new suppliers who employ people from economically vulnerable communities and enable them to have access to income. The stated aim was to work with these suppliers to build commercial partnerships that were equitable and sustainable, creating economic and social value.

Rights, it launched a joint worldwide campaign with Amnesty International to highlight the plight of human rights defenders around the world, encouraging customers to 'Make Your Mark' for human rights. About three million people signed up for this campaign.

Body Shop's 'Stop Sex Trafficking of Children and Young People' campaign that ran between September 2009 and March 2012 in partnership with ECPAT International⁵ made a tremendous impact globally. The campaign called on governments to protect young survivors of trafficking and offer specialized services to the survivors. In all, the campaign presented 36 national petitions to governments and the UN. In response to the petition campaign, 14 countries changed their policies and laws and 8 countries committed to adopting international standards to protect children from sex trafficking.

In 2014–2015, Body Shop started diversity and inclusion training for its employees at its international headquarters in the UK. It worked with suppliers in more than 20 countries to improve workers' rights and supply chain ethics. Body Shop was a founding member of the Ethical Trade Initiative and ensured that its suppliers complied with its ethical trade standards and shared good practices with other retailers and local partners **(See Exhibit III)**.

In 2014, Body Shop raised over £200,000 for War Child⁶ by selling pre-packed Christmas gifts. The funds raised supported the education of 6,000 children displaced by war in Afghanistan, Jordan, the Democratic Republic of the Congo, and Sudan. During Christmas 2015 and Ramadan 2016, Body Shop raised funds of about £210,000 through the sale of special gift sets in order to help Water Aid and fund projects including a water, sanitation, and hygiene program in Arba Minch Zuria, Ethiopia, where 40% of people did not have access to clean water.

Against Animal Testing

Body Shop ensured that none of its products were tested on animals and that its ingredients were procured from suppliers who did not test their ingredients on animals for any cosmetic purpose. Some of the animal-derived ingredients it used such as honey were harvested without causing harm to the animals. Reportedly, all the Body Shop products and ingredients underwent extensive testing to ensure that they were safe and effective, while also remaining cruelty-free. The company used three main assessment methods involving computer data, laboratory-created tissues, and people⁷ to make its products safe and effective.

⁵ ECPAT International is a Bangkok-based global network of 90 civil society organizations' in 82 countries fighting against sexual exploitation of children.

⁶ War Child is a global charity for children affected by war.

⁷ Body Shop tests its products using patch testing, which involves placing a very small amount of product on a person's skin to ensure that it is safe and effective, usually at the final stage.

Along with customers and animal protection groups, Body Shop campaigned for a change in laws on the testing of animals for cosmetics purposes in the UK, Europe, the Netherlands, Germany, and Japan. In 1996, Body Shop presented the European Union 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 1997, Body Shop was one of the first international cosmetics companies to comply with the Humane Cosmetic Standards.⁸ In 2006, Body Shop received the Best Cruelty-free Cosmetics Award from PETA⁹. In 2008, it received the Lifetime Achievement Award from the Royal Society for the Prevention of Cruelty to Animals¹⁰.

In 2012, Body Shop relaunched its 'Against Animal Testing' campaign in partnership with Cruelty Free International¹¹. On March 11, 2013, after the anti-animal testing campaign had gone on for more than 20 years, the European Union banned the sale and import of animal tested products and ingredients. The same year, Body Shop was named International Responsible Business of 2013 by the prestigious Business in The Community Organisation, a group of not-for-profit organizations.

Protect the Planet

Body Shop was an early pioneer in green business and the company constantly explored ways to run its business in a more environmentally sustainable way. In 1986, Body Shop began its campaign for the protection of the planet and developed its first international environmental policy in 1992. In 2002, Body Shop ran a global campaign with Greenpeace International to promote renewable energy.

In order to reduce CO₂ emissions, Body Shop rolled out increasingly energy efficient Pulse¹² stores, which used low-energy LED lighting and more recycled materials. The retailer reduced energy consumption in its stores through Building Management Systems (BMS) that automatically controlled heating and lighting in the stores. The company set a target of

⁸ The Humane Cosmetics Standard is an internationally recognized standard for cosmetic products to confirm that they have not been tested on animals.

⁹ People for the Ethical Treatment of Animals (PETA) is the largest animal rights organization in the world.

¹⁰ The Royal Society for the Prevention of Cruelty to Animals (RSPCA) is a UK-based charity that works for the welfare of animals.

¹¹ Cruelty Free International is an international organization working to end animal testing for cosmetics globally.

¹² Launched in 2012, Pulse Stores are Body Shop's sustainable concept stores with a boutique feel. The store design combines technology with nature and offers a vibrant retailing environment wherein customers are invited to discover the innovations, to take the time to try out the sensorial products, and to learn about the story behind ingredients. By the end of 2013, Body Shop had rolled out over 800 Pulse stores across the globe.

reducing CO₂ emissions from stores by 50% between 2010 and 2020. By 2015, just over 50% of all Body Shop stores sourced renewable energy. In order to reduce its carbon footprint, Body Shop encouraged third party contractors who transported its products globally to adopt more sustainable practices such as using low emission vehicles and adopting ways to move more products in fewer journeys. According to the company, Body Shop reduced its airfreight by 35% from 2011 to 2013.

Body Shop had set a target of 25% reduction in water use by 2020. Between 2010 and 2013, it achieved a 37% reduction in water use, surpassing its 2020 target. The company also committed to reducing the amount of landfill waste it generated. Starting 2010, Body Shop rolled out waste management programs on its sites in the UK and the US and educated staff on issues such as bins removal, recycling, and composting.

To minimize its environmental impact, Body Shop sourced sustainable materials for use in its products, packaging, and stores. In June 2014, Body Shop began reformulating its facial skincare products to contain naturally derived exfoliants in line with its body products. By the end of 2015, all Body Shop products were free from polyethylene microbeads¹³, which addressed the concerns of some key stakeholders who were worried about the presence of non-biodegradable materials in the marine food chain. Body Shop was one of the founder members of the Roundtable on Sustainable Palm Oil¹⁴ (RSPO) set up in 2004 to promote the growth and use of sustainable palm oil. It was the first cosmetics company to source sustainably harvested palm oil for use in its products.

On the packaging front, Body Shop introduced 100% recycled PET bottles and also increased the usage of glass packaging as research showed that glass had high recycling rates among consumers. In 2015, the company replaced the plastic vac forms used in gift packaging with corrugated cardboard, thereby reducing the use of plastic by 154 tonnes. All of Body Shop's wood-derived packaging, accessories, and shop fit materials were Forest Stewardship Council¹⁵ (FSC) certified, implying that they were sourced from sustainable forests. Between 2012 and 2014, Body Shop planted and protected more trees through its Wood Positive program started in association with the World Land Trust.¹⁶ Through this initiative, Body Shop protected 200 hectares of forest and restored 89 hectares of habitat in Mexico, Ecuador, and Brazil.

¹³ Microbeads are little beads that are put in scrubs to remove dry skin, but then they go through the water and end up in the sea and are consumed by fish. Such fish are unsafe for human consumption.

¹⁴ 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.

¹⁵ The Forest Stewardship Council is an international non-profit organization that protects forests by setting standards for responsible forest management.

¹⁶ World Land Trust is a UK-based international conservation charity, which protects the most biologically important and threatened habitats in the world.

CRITICISM

Though Body Shop was considered the poster child of CSR, it began facing increased scrutiny from environmental groups of its activities and claims. Environmental watchdogs such as McSpotlight¹⁷ and Greenpeace UK accused Body Shop of exploiting consumers by championing various agendas, while not being any different from other corporate entities in its pursuit of profit. Business ethics expert Jon Entine (Entine) reported that the Charity Commission for England and Wales 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% of pretax profits, which was the average contribution made by US corporates. Entine also alleged that the company was making false claims that its products were natural and that there was extensive use made 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.^{ix}

However, Body Shop clarified that it was 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. McSpotlight dismissed the company's CFT practices as a mere marketing ploy as it accounted for less than 1% of sales of Body Shop products.^x Its CFT was also viewed as patronizing and was said to have created tensions and divisions within indigenous communities and undermined self-sufficiency and self-dependence. The retailer was also accused of paying exploitative wages and of adopting an anti-trade union stance.

Some environmental groups accused Body Shop of marketing products by making people feel insecure about their looks, in the same way that other firms did to sell their personal care products. Some critics pointed out that the visual on the home page of Body Shop was no different from the idealized body images of beauty projected by the cosmetics industry.

Critics felt that there was a huge gap between the image projected by the company and its actual practice. Retail analyst Richard Ratner felt that Body Shop's "anti-city" attitude was hypocritical for a company that raised funds by listing on the London Stock Exchange.^{xi} The company was also accused of being very aggressive in its response to any form of criticism and of trying to intimidate its critics through invectives and/or lawsuits.

According to some critics Bodyshop engaged heavily in CSR to the point that it had deviated from its business strategy, lost its direction and jeopardized the long term mission and vision of the company. According to them, Body Shop succumbed to corporate greed at the expense

¹⁷ McSpotlight is a website that highlights the alleged exploitation of animals, people, and the environment by the McDonald's fast-food restaurant chain.

of consumers and thereafter started to lose that special bond with its customers that had previously made them loyal to the brand.^{xii} Where Body Shop's staunchest critics were concerned, its acquisition by L'Oréal was vindication of their stand that Body Shop was nothing more than a green washer.

TIME FOR CHANGE

Since its acquisition by L'Oréal, Body Shop's performance had been dismal as it struggled to post profits. In 2010, Body Shop's net sales were £754 million, accounting for just 4% of L'Oréal's net sales. According to some analysts, the beauty retailer had lost its edge as rivals jumped on the ethical products bandwagon and devoured its market share. Competitors such as Lush, The Body Deli, and Skin & Tonic made similar green claims and benefitted from the growing demand for natural-beauty products. As a result, Body Shop was languishing at a crossroads with a steady decline in sales, according to some analysts.^{xiii}

To revive the ailing company, in September 2013, Schwartz¹⁸, who was then the country manager for L'Oréal UK and Ireland, was asked to step in as CEO of Body Shop. Schwartz reoriented the business around skincare, introduced new products such as 'Drops of Youth' creams and lotions, and hired consultants to advise customers about products that suited them. He also added more expensive ranges such as 'Spa of the World' and the 'Hawaiian Kukui' cream priced between £10 and £23. After Schwartz took over the company, skincare sales grew at more than 10% annually. However, the surge in sales was short lived.

In Q4 2015, Body Shop reported its worst quarterly sales performance with sales dropping 5.8% while all of L'Oréal's other divisions surpassed expectations. In 2015, Body Shop's sales reached €967 million, a mere 3.8% of L'Oreal's total sales. The company's operating margin plunged to a seven-year low of 5.7% in 2015, down from 8.1% in 2007 **(See Exhibit IV and Exhibit V)**. The retailer attributed the drop in sales mainly to the tough markets in Asia, notably Hong Kong, and poor holiday sales in North America. However, observers pointed out that Body Shop lacked in innovation and a core selling proposition to its customers.^{xiv}

According to Andrew Wood, an analyst at investment management firm Sanford C. Bernstein, & Company LLC, Body Shop was the weakest business of L'Oreal, and a major disappointment for the French cosmetics maker as its poor performance had dragged down the overall results of the group^{xv} **(See Exhibit VI)**. Generally, bigger companies acquired small, ethically driven competitors to transfer some of their environmental knowledge and skills into their own global supply chains. Similarly, L'Oréal too had felt it had a lot to gain from the ethical retailer but was surprised to learn how poor the environmental systems were at the Body Shop, said analysts.^{xvi}

¹⁸ Schwartz held senior marketing positions at Sainsbury's and Coca-Cola before joining News International where he was commercial director and CMO. Prior to joining Body Shop, he was general manager at L'Oréal for brands including Maybelline and Garnier.

Though Body Shop sourced its materials ethically, L'Oréal had, by this point, developed better mechanisms for monitoring its supply chain and achieving its environmental goals, they pointed out.

Body Shop was one of the first global businesses to practice fair trade and conduct social and environmental campaigns. Davis said that while Body Shop had maintained these values all the while, they were less distinctive in 2016 than in 1976.^{xvii} Critics contended that after its lackluster performance, the management at Body Shop was more focused on improving its financial position. By Body Shop's own admission it had been comparatively quieter on the CSR front over a period of time. However, defending the company, Kate Levine, director of commitment and corporate communications, Body Shop, said, *"That doesn't mean we haven't been doing things. We had a Stop Sex Trafficking campaign which delivered seven million signatures to the UN and changed laws in 20 countries. And in 2013 we were instrumental in changing laws on animal testing. We just haven't talked about it in the way we were in the past."*^{xviii}

The challenges facing the world had changed significantly over the years. Schwartz felt businesses had an important role to play in tackling the environmental challenges facing the planet and its people. According to him, the key challenge facing Body Shop was how to orient itself in the new global landscape marked by climate change, habitat destruction, species depletion, and the growing economic inequality and rebuild itself as a sustainable global business. Schwartz wanted to refocus Body Shop to meet the challenges facing the planet and its people in a more reliable and strategic way and re-establish Body Shop as the world's most ethical and sustainable global business. He wanted to reconnect the company with its values and attract a new generation of customers. Hoping to find inspiration, Schwartz flew down to South America on an intellectual journey with a team of colleagues. Standing on the edge of the Amazon River, he asked himself questions like – What does the future hold? And how can Body Shop be an original, progressive company? *"The idea of a company that made money but is also a force for good was laughed at 40 years ago. That's now mainstream ... Lots of people are doing corporate social responsibility now, from BMW to Coke. They have copied us. Anita was a pioneer, but we can't just say we are doing this [already]. We have to find a brand new thought,"*^{xix} said Schwartz.

FORMULATING A NEW CSR STRATEGY

The work on the new CSR commitment began in 2013. Christopher Davis¹⁹ was promoted from head of campaigns to Director of International Corporate Responsibility and Campaigns

¹⁹ Prior to joining Body Shop, Christopher Davis was responsible for International Corporate Relations and Global Development at The International Save the Children Alliance. Davis is also a Director of the MTV Staying Alive Foundation, a global movement focusing on raising HIV and Aids awareness among young people.

at Body Shop. He was responsible for developing and overseeing the implementation of the company's global corporate responsibility and campaign strategy. As the head of CSR, Davis wanted to maintain the legacy of founder Roddick. Nearly for two years (2013-2015), Davis and his team undertook a comprehensive review of Body Shop's business across all areas and 67 countries. Their agenda was not looking at what competitors were doing or at the past performance of Body Shop, but instead refocusing the company to meet the challenges facing the planet and its people in a more planned way. The team spent some months talking to a range of academics, thought leaders, and campaigners in order to know what the real issues facing the world were. They wanted to use the scale and networks of Body Shop to address the critical problems facing the Earth.

In order to develop a new systemic framework for sustainability, the management at Body Shop adopted the Future-Fit Business Benchmark²⁰, which became a starting point for developing the company's own seven long-term sustainability goals (**See Exhibit VII**). Based on the sustainability objectives and by mapping the world's challenges and where Body Shop would have the most positive impact, Davis and his team formulated a new CSR philosophy under the name 'Enrich Not Exploit' with emphasis on three core pillars – People, Products, and Planet. The new commitment replaced the earlier five core values of Body Shop.

The new strategy was developed in close partnership with Body Shop's parent L'Oréal and was integrated in its 'Sharing Beauty With All' sustainability strategy and its four pillars – Innovating Sustainably, Producing Sustainably, Living Sustainably, and Developing Sustainably. According to Davis, the new commitment complemented L'Oréal's sustainability strategy while taking forward the essence of Body Shop's founding principles to meet the challenges of a new era. *"Our new Commitment combines all the experience and knowledge of our expert people with new advances in science and technology. It means understanding how our business is contributing to our existence on the planet, understanding what we need to change to contribute to a sustainable future by working backwards from a visionary end point to the here and now and asking ourselves what comes next. We'll continue to work in partnership with suppliers, NGOs, academics, governments and other businesses to deliver the innovation and changes needed to make our ambitions a reality,"*^{xx} he said.

ENRICH NOT EXPLOIT

On February 2, 2016, Body Shop unveiled its new global CSR strategy. The new commitment, entitled 'Enrich Not Exploit', was aimed at making Body Shop the world's most ethical and truly sustainable global business. As part of the new campaign, Body Shop had set several

²⁰ The Future-Fit Business Benchmark (co-developed by Bob Willard and Geoff Kendall) defines a set of goals that together identify the level of performance any truly sustainable company must achieve across all critical social and environmental dimensions, irrespective of its size or sector. It also provides a set of KPIs on which progress toward each goal can be measured.

targets touching all areas of the business that it planned to achieve by 2020. Davis said the commitment was intended to make Body Shop the “innovative troublemaker” within the L'Oréal group. *“This commitment is kind of a statement that The Body Shop is back and that this is the kind of company that we want to be, and that we can be. Our goal is to be different and to be what The Body Shop always has been, which is the agitator, the experimenter,”*^{xxi} he said.

The new sustainability framework included 14 specific, measurable CSR targets based on a commitment to enrich people, products, and the planet. The goals included doubling Body Shop's CFT to 40 ingredients, regenerating 75 million square metres of habitat to help communities live more sustainably, powering 100% of Body Shop stores with renewable energy, developing and delivering new sustainable packaging innovations, and ensuring 100% of its natural ingredients were traceable and sustainably sourced, protecting 10,000 hectares of forest and other habitat **(See Exhibit VIII)**. Schwartz implemented systems, training, and reporting companywide to monitor progress against these new targets. He also set up a new internal advisory group and several inter-departmental working groups to ease communication and establish new ways of working across the business.

Body Shop aimed to broaden the brand's appeal to the next generation of customers with this new CSR approach. *“Today's millennial generation doesn't know the heritage of The Body Shop the way that some of us do. They didn't grow up with the Save the Whales campaign or wearing white musk [from The Body Shop]. Although they don't know this heritage, I think a lot of the interests are aligned. People are interested in brands that have a social impact, brands that are transparent and brands that do good,”*^{xxii} said Jayme Jenkins, vice-president, marketing & corporate responsibility, Body Shop Canada. The company also planned to drive the new commitment further by engaging with key stakeholders across the globe including Future Fit Foundation, the University of Brighton, and the Cambridge Institute for Sustainability. This would allow the company to explore and learn how effectively the sustainable development could be applied across the business.

MARKETING THE NEW COMMITMENT

One of the biggest challenges for the management of Body Shop was to involve all 23,000 employees of the company across 65 countries in this new initiative. To make employees aware of the new commitment, the company created a teaser video and a full-length film outlining its ambitions and how each employee could contribute. Employees were also provided with booklets and factsheets to keep them informed and help them spread the word about the new strategy. Besides, the company organized workshops and conferences to ensure that employees and franchise holders were fully involved. At these events, employees had the opportunity to hear inspiring speakers and informally question senior managers

about specific aspects of the commitment. *"The Commitment is an evolution of Anita Roddick's values-led approach; it is very ambitious and to succeed it needs everyone to be clear and get behind it. By reaching out to our people – especially our store staff and our marketing teams – we also reach customers and share and engage them with our new story and new ambition for our company. It is vital our message has a big impact on those who visit our stores and engage with our digital community to ensure we keep our business healthy and profitable,"*^{xxiii} said Davis.

In order to be transparent about its business practices and to showcase the progress of its new CSR targets, beginning 2016, Body Shop planned to publish annual commitment reports in addition to internal management reporting. Across all the countries of its operation, the retailer would measure performance and progress in waste production, water use, and energy consumption, including use of renewable energy. According to Davis, regular reviews of the company's performance against clear policies and indicators would help the top management make changes where necessary and be effective.

The new commitment was mostly promoted in-store. Body Shop made some cosmetic changes to its stores including the introduction of a vibrant yellow colour-scheme and an eye-catching front window featuring a specially designed logo of the commitment. It placed a one square meter of faux-grass at the checkout point of its stores on which the customer stood to see what the company was helping to build as they paid their bills. Web-cams were installed inside the stores to show how and where ingredients were being grown. As part of the initiative, the company planned to make customer transactions completely paperless and cashless at its stores in the future. Schwartz and his team were working on a system where customers could pay through their phones and immediately receive a receipt and loyalty points to the same device. In the long term, Schwartz planned to invest heavily in redesigning Body Shop's stores and making every retail outlet eco-friendly by using locally-sourced SSC-certified wood, sustainable materials in its flooring, LED lighting, and non-toxic paints.

In order to promote the commitment among customers, Body Shop planned to create video, in-store, and social media content. With 65% of its customers aged below 35 years, the brand began increasingly testing social media channels like Snapchat, Instagram, and Pinterest to promote its new CSR strategy. *"What we want consumers to think is 'I want this and I know when I buy it no person, animal or plant has been exploited and I'm buying it from a company doing a good thing,'"*^{xxiv} said Kate Levine, director of commitment and corporate communications, Body Shop.

In June 2016, as part of its new CSR strategy, Body Shop launched a campaign called 'Help Reggie Find a Date', a Bio-Bridges planting program in Vietnam, which would connect rainforests that had been deforested to help endangered animals find a mate and enable them

to breed and flourish. The campaign featured an endangered red-shanked douc monkey called Reggie, drawing attention to the need to build a bridge between the two islands cut off from each other where the monkeys lived. Davis, who related the project to a “dating service for endangered species”, said it could drive consumer engagement to the company’s improved CSR commitment. The campaign was also launched on dating app Tinder featuring Reggie’s profile, wherein users could learn more about the Bio-Bridges program. Every purchase made at Body Shop (in stores or online) from July 2016 to September 2016 would fund one square meter of rainforest bio-bridge. Through this initiative, Body Shop aimed to restore 14.5 million square meters of rainforest in Khe Nuoc Trong, Vietnam, and aimed to regenerate and reconnect 75 million square meters of damaged forests by 2020 in partnership with the World Land Trust²¹.

In February 2016, Body Shop entered into a research partnership with Newlight Technologies LLC²² to make its packaging free from greenhouse gases that would otherwise pollute the atmosphere. The partnership was part of Body Shop’s new commitment to reduce its use of oil-based plastic packaging by 70% by 2020. The initiative would also see Body Shop become the first company to industrialize AirCarbon²³ in the beauty industry. In October 2016, Body Shop collaborated with Ben Eine, one of the most renowned street artists in the world, to redesign its limited edition Hemp Hand Protector. The product featured the artist’s typography spelling out the message “change” on the front of the product. For every tube of this product and Almond Hand & Nail Cream sold, £1.50 was donated to The Body Shop Foundation. More than 200,000 hand creams were sold globally and the company raised £325,000 to fund innovative social and environmental projects.

CAN BODY SHOP REGAIN ITS FORMER GLORY?

In the first quarter ended March 31, 2016, Body Shop reported sales of €200.1 million compared to €192.4 million in the corresponding quarter of 2015. It delivered growth of +2.1% like-for-like and +4.0% based on reported figures (**see Exhibit IX**). According to analysts, going forward, one of the biggest challenges for Body Shop would be tough competition from the ever-increasing numbers of sustainable brands in the cosmetic marketplace. However, Davis was positive that the renewed CSR strategy would help Body Shop scale new heights. *“The vast majority of companies are actively embracing a sustainability strategy. If everyone is doing it, can we really suggest it is a source of*

²¹ World Land Trust is a UK-based non-profit environmental organization that works to protect some of the world’s most threatened habitats.

²² Based in California, Newlight Technologies is a cleantech firm that has developed, patented, and commercialized the world’s first commercially-scaled carbon capture technology able to produce high-performance thermoplastics from air and methane emission.

²³ AirCarbon is a thermoplastic that behaves in the same way as normal plastics but uses methane and carbon dioxide as its foundation rather than oil.

competitive advantage or would better be described as a licence to operate? I think and hope there is space for companies who do things radically differently to stand out but to do this, I think you have to be pretty radical, opinionated and very creative. I hope our new plan does this at The Body Shop – that's our vision."^{xxv}

However, some analysts contended that offering natural products with sustainable credentials was not enough to spur sales as consumers were seeking cosmetics that offered dermatological benefits in addition to being ethical. They felt that Body Shop was more focused on its environmental message than on innovation.^{xxvi}

Moreover, some analysts felt that its new CSR goals were not outstanding and did not completely align with the strategy of the parent company, L'Oréal. Corporate responsibility advisor Julien Goy commented, *"I would say that these goals are very good by themselves, but there is the context missing. Context related to the mother company, related to the sector, related to sustainable development.*"^{xxvii}

Schwartz said that moving forward, the new commitment would not only be a part of Body Shop's business strategy, but would also be central to the development and success of the company. He was optimistic that the new commitment would help Body Shop reclaim its past glory as a pioneer in ethical retail and emerge as the world's most ethical and truly sustainable global business. *"Because Anita is no longer with us, and she was the spokesman for the company, our voice has not been as loud and as clear as we wanted it to be. Our goal is to get more people to reconsider and re-understand what The Body Shop is about. We've got the products; we've got the stores; we've got the service. What we've got to get is people talking again,*"^{xxviii} he said.

Exhibit I

Core Values of Body Shop

ACTIVATE SELF ESTEEM

1995 –UK stores carried 'What Women Want' cards, receiving 14,000 responses in three months. These were published in a report and book and influenced wider campaigning on women's issues.

1998 – Developed a self-esteem campaign featuring the body-positive Ruby doll, to challenge stereotypes and spark debate.

2013 – Self-esteem related to disability became one of three funding priorities for The Body Shop Foundation.

AGAINST ANIMAL TESTING

1989 – Started campaigning to end animal testing in cosmetics, the first cosmetics company to do so.

1998 – Following the sustained campaign, the UK government banned animal testing of cosmetic products and ingredients.

2004 – Campaigning by Body Shop and BUAV (British Union for the Abolition of Vivisection) contributed to a European Union ban on animal testing in cosmetic products.

2009 – The European Union banned animal testing of cosmetic ingredients.

2013 – Sale and import of animal tested products and ingredients was banned in the EU. The company's campaign continued to collect 1 million signatures in support of Cruelty Free International for a global ban on animal testing in cosmetics.

COMMUNITY FAIR TRADE

1987 – The CFT program was started with sourcing 'footsie' massage rollers from an education and employment charity in India, which became a best-selling line.

1989 – Bought Nepalese sustainable paper gifts made from plants clogging local waterways, leading to new employment for people and seed funding for community projects,

1993 – Sourced its first CFT ingredient – sesame seed oil.

1994– Roddick discovered shea butter from Tamale, northern Ghana.

1999– Sourced organic cotton Moisturising Gloves and Socks from Mauritius.

2007– Awarded 'The Big Tick' Business in the Community (BITC) Supply Chain Award.

2008– First to use fair trade organic alcohol in cosmetics.

2009 – CFT program certified by The Institute for Marketecology (IMO).

2011 – Established the Global Shea Alliance, bringing industry members together to improve benefits for producers and increase the number of women involved in the trade.

2013 – BITC named The Body Shop International Responsible Business 2013, based on its CFT program.

DEFEND HUMAN RIGHTS

1991 – Supported the 'Tie a Yellow Ribbon' campaign, which led to the release of kidnapped journalist John McCarthy after five years of captivity allegedly by militant groups in Lebanon.

Contd...

Contd...

1993 – Its 'Free the Ogoni 19' Campaign was supported in 17 countries, raising awareness of people persecuted for protesting against oil exploitation in Nigeria.

1998 – The 'Make Your Mark' campaign with Amnesty International to highlight the plight of human rights defenders, collected over 3 million signatures and helped secure the release of 17 prisoners.

2000 – It established the Human Rights Award for grassroots human rights activists.

2004-2008 – The global 'Stop Violence in the Home' campaign raised awareness, generated funds for women's crisis centers, and helped make domestic violence illegal in Indonesia.

2008-2010 – In partnership with MTV International, Body Shop raised £2 million for the Staying Alive Foundation to raise HIV and AIDS awareness among young people.

2009-2012 – Its 'Stop Sex Trafficking of Children and Young People' campaign mobilized 7 million people to demand action and 24 governments committed to introducing new legislation.

PROTECT THE PLANET

1986 – Launched the 'Save the Whale' campaign in partnership with Greenpeace; Set up an Environmental Projects Department to coordinate its campaigns and commercial practices.

1989 – The 'Stop the Burning' campaign collected almost 1 million signatures to help save the Brazilian rainforest

1993 – Banned PVC in its packaging

2002 – Its 'Choose Positive Energy' campaign with Greenpeace promoted renewable energy, presenting over 6 million signatures to the World Summit for Sustainable Development

2004 – Was a founder member of the Roundtable on Sustainable Palm Oil (RSPO) – set up to promote the use and growth of sustainable palm oil.

2007 – All of Body Shop products became 100% vegetarian.

2012 – The company launched its Pulse stores.

Source: Body Shop 2015 Value Report

Exhibit II

Body Shop's Fair Trade Guidelines

Community: We are looking to work with established community organizations which represent the interests of their people.

Community in Need: We target those groups who are disadvantaged in some way, those whose opportunities are limited.

Benefits: We want the primary producers and their wider community to benefit from the trade –socially as well as economically.

Commercial Viability: It has to make good commercial sense meaning that price, quality, capacity and availability are carefully considered.

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.

Exhibit III
Body Shop's Ethical Trade Standards

- Employment is freely chosen
- Freedom of association and the right to collective bargaining are respected
- Working conditions are safe and hygienic
- Child labor 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

Exhibit IV

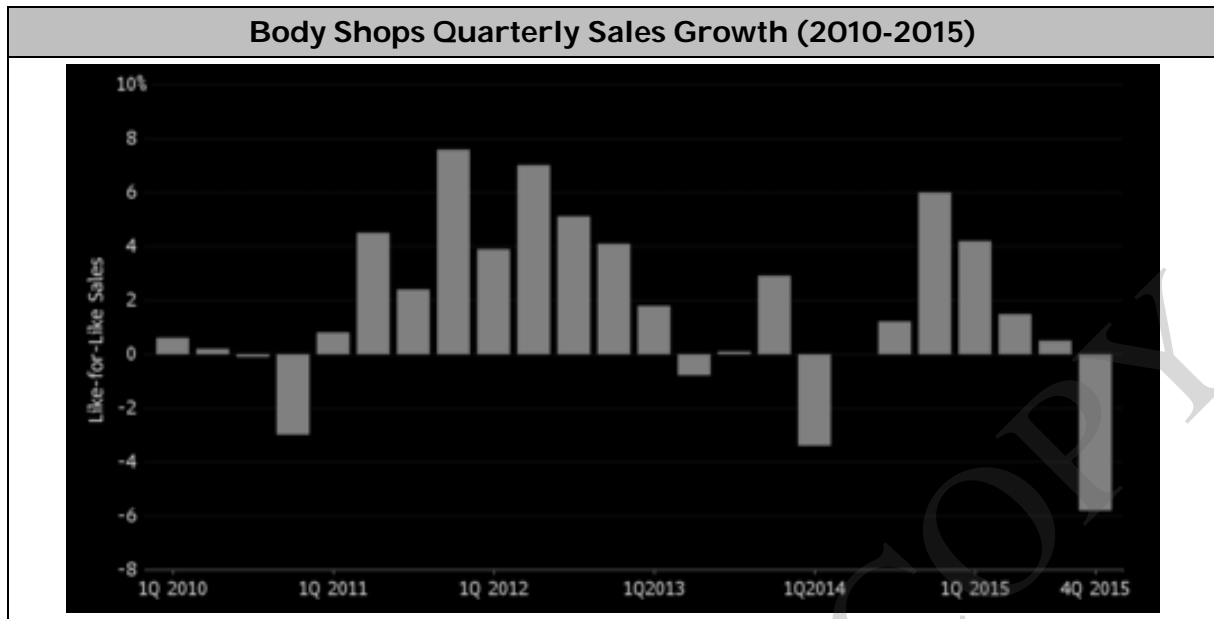
Retail Sales of Body Shop ⁽¹⁾						
					2014 / 2015 Growth	
€ Millions	2013	2014	2015	2015 weight	Like-For-Like	Reported Figures
Western Europe	544.8	562.0	595.2	38.2%	+2.8%	+5.9%
North America	168.6	179.1	178.7	11.5%	-10.2%	-0.2%
New Markets	685.5	734.3	785.7	50.4%	+1.9%	+7.0%
Total	1,398.9	1,475.3	1,559.6	10 %	+0.7%	+5.7%
Consolidated Sales						
€ MILLIONS	2013	2014	2015	Like-For-Like 2014/2015 Growth		
Retail sales ⁽¹⁾	1,398.9	1,475.3	1,559.6	+0.7%		
Retail sales with a comparable store base ⁽²⁾	1,306.6	1,319.8	1,402.7	+0.1%		
Consolidated sales	835.8	873.8	967.2	0.9%		

⁽¹⁾ Total sales to consumers through all channels, including franchisees and e-commerce.

⁽²⁾ Total consumer sales made by stores and e-commerce websites that were continuously present between January 1 and December 31, 2015 and the same stores and websites present in 2014 and 2013, and for the same periods for 2014 and 2013, including franchisees.

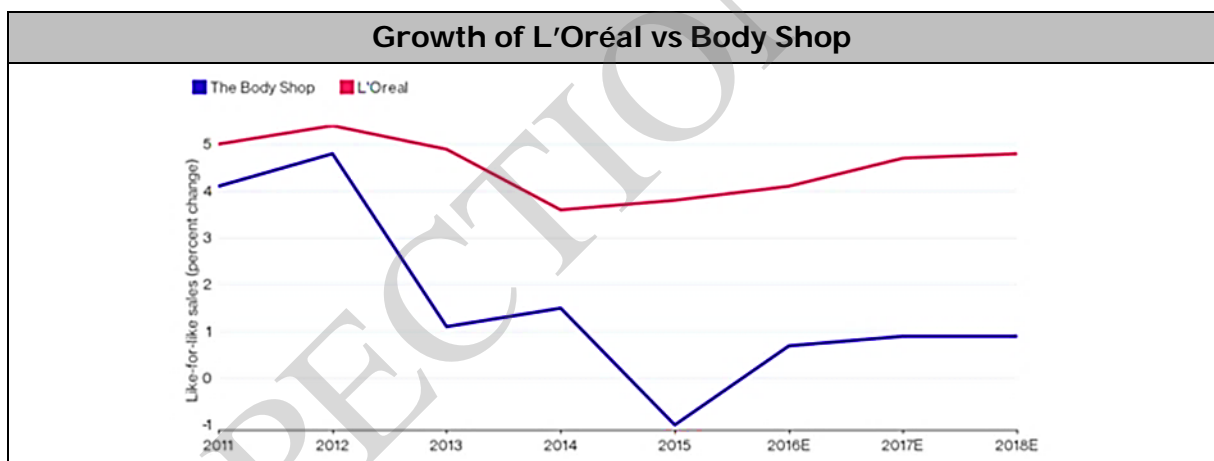
Source: www.loreal-finance.com/eng/brands/the-body-shop

Exhibit V



Source: www.bloomberg.com/news/articles/2016-02-12/body-shop-s-terrible-quarter-is-l-oreal-s-sole-blemish-chart

Exhibit VI



Source: www.bloomberg.com/news/articles/2016-04-07/body-shop-heads-back-to-the-body-shop-to-repair-battered-margins

Exhibit VII

Body Shop's 7 long term Sustainability Goals (2016)

1. Source all inputs in ways that have no negative social or environmental impact
2. Emit no substances which could harm the environment or society
3. Ensure the presence of the business does not cause disruption to ecosystems
4. Meet needs without any environmental impact, during product use and at end of life
5. Create a working environment within which all employees can flourish
6. Help to create thriving communities wherever the business operates
7. Engage and empower customers to act in the best interests of people and the environment

Source: Body Shop 2015 Value Report

Exhibit VIII
'Enrich Not Exploit' Targets

Target	How the Target is Measured
TARGET 1: Double CTP from 19 to 40 ingredients and help enrich the communities that produce them	<ul style="list-style-type: none"> By tracking the number of ingredients that have attained CT status and are currently in production.
TARGET 2: Help 40,000 economically vulnerable people access work around the world	<ul style="list-style-type: none"> Through regular supplier reporting and auditing process to record the number of people employed.
TARGET 3: Engage 8 million people in Enrich Not Exploit™ mission, creating its biggest campaign ever	<ul style="list-style-type: none"> By counting the number of people who sign petitions. By tracking the number of national and international institutions the company lobbies for change.
TARGET 4: Invest 250,000 hours of its skills and know-how to enrich the biodiversity of its local communities	<ul style="list-style-type: none"> By measuring the number of hours employees contribute in their local communities. By sharing stories of employees' community achievements globally to show the positive impact of the company's community involvement.
TARGET 5: Ensure that 100% of our natural ingredients are traceable and sustainably sourced, protecting 10,000 hectares of forest and other habitats	<ul style="list-style-type: none"> 100% traceability & sustainability: Tracking the proportion of renewable raw materials after confirming the country of origin, establishing legal compliance, assessing social and environmental risks, and ensuring accountability. Protecting 10,000 hectares: Dividing the tonnage of renewable raw materials purchased from relevant habitats by the area required to generate this volume of material. This approach is the best practice for monitoring and evaluating the conservation benefit of non-timber forest products.
TARGET 6: Reduce year on year the environmental footprint of all our product categories	<ul style="list-style-type: none"> By evaluating every ingredient in use to understand how biodegradable it is and the level of dilution required to avoid any negative environmental impact (its water footprint). These two indicators will enable comparing of the environmental impact of every formulation the company produces. By calculating averages for each formula type or category, which will become the target for new formulas to meet or exceed. By recalculating the averages annually, in order to improve the environmental footprint of Body Shop products.
TARGET 7: Publish our use of ingredients of natural origin, ingredients from green chemistry, and the biodegradability and water footprint of our products	<ul style="list-style-type: none"> By tracking the amount and percentage of product information published on the company's website, both by the number of products covered and the type of information.

Target	How the Target is Measured
TARGET 8: Develop an innovation pipeline that delivers pioneering cosmetic ingredients which are sustainably sourced from biodiversity hotspots and help to enrich these areas	<ul style="list-style-type: none"> • By tracking the number of ingredients sourced in line with the company's rigorous selection criteria: <ul style="list-style-type: none"> - proven cosmetic benefit - feedstock that is traceable to a biodiversity hotspot - help protect biodiversity - not currently used by Body Shop - relatively unknown in the rest of the cosmetics industry.
TARGET 9: Build Bio-bridges, protecting and regenerating 75 million square meters of habitat and helping communities to live more sustainably	<ul style="list-style-type: none"> • This campaign will be accredited by the Climate, Community and Biodiversity Alliance (CCBA), demonstrating its climate, social, and biodiversity benefits. • To comply with this accreditation, Body Shop needs to report impact; primarily areas protected, impact on local biodiversity and community engagement in addition report on areas it protected annually.
TARGET 10: Reduce the environmental footprint of our stores every time we refurbish or redesign them	<ul style="list-style-type: none"> • Using the best practice Material Scoring Mechanism and Low Impact Sustainability Tool (LIST) from the Buildings Research Establishment (BRE) to rate the environmental credentials of all shop fixtures. • All countries of operation of Body Shop will report twice annually on their store energy consumption and stores' energy source.
TARGET 11: Develop and deliver three new sustainable packaging innovations	<ul style="list-style-type: none"> • Body Shop will require any packaging innovations it uses to deliver improved environmental results.
TARGET 12: Ensure that 70% of our product packaging does not contain fossil fuels	<ul style="list-style-type: none"> • Review the company's existing packaging and calculate the amount of fossil-fuel based materials the company currently uses. • Measure the company's progress against the target every six months and report the percentage of packaging materials it uses by material type, recycled material content, and whether the raw material is from a fossil fuel or alternative carbon source.
TARGET 13: Power 100% of our stores with renewable or carbon-balanced energy	<ul style="list-style-type: none"> • All its countries of operation will report twice annually on how their stores are powered.
TARGET 14: Reduce by 10% the energy use in all our stores	<ul style="list-style-type: none"> • Tracking energy usage in stores, by country.

Adapted from <https://www.thebodyshop.com/en-gb/commitment/manifesto>

Exhibit IX
L'Oréal's Sales by Operational Division and Geographic Zone

	Quarterly Sales		Growth	
€ Million	1Q 2015	1Q 2016	Like-for-like	Reported
By Operational Division				
Professional Products	852.6	854.3	2.5%	0.2%
Consumer Products	3,078.3	3,106.0	3.9%	0.9%
L'Oréal Luxe	1,753.7	1,831.4	5.5%	4.4%
Active Cosmetics	559.2	560.7	4.5%	0.3%
Cosmetics Divisions total	6,243.9	6,352.4	4.2%	1.7%
By Geographic Zone				
Western Europe	2,100.4	2,127.5	2.0%	1.3%
North America	1,622.0	1,715.9	4.3%	5.8%
New Markets, of which:	2,521.5	2,509.0	6.1%	-0.5%
- Asia, Pacific	1,476.1	1,510.4	4.5%	2.3%
- Latin America	460.2	409.0	8.5%	-11.1%
- Eastern Europe	396.6	390.6	9.5%	-1.5%
- Africa, Middle East	188.7	198.9	8.0%	5.4%
Cosmetics Divisions total	6,243.9	6,352.4	4.2%	1.7%
The Body Shop	192.4	200.1	2.1%	4.0%
Group total	6,436.3	6,552.4	4.2%	1.8%

Source: www.loreal-finance.com/eng/news/first-quarter-2016-sales-1059.htm

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