

THE BODY SHOP

THE BODY SHOP VALUES REPORT 2005



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THE BODY SHOP VALUES REPORT 2005

Welcome



2005 is a landmark year for The Body Shop International as after three years of hard work in strengthening business processes and profitability, we are now focusing on expanding the brand across the world with a £100 million investment plan. These expansion plans have been supported by a repositioning of the brand to the masstige consumer sector (between mass and prestige in the cosmetics market).

This has required a new brand identity, product innovation, a new shop design, the development of a multi-channel service (The Body Shop at Home and e-commerce) and compelling values campaigns to ensure we better meet our customers' needs now and in the future. This repositioning has been underpinned by our commitment to the wellbeing of our fellow humans and the preservation of the planet which is outlined in this 2005 Values Report.

There has been much successful progress on our Values this year. Our new branding incorporates "Passion Panels", which tell customers the stories behind our ingredients and our products. Our campaign to 'Stop Violence in the Home' is now making a real difference in 26 markets, and we've collected significant funds globally to support Tsunami disaster victims and promote HIV/AIDS awareness and research. We've focused our efforts on increasing internal communication of our values, through training and engagement within the business, and have improved our programmes to support Community Trade and to secure higher labour standards in our supply chain.

Our Assurance

URS Verification has provided independent assurance for this report



UN Human Rights Norms

The content of this report has been benchmarked against the United Nations Norms on Human Rights.

The Values Report 2005

2004 also saw a return to sustainability reporting, with the completion of our first reporting cycle since 1997. Our Individual Stakeholder Accounts mapped out issues and challenges relating to investors, suppliers, employees, franchisees, customers and the environment.

This 2005 Values Report marks a new frontier in our reporting. This report is about the future, not the past. It focuses on the challenges facing us as a values-based company. We understand that values are never static, being constantly challenged by new legislation, market developments, social change, even advances in science and technology. This report is not a comprehensive mapping or overview of our Values activities, but an account of the key risks and opportunities facing us over the coming years, and the action we are taking to address them.

Listening to stakeholders

Our engagement with stakeholders provides us with valuable ideas for improvements and on-the-ground knowledge of emerging issues. We listen to Non Governmental Organisations, business networks, franchisees, employees, communities, suppliers and investors to understand where we can help make a difference. For this report, we have invited five stakeholders to comment on the role of The Body Shop, on business in general and on some of the global community's greatest challenges, such as HIV/AIDS, tropical deforestation, domestic violence, animal testing and economic development of the poorest communities.

Earning trust

It is important to us to provide credible responses to these challenges and other emerging issues. Walking the talk, running our business with integrity and delivering against our promises are key to maintaining the trust of all our stakeholders. This report incorporates an independent assurance statement, and has been developed in parallel with an extensive assurance programme. The programme was designed not only to verify data accuracy and the truthfulness of this report, but also to assess the effectiveness of our internal processes in supporting our values in everything we do.

It is our hope that you will find that this report gives an honest and balanced account of the complexities and challenges we face and the extensive work we do to ensure that we can provide the best products, while continuing to support the communities in which we operate and uphold our promise to be a responsible corporate citizen.

Steve McIvor
Director of Values

Peter Saunders
Chief Executive Officer

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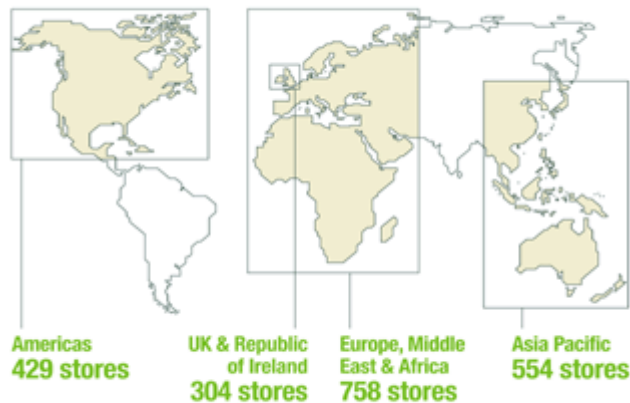
Who we are

The Body Shop International plc is a high quality skin and body care retailer operating in 52 markets with 2,045 stores, spanning 25 languages and 12 time zones. We have one of the most recognisable brands in the world and have an established reputation as a socially and environmentally responsible company.

The Body Shop is listed on the London Stock Exchange. Our total retail sales in 2004/2005 across all **The Body Shop** outlets amounted to £708.7 million (2003: £672.5 million). Group turnover was £419 million, up 10 % from the previous year, and profit before tax increased by 21% to £34.5

How we operate

Our business consists of a combination of company-owned and franchised markets, and a developing multi-channel service with our direct selling organization – **The Body Shop at Home** and online retail in the US. We employ directly 6788 people, with approximately 14,000 additional employees working within our franchise network and as consultants in The Body Shop at Home and online retail in the US.



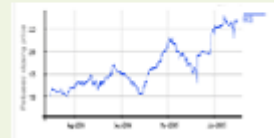
We source the majority of products and accessories from suppliers, who we screen under our Ethical Trade programme, and from our Community Trade suppliers. Our sole manufacturing operation is Soapworks, a 100-strong factory in Glasgow.

What we sell

Famous for creating a niche market sector for naturally-inspired products, The Body Shop has introduced a generation of consumers to the benefits of a wide range of best sellers, from Vitamin E Moisture Cream to the Kinetin* range and the

Our Financial Performance

The Stock Symbol is BOS.



Our Employees

No of Employees:

2005: 6788

2004: 5754

Body Butter range.

It is estimated that **The Body Shop** sells a product every 0.5 seconds. Annually, we generate over 69 million customer transactions through stores worldwide and our current range offers more than 900 products and 200 accessories.

*Patented technology used under license from Senetec plc

If you want to know more:

[**The Body Shop Annual Report 2005**](#)

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Governance and management



The Body Shop Board of Directors is responsible for corporate governance in compliance with London Stock Exchange regulations and UK company law, as well as representing the interests of shareholders and monitoring compliance with formal company policies, including ethical policy.

The Board meets formally six times a year and is responsible amongst other things for strategy, allocation of financial resources, annual and interim results, acquisitions and disposals and risk management. For each formal meeting, the Board reviews how the Company has performed against its Values.

Board composition

The Board is currently composed of seven members. There are five non-executive directors, three of whom are considered to be independent. The two founders of The Body Shop, Anita and Gordon Roddick, are non-executive directors.

The Board comprises of nationals from the UK, the US, Canada and the Netherlands and all directors have extensive Board and management experience from the retail and consumer goods sectors.

Board committees

There are two formal committees, an Audit Committee of three independent non-executive directors and a Remuneration and Nominations Committee, which includes four members, three of whom are independent.

Apart from the formal Board committees, the Chairman heads a Risk Committee which includes the Director of Finance, IT

Target

2006 - Explore and consult with franchisees on the appropriate Franchisee governance system, e.g. elected advisory committees /boards or Ombudsman function.

Achievement

The Body Shop is a constituent of the Kempen Socially Responsible Investing Index and FTSE4Good



Our Board

The Board comprises of nationals from the UK, the US, Canada and the Netherlands. There are two women on the board.

and Supply Chain as well as the Head of Internal Audit. This Committee monitors key company risks, including environmental and social performance, compliance with policies and reputational issues. The Risk Committee reports to the Board throughout the year.

Executive Committee

Management of our operations is delegated to the members of the Executive Committee, which comprises of 12 senior managers and the CEO.

Responsibility for managing The Body Shop corporate responsibility performance ultimately lies with the CEO. However, individual Executive Committee members are charged with ensuring that our values are adhered to within their area of responsibility. There is a dedicated Director of Values, who is responsible for our campaigns and advocacy work, development of ethical policies and public reporting on our values.

If you want to know more:

[The Body Shop Annual Report 2005](#)

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Ethical policies



At the heart of The Body Shop lies our Mission Statement and our Trading Charter. These fundamental principles outline our commitment to the pursuit of social and environmental change, meaningful contribution to the communities in which we operate, and our work towards sustainable development, meeting the needs of the present without compromising the future.

Over the years, these principles have been further refined in our ethical policies, which shape how we manage our business. In addition, we have developed an extensive system of guidelines for our functional teams to ensure that our principles are made practical.

For example, our materials guidelines, which are used in product development and as specifications for suppliers, include questions on the source of natural sponges, the recyclability of glass, the origin of wax, the certification status of paper and cardboard and dozens of similar issues.

Equally, our approval procedure for suppliers and many other business processes are accompanied by strong ethical criteria to ensure that our values are adhered to in everything we do. A list of our core ethical policies is available in our on-line report library.
(www.thebodyshopinternational.com/web/tbssl/library.jsp)

Franchisees are required to live up to the values of The Body Shop as described in our Mission Statement and Trading Charter. They are also obliged to follow those policies that are directly relevant to retailers, for example, our Environmental Policy and our Human Rights Principles.

The Risk Committee, which includes our Chairman, Director of Finance, and Head of Internal Audit, oversees compliance with company policies and reports to the Board of Directors on any

Target

2006 - Review all ethical policies and indicate franchise responsibilities



Target

2006 - Consult franchisees on the development of global key performance indicators.



risks of non-compliance.

Naturally, our ethical policy system requires periodic updating to reflect the development of the business and to address new issues raised by our stakeholders. In 2004, for example, a new policy on the use of chemicals in consumer products was signed off by our Chairman and CEO, and our position on sustainable palm oil was published to signpost our status on these issues.

In 2005, we will review all of our core ethical policies to ensure that they are still relevant to our priorities, activities and structure as well as stakeholder expectations. In particular, we will clarify the extent to which our franchisees are expected to adhere to our core Values policies.

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Funding for good



The Body Shop is committed to allocating a share of our profits to charities around the world. In 2004, The Body Shop was recognised by Business in the Community for our significant charitable contributions. We support a wide range of charities and communities directly through volunteering, cash and product donations. The majority of charitable donations are channelled through The Body Shop Foundation, founded in 1989 as a way of distributing funds from The Body Shop International plc. and its extended family.

In the financial year 2004-2005, The Body Shop donated nearly 3.6% (£1.3 million) of our pre-tax profits to charity. In response to the terrible tragedy caused by the Asian Tsunami, we donated £100,000 to the Disaster Emergency Committee. A further £200,000 was raised through the generous contributions of customers in our stores around the world. Subsequently, we have pledged an additional £100,000 to the charity Children on the Edge to help their work in rebuilding the lives of children in Aceh, the Indonesian province worst hit by the disaster.

In addition to our corporate donations, our customers helped us to raise over £500,000 through our global 'Stop Violence in the Home' campaign during the last year. The Americas region also supported vital work on HIV/AIDS, carried out by the 'Until There's A Cure' campaign, with stores in the United States and Canada raising \$300,000 through the sale of bracelets.

The Europe, Middle East and Africa regions supported World AIDS Day 2004 through the sale of red ribbons in eight markets, raising €38,000 (about £26,000) for two projects in South Africa.

Achievement

The Body Shop was awarded The Business in the Community Award in 2004 for our donations to charity.



Achievement

3.6% of our pre-tax profits donated to charity in 2004/5

The Body Shop International donated £0.7 million to The Body Shop Foundation. In order to make most effective use of the available grant funds, each year the Board of Trustees of the Foundation decide on a specific focus within their overall mission statement. The focus takes into account current global issues and existing commitments to core projects. The current focus of Trustees is to help stop violence in the home and support work around the issue of child sex abuse.

In the coming year The Body Shop Foundation will also be working closely with our regional offices to set up “Local Funds”. These will develop and increase the capacity of local fundraising and grant-making initiatives in the many countries we operate in.

To learn more:

[The Body Shop Foundation](#)

THE BODY SHOP VALUES REPORT 2005

Opposing Animal Testing: an ongoing battle



Performance

Since 1996, The Body Shop products have been certified against the Humane Cosmetics standard



The Body Shop is renowned for its stance Against Animal Testing of cosmetics. Over the years we have been a leader in challenging the use of animals to test cosmetic products and ingredients. We successfully campaigned with animal protection groups to change UK and European laws and supported the development of non-animal test alternatives. We are also among a few companies who comply with the stringent requirements of the internationally recognised Humane Cosmetics Standard that is operated and endorsed by leading animal protection groups in Europe and the United States.

Against Animal Testing

Due to the strong public backlash, combined with campaigning by organisations like The Body Shop, in the 1980 and 90's companies significantly reduced or ended their use of animals in cosmetics tests. The testing of finished products has seen a particularly dramatic decline and many governments have implemented complete test bans. In addition, considerable funding has been invested into developing alternative 'in vitro' (test-tube) tests, and these are increasingly being used to replace animal testing. However, there are pressures to increase animal testing in related areas such as the testing of chemicals under new EU proposals. Many of these chemicals will be used in a range of industries including cosmetics.

Government action

In 1998, the United Kingdom effectively ended cosmetic testing by refusing to issue or renew any animal testing licences for cosmetic purposes.

During 2002, in the 7th Amendment to its Cosmetics Directive,

the European Union agreed to ban the sale or marketing, from 2009, of cosmetics tested on animals. A complete ban on cosmetic ingredients being tested on animals will be introduced by 2013 (or sooner, if alternative non-animal tests are developed and validated).

In the United States, the Food and Drug Administration (FDA) has no explicit animal testing requirements for finished cosmetics products. However, the agency has historically used animal toxicity data as its de facto standard to settle safety issues. Similarly, many companies have historically felt that the only way to obtain information to assure the safety of workers and consumers and satisfy regulatory expectations is through testing on animals.

In Japan requirements on safety testing and data are similar to those in the European Union. The harmonisation mainly concerns cosmetic ingredients that are regulated in Japan according to similar principles to those in the European Union: negative list of prohibited substances, positive lists of authorised UV filters, colours and preservatives, restrictive list of substances that must satisfy specific conditions. Within the scope of the general safety requirement for cosmetic products a cosmetic manufacturer may, on his own responsibility, use essentially any raw material as a cosmetic ingredient and market the product without approval.

Testing today

Many consumers mistakenly believe that the testing of cosmetics on animals has been banned. The reality, according to the Royal Society for the Prevention of Cruelty to Animals, is that around 38,000 animals continue to be used in such tests across Europe, and many more globally. Today the overwhelming majority of these tests are carried out on ingredients, rather than finished products.

As an international company, The Body Shop has to carefully screen all of our ingredients and suppliers, and work to ensure that we do not breach our promise to customers to avoid animal testing.

If you want to know more:

[The Body Shop 'Against Animal Testing' Policy](#)

[Humane Cosmetics Standard](#)

(<http://www.buav.org/gocrueltyfree/industry.html>)

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Labelling: Consumer information under threat?



Opinion polls show that animal testing of cosmetics is an issue of strong concern amongst consumers in many countries. Despite consumer pressure and media coverage animal protection groups point to the fact that within the European Union (EU) alone tens of thousands of animals are still used in cosmetics tests every year. The Body Shop has continued to use the 'Against Animal Testing' statement on our product labels to maintain awareness of the issue. However, such claims have been threatened under a proposal from the European Commission that was, ironically, originally designed to help consumers identify products that were not animal tested.

What does The Body Shop intend to do about this potentially damaging legislation?

One aspect of the 7th Amendment to the Cosmetics Directive that regulates the sale, marketing and safety of cosmetics in the European Union was a requirement that cosmetics companies could only make 'no animal testing' claims on packaging if they met set criteria. The European Commission has tried to assert that to claim that no animal tests have been carried out would require that the finished product and its ingredients have never been tested on animals.

However, the reality is that most of the ingredients used in cosmetic and toiletry products have been animal tested for some purpose, by someone, at some time in their history. It would therefore be impossible for companies to make any 'no animal testing' claim regardless of the policy or practice operated by the company. This is both unreasonable and unfair to 'non-animal testing' companies, animal welfare groups and the consumer. The real challenge is in developing

Performance

Since 1996, The Body Shop products have been certified against the Humane Cosmetics standard



guidelines that acknowledge the complexity of the issue while ensuring that claims made by companies are meaningful, reasonable, endorsed by leading animal welfare groups and explained clearly to consumers through the provision of information in-store.

What Against Animal Testing means

The Body Shop has never tested or commissioned testing of its ingredients or products on animals. We also place restrictions on our suppliers' use of animal tests by refusing to buy any ingredient that has been tested on animals for cosmetic purposes after the 31st December 1990.

We do not make a statement on our products with respect to animal testing of either the product or its ingredients. Instead we make a statement that reflects our corporate philosophy, which is 'Against Animal Testing'. It is our view that, contrary to the original intent, the European Commission's amended directive is acting to prohibit companies who are opposed to animal testing from making any statement on their products, or in stores, that differentiates them from companies that continue to animal test.

We believe that if this legislation were fully implemented, consumers would be deprived of the right to choose products from companies that avoid animal testing. To prevent such an outcome, we have engaged with UK and EU authorities, as well as animal protection groups, to ensure a balance is achieved between providing transparent and honest consumer information, and meeting the realistic 'no animal testing' requirements expected from companies opposed to animal testing.

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Stakeholder comment from BUAV



External Stakeholder Comment

Cosmetics Animal Testing:
Buyers still beware!



Even though there has been a voluntary ban since 1998 in the UK on animal testing for cosmetics, it has taken more than 20 years of relentless and high profile campaigning from consumers, animal rights organisations and ethical companies for the EU to finally ban animal testing for cosmetics and toiletries. But buyer beware: animal tested beauty products will remain on the shelves of UK and European shops for years to come.

With the launch in 1973 of a ground-breaking campaign from the BUAV (British Union for the Abolition of Vivisection), the shocking cruelty of cosmetics animal testing was for the first time brought to the attention of the public. Disturbed by images of laboratory animals with swollen eyes and raw and bleeding skin, a new generation of ethical consumers began to boycott animal tested products and demand that such testing was banned. Since then, the BUAV has campaigned tirelessly, with the support of a growing number of ethical companies, to bring about an end to animal testing in the cosmetics industry.

In 1998, as part of this international campaign, the BUAV and partner organisations in the European Coalition to End Animal Experiments launched the Humane Cosmetics Standard (HCS), the first, and still the only internationally recognised scheme for cosmetics and toiletries that are not tested on animals. The Body Shop was one of the first leading cosmetic manufacturers to sign up to the HCS and to this day continues to support the international campaign against cosmetics animal testing. In July 2005, for example, consumers were invited to contact The Body Shop to arrange free cruelty-free makeovers during the BUAV's 3rd National Cruelty-Free Week. Additionally, The Body Shop Foundation has helped to fund some of the BUAV's key campaigns, including providing support to help build a sanctuary for rescued ex-laboratory monkeys in Thailand.

January 2003 heralded a major victory in the campaign when a Europe-wide 'testing and sale' ban was finally agreed and passed into European law. However, there remain frustratingly long deadlines before the legislation takes effect. Although delighted that the EU has finally agreed to ban cosmetics animal testing there remains much still to do, both in Europe and worldwide. With support from ethical companies like The Body Shop, the BUAV faces these continuing challenges with unending commitment and renewed hope for the animals.

For more information on the BUAV's cruelty-free campaigns, please visit:

www.buav.org/gocrueltyfree

Lauren Bates

Corporate Relations Manager
British Union for the Abolition of Vivisection

THE BODY SHOP VALUES REPORT 2005

Consumer safety vs animal testing



Performance

Since 1996, The Body Shop products have been certified against the Humane Cosmetics standard



Regulators in many countries, most notably in the European Union (EU), are pushing through tougher requirements on the safety information expected on widely used chemicals. These are materials that are used in a range of applications including the production of cosmetics and toiletries. Much of the new data will be generated through animal tests, potentially compromising the ability of companies to continue buying ingredients that meet 'Against Animal Testing' standards.

Where does The Body Shop stand on this issue?

The European Commission which advises and formulates regulatory changes in the EU is currently working on a new system for regulating the use of chemicals - this is known as REACH: the Registration, Evaluation and Authorisation of Chemicals. The main aim of REACH is to give the chemicals industry responsibility for evaluating the safety of substances and how any risks to humans or the environment can be satisfactorily managed. It is anticipated that REACH could be put into practice by 2007.

REACH aims to harmonise the regulation of chemicals in the EU, so that 'existing' and 'new' chemical substances are subjected to the same safety assessment. 'Existing' chemicals make up around 99% of those currently on the market, and many are believed to lack essential safety data raising the possibility that they could be harmful to humans and the environment. REACH advocates the use of non animal testing as far as possible but only a small number of alternative methods have been validated and accepted for regulatory testing. Very large numbers of laboratory animals are therefore likely to be subject to tests if the proposed legislation is enacted in its current form.

A recent Commission report reviewed the 30,000 chemicals for which further testing is likely to be necessary, and estimated that in the decade following implementation between 2 and 4 million animals would be used.

Safety for people and animals

At The Body Shop, the safety of our products is of paramount importance. We have listened carefully to stakeholder concerns about the safety of chemicals, and in a limited number of cases we have implemented policies either to ban or phase out ingredients from our products (see Protect our Planet for further information on our chemicals strategy). We therefore welcome the REACH goal to improve consumer and environmental protection, but have grave concerns about the anticipated programme of animal testing that is likely to take place. The Body Shop supports initiatives that will reduce animal testing, such as the development and validation of in vitro (test tube) tests and computer modelling. If genuine concerns exist about the safety of some chemicals we would support their withdrawal from the market.

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Community Trade in focus



The Body Shop Community Trade (CT) programme makes a positive economic and social difference in marginalised communities around the world. The programme is about paying a fair price for goods and fair wages for labour. In addition, it is about supporting sustainable community development projects in the producers' communities. In return we get great natural ingredients and accessories that support The Body Shop brand.

Through our Community Trade programme, over 10,000 people receive a fair living wage for their work. Although non-quantifiable, the number of people whom we indirectly touch will be far higher.

In addition to fair wages and prices, Community Trade Guidelines ensure that our producers' communities get the maximum benefit, that the environment is protected, and that appropriate health and safety standards are applied. Through our CT Guidelines we ensure that all five of our core values are addressed at once: Community Trade, Self Esteem, Protect the Planet, Human Rights and Against Animal Testing.

Examples of projects we currently promote through trade, in addition to the living wage we pay, include:

UN Human Rights norms

In this section we address the principle of "Respect our National Sovereignty and Human Rights (E12)"



Malaria prevention	Amazon Coop (Brazilian Amazon, Brazil Nut Oil), North-western Bee Products (Zambia, Honey and Beeswax)
Water and Sanitation	Tungteiya (Ghana, Shea Butter), Amazon Coop
Drug Rehabilitation	Altai Price Batch (Russia, File-a-foot)
HIV/AIDS Awareness	Teddy (India, Accessories), GPI (Nepal, gift boxes)
Preserving Culture	Bunjurn (Australia, Tea Tree), Santa Ana Pueblo (USA, Blue Corn)
Sustainable Organic Farming	Capanema (Southern Brazil, Soya Oil), Coppalj (Brazil, Babassu oil), Candela (Peruvian Amazon, Brazil Nut Oil)
Preserving Family Farms	NEO (UK, Cammomile), CJFPS (Nicaragua, Sesame Oil), Capanema
Education	Poligano, (Honduras Loofahs), Tara, (India, Gifts and Accessories) GPI, Amazon Coop, Tungteiya, Teddy, Price Batch
Women's Rights	Dhaka, Corr the Jute, Coppalj
Eradication of child Labour	Tara
Community Centres	Coppalj, Capanema
Domestic Violence	Coppalj

Customer-driven sustainability

The objective of our Community Trade programme is to help communities establish a sustainable livelihood. This requires a careful balance between guaranteeing a sustainable level of business - i.e. sufficient to alleviate hardship - while not sourcing so much that suppliers are unable to cope. Our product development process involves checkpoints and milestones to ensure that, wherever possible, Community Trade is designed into our product ranges from the outset. Importantly, we work in a way that focuses on both stability and sustainability; stability in the levels of ordering and sustainability in community development.

Key to the design of the programme is that we start with what our customers will buy. Community Trade is not charity - we have to know that Community Trade products will sell. Also, while Community Trade is about developing long-term relationships, we cannot guarantee demand for life. We therefore monitor our Community Trade suppliers' financial dependency on orders from The Body Shop, and provide forecasts to allow the suppliers to plan ahead. We advise where we believe dependency to be an issue, and support our CT suppliers' efforts to gain access to other markets and other customers.

Being a customer-driven programme presents its own challenges from time to time. Our Community Trade suppliers are not always able to keep up with the rapidly changing trends in the market-place, despite our efforts to support and guide them. This is especially the case in gifts and accessories (G&A) where trends are seasonal and where one season differs greatly from another.

For the financial year ending February 2005, The Body Shop once again spent over £5m on our Community Trade programme. In comparison to the previous year there was a slight fall (£5.16m, down from £5.23m), yet we are happy to report an increase in the number of products that contain Community Trade content. The slight drop in spending is represented by a decrease in demand for Community Trade accessories

In gifts and accessories we have experienced a shift in consumer tastes away from the type of product our CT suppliers can realistically offer. As a result, for the year ending 2006, we are anticipating a decline in spending on CT gifts and accessories. This will specifically affect two of our key CT suppliers, and is a challenge that we take very seriously. A dedicated Community Trade sourcing team is in frequent contact with the suppliers and are working with them to try to align their product offerings to future trend requirements. In addition, we are carrying out an extensive review of our existing core gifts and accessory range, in case any core items currently sourced from non-CT suppliers, can be re-sourced from an existing Community Trade supplier.

More generally, our product development processes contain the necessary checks and balances to ensure that the Community Trade route is always investigated, and our commitment to the programme remains as strong as ever.

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Strengthening our Community Trade programme



UN Human Rights norms

In this section we address the principle of "Respect our National Sovereignty and Human Rights (E12)"

2003 and 2004 have been landmark years for The Body Shop Community Trade programme. For the first time, The Body Shop commissioned a comprehensive, independent review of the performance of our Community Trade suppliers, which was rated against our Community Trade Guidelines. The review took two years and included community visits and interviews, stakeholder engagement as well as an audit of accounts and business structures.

The review increased our understanding of current issues in the Community Trade programme and the challenges we face as we move forward to ensure the programme continues to be effective and mutually beneficial to The Body Shop and our Community Trade suppliers.

In order to stay at the forefront of the fair trade debate and to open up the programme to ever more marginalised producers, The Body Shop is reviewing the need to make revisions to its Guidelines. These changes would not in any way alter the essence or meaning of the programme, but might allow us to provide greater benefits to our suppliers.

For example, on the basis of these findings, we are reviewing our criteria for participation in the programme. Currently, our guidelines state that we will work only with established community organisations, for example in the form of cooperatives. We are now looking to include small- to medium-sized privately owned organisations that are socially motivated and comply with our guidelines, into the Community Trade programme.

This review means that our traditional suppliers, most of whom are co-operatives, remain central to our Community Trade programme, while we would be able to include new suppliers from socially motivated, privately owned companies in

marginalised areas.

Addressing issues through Community Action Plans

We accept that part of our responsibility is to work with producers from the Community Trade programme to identify and address the key issues and challenges they face. This ensures they maximise the benefit from their trading relationship with The Body Shop.

In support of this, we have developed a system of Community Action Plans (CAPs), which we use to support communities in addressing specific economic, social or environmental challenges they face. Each CAP shows the findings of the most recent Community Trade project review, and the actions proposed to resolve any issues. All findings are fed back to the producers. We monitor the progress and performance of each CAP in reducing risk, improving benefits and achieving overall Community Trade objectives. In 2004, several issues were successfully resolved using this system, for example:

- An increased order to the Amazon Co-op, placed at the right point in the harvest year, meant the group now provides year round employment to the landless Xipaia tribe who crack the nuts for us individually by hand.
- Negotiation with the women of the Tungteiya Co-op led to more women being included in the group working with The Body Shop. This increases the total benefit of the project to the community and removes the need to outsource to meet The Body Shop needs for high volume products.
- Two suppliers – Eudafano (Marula oil) and the JFPS Co-op (sesame) have demonstrated the ability to gain greater control of their supply chains. In so doing, they have reduced their dependence on trade with The Body Shop and have enhanced the benefit to their producers.
- We have worked with Teddy Exports to understand their cost structures in detail, and to help them understand how to better fit with our commercial requirements. We are also monitoring the progress of Teddy Exports towards Forest Stewardship Council certification for their wooden accessories.
- Greater understanding of the contractual situation in the Capanema area of southern Brazil helped us to improve our sourcing arrangements and guarantee fair wages for our farmers.

If you want to know more:

[The Body Shop Community Trade Guidelines](#)

THE BODY SHOP VALUES REPORT 2005

Stop Violence in the Home -a positive message of empowerment



Domestic violence is one of the most common human rights abuses, affecting millions of women and children around the world. The Body Shop has been tackling the issue of domestic violence for over a decade. Our first campaign was launched in Canada, and is now running in 26 countries.

But why has The Body Shop been working on this issue and how does it relate to the toiletries and cosmetics business?

At The Body Shop, women represent the vast majority of both employees and customers – our two most important stakeholder groups. It has therefore been natural for us to direct our attention and support to women's rights through our various campaigns. In 1997, the 'Love Your Body' campaign, featuring a round, redheaded doll named Ruby, celebrated the diversity of women. The 'Love Your Body' slogan has remained with us, along with a commitment to honesty. We do not promise eternal youth in our advertising, or prey on women's insecurities, but focus instead on products which provide wellbeing and comfort.

We believe that domestic violence is strongly related to self-esteem. Domestic violence undermines a woman's self esteem, making it very difficult for her to take a stand against abusers or leave an abusive relationship. In many ways our 'Stop Violence in the Home' campaign is an evolution of our former campaigns.

Throughout the world, domestic violence is often hidden from society and treated as a taboo. As a global retailer with a presence in thousands of cities and towns across the world

Performance

25 - Markets are now running the "Stop Violence in the Home" campaign.

Targets

2006 - 30

Markets to run "Stop Violence in the Home" campaign.

2006 - £500,000

To be donated to charities involved in domestic violence.

2006 - 325 million

Opportunities to view by raising awareness of the campaign.

UN Human Rights Norms

In this section we address the principle of "General Obligations" (A1).



and a high percentage of female customers and employees, we have the opportunity to reach millions of people and encourage them to speak out and act against domestic violence.

Empowerment not victimisation

Although many campaigns against domestic violence rely solely on shocking facts, statistics and stark images to make an impact, we wanted to take a different approach. While we understand the power of shock tactics, it is not appropriate for all occasions. Instead we have created a campaign which promotes positive messages, and speaks of empowerment, rather than victimisation.

Based on customer feedback on campaign material in our stores, we now use more engaging language and imagery. All The 'Stop Violence in the Home' campaign materials feature the campaign branding which consists of a daisy, framed by the outline of a house, against a blue sky flecked with white cloud, symbolising calm and peace within the home.

The emphasis of the campaign is on creating a better future for victims of domestic violence by raising awareness of the issue and generating funds for helping to tackle it. The campaign shows that simple actions like recycling of mobile phones or the purchase of campaign-branded key rings, badges and t-shirts can raise funds that make a real difference to local support services.

In-store response from customers and employees has been extremely positive and the funds we have raised, the media coverage we have generated and the external feedback we have received have exceeded our expectations.

THE BODY SHOP VALUES REPORT 2005

Stakeholder comment from a New Zealand store manager

Stakeholder Comment

Store Manager,
Dunedin, New Zealand



Helping stop domestic violence in New Zealand

Being actively involved in our 'Stop Violence in the Home' campaign is an experience I will always treasure. From the very beginning I felt passionate and excited to be part of a campaign so close to my heart and I was determined to make a difference.

Our campaign started with a bang. Our store featured window posters and various merchandise - and we all wore false bruises on our face or body. Customers reacted in various ways - some would ask questions while others would avoid looking at us. Since the launch, we have asked each and every customer to sign a petition card to increase government funding for domestic violence refuges and we have talked to customers about our campaign to raise money for the national domestic violence charity - Women's Refuge. The majority of our customers were happy to contribute to our campaign in any capacity and some also shared their own experiences of domestic violence. This really opened my eyes, realizing how many people Women's Refuge had already helped and how many more they could reach with more funding.

Our store also worked on a successful domestic violence community project. We established a relationship with a local women's refuge, attending their community programme and helping out at their safe houses. I was pleased they felt we were trustworthy and welcomed us into their home. On my first visit I was extremely nervous, but also pleased at my hands-on involvement. My mind was put at ease on arrival - the ladies were so excited about us coming and pampering them and made us feel so welcome. I was pleased to put smiles on their faces and by the time we left they were all chatting away. This experience left me wanting to return as soon as possible.

I felt that I had really helped make them feel special. From then on I looked forward to helping in any capacity, from pampering to gardening. However, I did not realise how much we had touched their hearts until a few of the ladies visited us in-store. I was so moved they had felt comfortable enough to come in and visit us.

I am pleased with what we have achieved from store level, although disappointed with the lack of concern from other members in New Zealand society. There still seems to be a lack of concern and urgency to help, despite the number of New Zealanders who experience domestic violence. I am appalled by some of the statistics communicated in the New Zealand media with regards to the increase in the number of people requiring assistance by Women's Refuge when the national rugby team loses a game, or at Christmas time. Despite this, awareness is being raised thanks to campaigns like ours, and more people are showing their concern and support for charities like Women's Refuge - but still we need more!

Belinda Ellis-Hurrell

Manager
The Body Shop
Dunedin
New Zealand

THE BODY SHOP VALUES REPORT 2005

Global action with local partners



Over the last two years we have focused attention on developing and rolling out a global campaign to Stop Violence in the Home. This has presented us with some real challenges, as well as great opportunities to make a difference to the victims of domestic abuse.

How can successful local initiatives be turned into a global campaign, while staying attuned to the world's many cultural and political differences?

The 'Stop Violence in the Home' campaign has been running successfully in many of our markets for over a decade. We have worked to improve services and support for women over the years and in many countries, including the United Kingdom, the United States, Sweden and Indonesia, we have lobbied to reform the laws that protect victims of domestic violence.

The 'Stop Violence in the Home' campaign is now running in 26 countries and has raised in excess of £2 million. Domestic violence is not a 'comfortable' issue. Awareness, attitudes and support from the public, not-for-profit groups and governments vary significantly across the world. In developing a singularly branded campaign with global reach we have made good progress in highlighting our role as a leading champion of this cause.

A key to the success of our previous campaigns has been the development of strong local partnerships with non-governmental organisations (NGOs). One of the greatest challenges faced by countries in adopting the global 'Stop Violence in the Home' campaign was selecting a suitable NGO partner. In most previous campaigns we have teamed up with international organisations such as Greenpeace or Amnesty International who are leaders in their field and represented by national groups or chapters, in many, if not all the countries in

UN Human Rights Norms

In this section we address the principle of "General Obligations" (A1).



which we were campaigning.

There is no single organisation focused on domestic violence issues that has the international reach of an Amnesty. At times, we found big differences between national organisations, which led to a number of challenges in seeking suitable partners. In developing the global campaign template we therefore encouraged markets to team up with national partners that focused on supporting women at risk of domestic violence through provision of helplines, shelters and other vital services.

All our markets have now established local partnerships for the campaign. For example, in the UK we worked with a national charity, Refuge, to fund the creation and launch of their first website. The following year we partnered with the other leading national organisation, Women's Aid, in developing a mobile phone alarm service. Partnerships ensure that NGOs can access prominent high street locations for their messages and marketing know-how from our teams. They enable campaigns to be developed with experts who have in-depth knowledge of the issue and ensure we have an appropriate infrastructure for distributing funds raised. Ultimately, partnerships ensure we deliver the most effective support to help those who have experienced domestic violence throughout the world.

If you want to know more:

[The Body Shop Values](#)

THE BODY SHOP VALUES REPORT 2005

Stakeholder comment from Women's Aid



External Stakeholder Comment

'Domestic violence affects one in four women at some point in their lives.'



Domestic violence affects one in four women at some point in their lives. In 1974, when Women's Aid was founded as the first national domestic violence organisation, most abused women had a stark choice: continue living in fear, or become homeless and see their children taken into care. Since we began, Women's Aid has worked to bring the issue of domestic violence out from behind closed doors and provide safe options.

Now in 2004 - 2005, Women's Aid celebrates its 30th Birthday as the national charity which co-ordinates and supports an England-wide network of over 370 local organisations, providing more than 500 services, working to end domestic violence against women and children.

Women's Aid delivers real change to help keep women and children safe. Our activities include campaigning for better legal protection and services by providing a strategic "expert view" to government on areas including: legislation; policy and practice; public awareness and education campaigns; and developing new training and resources. We provide a package of vital 24-hour lifeline services through our publications (available in 11 languages), our website (www.womensaid.org.uk) and the 24 Hour National Domestic Violence Freephone Helpline that we run in partnership with Women's Refuge.

However, three women are still killed every week by a partner or former partner and domestic violence remains a largely neglected issue, both in terms of funding and public awareness.

The Body Shop 'Stop Violence in the Home' campaign, in partnership with Women's Aid is therefore invaluable in raising the issue of domestic violence and providing much needed funds to enable us to continue our work. The campaign has

included the 'Donate a Phone Save a Life' scheme (where phones are turned into personal alarms for women), sales of campaign products to raise funds, and awareness raising work through store activity, media work and London's black taxi cabs. The campaign sends a strong message that domestic violence is unacceptable and that everyone should be able to feel safe in their own homes, one of the most basic human rights.

Nicola Harwin CBE

Chief Executive
Women's Aid
March 2005

THE BODY SHOP VALUES REPORT 2005

Improving employee turnover



Our employees are crucial to the success of The Body Shop. They are the reason we can continue to improve our products and services and to our customers they represent the face of the Company. A reduction in store employee turnover represents a significant cost saving to the business, and is also a sign of a good working environment - indicating that our people enjoy working for The Body Shop and see us as an employer of choice.

We are happy with the levels of employee turnover in most of the markets in which we operate. However, in 2003 we decided to address turnover in the UK and the US - our two largest retail markets - which we felt was too high to secure the continuity of knowledgeable and experienced staff, which we need to guarantee our customers a high level of service.

Reduction through continuous monitoring and incentives for managers

Regions and stores have been required to report monthly on their turnover levels and managers are given incentives to achieve reduction targets. While the market conditions in the two countries are different, we are keen to ensure that best practice is shared. To this aim, teams from the US and the UK meet monthly to discuss the turnover levels and share initiatives that have helped to make a difference.

The US team carried out an extensive exit interview process, telephoning shop managers that left, to capture his or her reasons for leaving. A number of key points were identified, with one of the main issues being the need for more frequent visits from their regional manager. The Western region of the United States has performed significantly better than the East and Central regions, and the best practices from the West are now being implemented across the country.

Performance

Employee turnover reduced by

21% in the UK and
11% in the US.

Target:

2006 - Reduce employee turnover by

12% in the UK and
10% in the US.



The UK team have found that holding shop managers accountable for their turnover has made a significant difference. Each month, the worst performing regions have to document an action plan to address their turnover performance, which is then reviewed the following month.

We are delighted to observe that over the past 2 years these initiatives have resulted in a 17% decrease in employee turnover in the UK, and an 18% reduction in the US. To ensure that focus is maintained, for the year 2006 we have set additional turnover reduction targets of 12% and 10% for the UK and US, respectively.

THE BODY SHOP VALUES REPORT 2005

Reawakening Values



For many of our employees, working for The Body Shop is more than just a job. Around the world, employees take part in our volunteering programmes, are active in our campaigns and take pride in being part of a company with a strong environmental and human rights record. We believe that this makes us unique and strengthens our attraction as an employer of choice.

What are we doing to ensure that employees are proud to work for The Body Shop?

The Body Shop is an employer with a difference. Through our campaigns, we offer employees a unique opportunity to get involved in actively supporting important social causes. For example, in 2005, Malaysian store employees took to the malls of Kuala Lumpur, telling passers-by stories that highlighted a number of important topics, such as being a woman subject to domestic violence, being pregnant at 18 or living with HIV.

Some regions go beyond the store-based initiatives and offer employees the opportunity to volunteer during their work hours for a charity of choice, or a charity related to one of our campaigns. In Australia, employees are required to volunteer at least 16 hours a year to a cause and in the UK, employees are allowed to volunteer up to six work days each year in community initiatives. In 2005, our focus is on revisiting our global community investment strategy to ensure that employees and communities are getting maximum benefits from all of this effort.

However, we are also introducing new employee training packages to better bring our values to life around the globe. In early 2005, we took the first steps. We have included a Values Workshop in our induction for Head Office employees and run workshops for over 100 store managers in Hong Kong,

Volunteering Activities

In East Timor, store managers from the Asia-Pacific Region visit twice a year to contribute to a play scheme for disadvantaged children.

Malaysia and Singapore. These initiatives will reiterate to employees how our values are part of everything we do. Whenever a store employee sells a product from the **Body Butter** range, for example, they need to know that they are selling a history of activism against animal testing, a vigorous programme to decrease synthetic chemicals in the product range and an assurance that the product has been made without violating human rights and labour standards.

The retail sector is highly competitive, and as employers we must ensure we offer something beyond the traditional benefits. We believe that by strengthening the day-to-day visibility and relevance of our values, we contribute to an individual's personal development and make a positive difference to our employees. Community involvement and engagement plays a key part in creating a virtuous circle, where employee satisfaction and social commitment go hand-in-hand.

THE BODY SHOP VALUES REPORT 2005

Human Rights through the looking glass



UN Human Rights Norms

In this section we address the principle of "Implementation (H15)"



The Body Shop has long campaigned on human rights, highlighting abuses and increasing the global awareness of the issues. Many of our activities were widely acknowledged as groundbreaking and we are proud of our achievements in this area, while understanding that there is still much to be done.

So what is happening – is The Body Shop still fulfilling its promise to defend human rights?

Over the past few decades, The Body Shop has used its high street locations around the world to raise awareness of human rights issues. The Company has run campaigns to support human rights causes, such as raising awareness of the plight of Ken Saro-Wiwa and the Ogoni people of Nigeria. In 2000 and 2002, The Body Shop sponsored and organised a Human Rights Award to recognise the many grassroots organisations fighting for social, political and cultural rights around the globe. The Body Shop has also run a number of campaigns in collaboration with Amnesty International, such as raising awareness of the 50th Anniversary of the Universal Declaration of Human Rights.

Practice what you preach

While our commitment to defending the basic human rights of all people remains unchanged, our focus has shifted over

recent years. The last decade has seen many companies facing up to the reality that their business activities – digging for oil, selling sports equipment or manufacturing chocolate - may, in fact, cause the company to be directly or indirectly complicit in human rights abuses.

This changing landscape has led The Body Shop towards a path of greater self-examination and a stronger focus on managing the impacts of our operations and our supply chain. We put great efforts into working with suppliers to improve labour standards around the world, through our Ethical Trade programme and we are constantly looking for ways to improve the livelihood of the marginalised communities included in our Community Trade programme.

We still believe that as a high street retailer, our windows and our daily contact with thousands of customers offer us an opportunity to raise awareness on important issues. However, in our campaigning and volunteering work, we have strengthened our focus on issues facing our customers and our employees, as well as the communities in which we operate. As described throughout this report, we are keeping our promise of defending human rights, though we now focus our global efforts on one of the most widespread of human rights abuses, domestic violence, as well as raising awareness of HIV/AIDS. We believe these are the areas where we can make the most impact and generate the most good.

THE BODY SHOP VALUES REPORT 2005

Stakeholder comment from UNAIDS



AIDS continues to be one of the greatest challenges of our time. Today, over 8000 people will lose their lives to AIDS and almost 14,000 will become newly infected with HIV, a preventable disease. Half of them will be women and girls.

In 2004, stakeholders worldwide joined the World AIDS Campaign on women and HIV. The campaign united individuals and groups from all walks of life – from civil society to government, business to labour – to highlight the effects of the epidemic on women and girls and raise awareness about why women are disproportionately affected by AIDS.

Over the past two decades, The Body Shop has helped raise and maintain awareness about HIV and AIDS. In 2004, The Body Shop, the Joint United Nations Programme on HIV/AIDS (UNAIDS) and the World AIDS Campaign worked together to create a campaign around World AIDS Day that supported the women and AIDS theme. The Body Shop's commitment to this initiative again demonstrated their willingness to forge unique partnerships in support of tackling global concerns. More companies are urged to actively engage in the response to HIV and AIDS and help bring attention to many of the complicated issues impacting the spread of the disease.

The Joint United Nations Programme on HIV/AIDS (UNAIDS) brings together ten UN agencies in a common effort to fight the epidemic: the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF), the World Food Programme (WFP), the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the United Nations Office on Drugs and Crime (UNODC), the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organisation (WHO) and the World Bank.

External Stakeholder Comment

Comments from our campaigns partner to raise awareness on HIV AIDS.



UNAIDS, as a co-sponsored programme, unites the responses to the epidemic of its ten co-sponsoring organisations and supplements these efforts with special initiatives. Its purpose is to lead and assist an expansion of the international response to HIV/AIDS on all fronts. UNAIDS works with a broad range of partners – governmental and non-governmental, business, scientific and lay – to share knowledge, skills and best practices across boundaries.

THE BODY SHOP VALUES REPORT 2005

Building blocks of Ethical Trade



The Body Shop sources products and accessories from 227 suppliers in 33 countries. Ensuring that all supplier employees are paid appropriate wages, do not work excessive overtime and work in a healthy and safe environment is a continuous challenge.

How do we ensure that purchasing decisions include strong ethical standards?

Ethical Trade is our name for a complex programme established to ensure that The Body Shop products are produced by suppliers whose workers are treated fairly and are not subject to abuse and dangerous working conditions. Our Ethical Trade programme has been strengthened over the years and now covers the following key areas:

Responsibility at all levels To ensure that Ethical Trade is an integral part of every purchasing decision of The Body Shop, our Chief Executive Officer holds ultimate responsibility for our Ethical Trade standards. The Director of Supply Chain and Logistics reports to the CEO and is accountable for ensuring that we buy products and ingredients from suppliers that meet our ethical standards.

Our Ethical Trade Manager develops the Company's ethical trade policy, defines systems to monitor compliance in the supply chain and provides training and support on ethical purchasing to our Sourcing Team. The Ethical Trade Manager, reports into the Head of Manufacturing Operations who in turn reports into the Director of Supply Chain and Logistics.

Every Sourcing Manager is responsible for ensuring that each supplier reaches and continues to meet our ethical standards. In 2004 and early 2005, we conducted training programmes to strengthen our sourcing teams and provide our buyers with the appropriate tools to audit suppliers.

Performance

42% - of first tier-product suppliers audited in 2004

Targets

2006: 100%
first tier product suppliers ethically reviewed and approved

2006: 100%
of relevant members of Sourcing Team trained in ethical audits.

UN Human Rights Norms

In this section we address the principle of "Implementation (H15)"



Ethical standards

Of course, Ethical Trade must be based on a set of defined criteria. Because no external standard existed at the time, in 1996, we developed our own Code of Conduct which outlines the standards to which all our suppliers must adhere, based on standards defined by the International Labour Organisation (ILO). Since then, ethical trade around the world has developed, and we have been following best practice to ensure continuous improvement. In 2004, we revised our Code of Conduct to be aligned to the Ethical Trade Initiative Base Code, a set of criteria on labour standards developed by a group of trade unions, NGOs, and companies.

Supplier screening questionnaires

All our suppliers complete a questionnaire, which includes a series of questions on ethical standards. The Body Shop will not approve a product supplier until we are satisfied that they meet our ethical standards. All of our approved suppliers must sign an agreement committing to meeting The Body Shop Ethical Trade standards.

Assessing risk and correcting problems

First-tier product suppliers are assessed for potential risk, based on their responses to the screening questionnaire and taking into account factors like their location and relationship with The Body Shop. Each supplier is ranked as high-risk, medium-risk or low-risk. High-risk suppliers are audited by a not-for-profit audit company or by a third-party agent. A buyer from The Body Shop and/or a representative from a local non-government organisation will audit a medium-risk supplier. Low-risk suppliers will undergo an ethical assessment and adopt our Code of Conduct.

The Body Shop takes a positive stance when dealing with problems in the supply chain. In the past, this has resulted in corrective actions, which in the majority of cases have involved challenges posed by the slow pace or capacity of a supplier to meet the required changes.

If you want to know more:

[The Body Shop Code of Conduct for Suppliers](#)

[2004 Individual Stakeholder Account for Suppliers](#)

[Ethical Trading Initiative Website](#)

(<http://www.ethicaltrade.org/>)

THE BODY SHOP VALUES REPORT 2005

Limits to Ethical Trade



We take our commitment to Ethical Trade seriously and our approach is one of constructive engagement and capacity building. We believe that we should source from suppliers who share our values and support them in providing ethical employment standards.

But what do we do when a supplier just won't cooperate?

In 2004, we conducted 62 on-site factory audits and worked successfully with suppliers around the world to improve the working conditions of their employees. However, in the course of the year The Body Shop also had to disengage from 5 suppliers, located in China, the Philippines and Taiwan, as a result of their failure to meet our ethical standards. The decision to disengage from each of these suppliers was based on their lack of commitment to improving working standards.

For example, in the case of a factory in China, an audit identified that the supplier was not paying medical insurance for workers. We offered to contribute towards the cost of medical insurance but the supplier refused to participate on the basis that The Body Shop business made up only a small part of their total sales. Due to this non-compliance we withdrew our orders from this supplier.

Barriers to Ethical Trade

Our ability to improve working conditions under such circumstances cannot be solved by The Body Shop working on its own. As a relatively small company, we often purchase only a small amount of the total output of a supplier, making it difficult to persuade suppliers to agree to invest in improving workers' conditions.

In addition, The Body Shop recognises that there is a need to

Performance

42% - of first tier-product suppliers audited in 2004

Targets

2006: 100%
first tier product suppliers ethically reviewed and approved

2006: 100%
of relevant members of Sourcing Team trained in ethical audits.

UN Human Rights Norms

In this section we address the principle of "Implementation (H15)"



develop stronger partnerships with suppliers and local organisations to ensure that improvements to workers' conditions are appropriate and sustainable. Given that we source from 227 suppliers in 33 countries, our ability to develop such relationships is limited.

Partnerships to improve standards

To address such problems, we believe that partnerships and engagement with other companies, as well as the not-for-profit sector, is crucial. The Body Shop was a founding member of the Ethical Trading Initiative (ETI), an alliance of companies, trade unions and non-governmental organisations (NGOs) committed to working together to identify and promote good practice in the labour market. Our new Code of Conduct is based on the ETI Base Code and, the ETI has been a key partner in the development of our training and audit programme.

THE BODY SHOP VALUES REPORT 2005

Reporting on Human Rights



In 2003, The Body Shop joined the Business Leaders' Initiative for Human Rights to promote the idea to other companies that defending human rights is, and should be the norm - an integral part of doing business. As part of our work within this business network, we have committed to "road testing" a set of draft 'Norms on Human Rights *' - a list of common sense initiatives that translate the UN Declaration of Human Rights (written for countries and states), into a form suitable for use by companies. **Supporting the Norms**

The Body Shop has welcomed the drafting process of the Norms. They may help companies that already have a published commitment to the UN Declaration to measure their performance and see where there is room for improvement. In addition, and more importantly, these Norms provide companies that have little previous involvement in human rights work with a more concrete framework to understand what human rights mean for business.

Reporting on the Norms

Our commitment to "road testing" the Norms stems from our belief that reporting is more than an account of current practices; it is crucial for improving our performance.

Reporting in line with the UN draft Norms has been an interesting journey. Most importantly, we realised that reporting on our Values almost automatically means we are reporting on the human rights implications of running a global business. When we screen our suppliers to ensure decent labour standards, support communities through trade and volunteering efforts, campaign to end domestic violence, work to ensure customer safety or attempt to minimize our contribution to global greenhouse gases, we are defending human rights. Throughout this report, we have indicated the

Fact

The UN Norms are officially called United Nations Norms on the Responsibilities of Trans-national Corporations and Other Business Enterprises with Regard to Human Rights

Human Rights Principle addressed in each norm. We have also incorporated the Norms in our GRI index, to ensure transparency. In the index, we explain why we have chosen not to report on particular principles.

Our hope is that through highlighting the link between our activities and the UN draft Norms, we can help make human rights more tangible and accessible to all businesses.

* Officially called United Nations Norms on the Responsibilities of Trans-national Corporations and Other Business Enterprises with Regard to Human Rights

THE BODY SHOP VALUES REPORT 2005

Sustainable rain forests - In the palm of your hand?



Palm oil, or palm oil-based ingredients are an important but not easily identified part of many toiletry products. Soaps, lotions and cosmetic products, for example, may all contain some element of palm oil. The palm oil producers have recently come under attack due to severe issues around deforestation, biodiversity and, not least, the rights of indigenous populations, poor labour conditions and health implications for women working in the plantation industry.

So, shouldn't The Body Shop simply stop using an ingredient which seemingly has such bad consequences for people and nature or use suppliers following best practice?

The Body Shop is by no means a major player in the palm oil industry in terms of volume. However, palm oil-based ingredients are added as ingredients to many of our products. We do not believe that sourcing from niche provider of organic or fair-trade palm oil would help the hundreds of thousands of people in Southeast Asia, South America and West Africa whose livelihoods depend on palm oil. Likewise, we would not be helping these communities by switching to a different type of oil. We believe in positive engagement, and in pushing for change to improve conditions in the industry. Our challenge is that if companies simply stop buying palm oil, thousands would be left jobless and homeless.

Positive engagement to improve conditions

Rather than sourcing through a niche supplier, The Body Shop will continue to source palm oil from mainstream suppliers, while working to improve conditions for those in the industry. In 2003, we joined forces with growers, processors, consumer goods manufacturers and NGOs to address the problems facing the industry by entering the

Target

Report annually on our progress in providing sustainable palm oil.

UN Human Rights norms

In this section we address the principle of "Environmental Protection (G14)", "Workers Rights (D5-9)" and "Respect our National Sovereignty and Human Rights (E12)"

Roundtable for Sustainable Palm Oil (RSPO), and in 2004, The Body Shop formally joined the Executive Board of the RSPO. As part of the Roundtable, The Body Shop has signed the organisation's Statement of Intent and published a Position on Sustainable Palm Oil.

The RSPO is currently focusing on the development of an internationally accepted set of criteria and certification for sustainable palm oil. When the criteria are launched in November 2005, we will support palm oil plantations and distributors who are in compliance, by gradually switching our supply of palm oil to a mainstream, but sustainable source, certified under the RSPO criteria. We believe that creating a market for mainstream sustainable palm oil will provide a real incentive for the industry to move quickly.

If you want to know more:

[The Body Shop Position on Sustainable Palm oil](#)

[Roundtable on Sustainable Palm Oil](#)

(<http://www.rspo.org/>)

THE BODY SHOP VALUES REPORT 2005

Stakeholder comment from WWF



Tropical forests are still being lost at an alarming rate and we are faced with an unprecedented extinction of animals and plants in those regions where biodiversity is greatest. What many consumers don't realize is that they contribute indirectly to the destruction of forests.

Rising global demands for palm oil, a raw material contained in food, detergents and cosmetics, has significantly contributed to the clearing of forests in Southeast Asia for oil palm plantations.

The World Wide Fund for Nature (WWF) is convinced that it is possible to satisfy global demands for palm oil, while at the same time protecting areas that are vital for conservation. WWF believes that a boycott of palm oil is not a viable means to achieve this objective.

Rather, WWF has initiated the multi-stakeholder Roundtable for Sustainable Palm Oil (RSPO), whose members have committed themselves to produce, promote and to use sustainable palm oil. Presently, criteria are being developed, which ensure that palm oil is produced with respect to nature and people.

The Body Shop is a member of the Roundtable and has been supportive of WWF's concerns for halting the destruction of tropical forests. In order to accomplish this and to provide a strong signal to producers that this is not only lip service, it will be vital that responsible companies like The Body Shop will begin to source sustainably produced palm oil.

Dr. Matthias Diemer is the Director of the Forest Programme of WWF Switzerland and in this function the Head of the Forest Conversion Initiative (FCI). The FCI is

External Stakeholder Comment

External Stakeholder Comment
from WWF



UN Human Rights norms

In this section we address the principle of "Environmental Protection (G14)", "Workers Rights (D5-9)" and "Respect our National Sovereignty and Human Rights (E12)"

WWF's focal effort to ensure that areas of high conservation value are no longer converted to oil palm plantations and soy fields.

THE BODY SHOP VALUES REPORT 2005

Inspired by nature



The Body Shop sells products inspired by nature. Fruits, vegetable extracts and natural oils feature prominently in our products and in the product names.

Why then, do we also add synthetic chemicals - aren't natural ingredients always the best option?

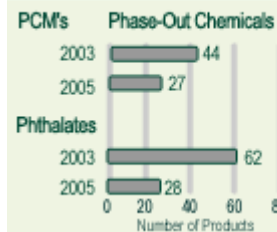
The inspiration for most of our products comes from traditional beauty practices used around the world, for example using cocoa butter to moisturise or cucumber as an astringent. We continue to expand on this legacy, for example by reflecting the change of the seasons in our new seasonal ranges by using cranberry and chocolate for Christmas and pastel shades for spring.

Our products are based on naturally sourced ingredients wherever possible, but may contain synthetic chemicals where they are necessary for the quality, safety or functional requirements of the product, and where no suitable natural alternatives exist. Unlike the women in the Amazon region, most people would not expect to moisturise with pure cocoa butter or olive oil, and providing these ingredients in a fresh form and ensuring consistent reliable quality is not a practical retail proposition. Products must be formulated with the functionality that sophisticated consumers demand. Furthermore, responsible use of synthetic chemicals is the best and safest means of ensuring that products remain fresh during packaging, distribution and storage, through to purchase and use by our customers.

Our approach to the use of chemicals in consumer products

In some parts of the world, notably Western Europe,

Performance



Targets

2006 - Eliminate phthalates from all formulations

2010 - Eliminate polycyclic musks from all formulations

UN Human Rights Norms

In this section we address the principles of "Environmental Protection (G14)" and "Consumer Protection (F13)"



customers are concerned with some types of synthetic chemicals in consumer products. Some chemicals are suspected of causing allergies or building up in the environment with unknown long-term effects.

The Body Shop has very stringent criteria when it comes to chemicals, and we are committed to follow best practice and be transparent about our approach to their use. In 2003 and 2004, Friends of the Earth's chemicals league table rated us first among cosmetics retailers in the UK. Following feedback from Friends of the Earth, we also published a set of principles, which will guide our efforts to be responsive to stakeholders' concerns:

The Body Shop will manage the use of chemicals in a responsible manner by:

- applying the precautionary principle to the use of chemicals
- continuously reviewing and updating our criteria and guidelines for the development of new products
- Implementing action plans for the timely and realistic phase-out of relevant chemicals from our formulations
- conducting regular reviews of our use of chemicals against published lists of hazardous substances
- engaging with stakeholders to help inform our strategy and action plans
- communicating our position to our product suppliers
- conducting open and transparent communication with customers
- producing annual updates on our position and progress via The Body Shop website.

If the weight of scientific evidence deems a chemical to be of immediate concern, we will ban its use in new products. Apart from those substances already banned by EU or UK authorities for use in cosmetics, The Body Shop has already banned a number of substances from use in our products and packaging, for example, PVC, Alkylphenols and organic tin compounds.

Phasing out chemicals of concern

In 2003, The Body Shop responded to concerns over phthalates and artificial musks in products by announcing a phase-out strategy. While these chemicals are added only to a fraction of our products, we want to ensure that we act responsibly and with a focus on the precautionary principle

Our phase-out strategy dictates that phthalates and artificial musks are excluded from all new products, thus ensuring that the number of products containing these substances will decrease until these substances are eliminated from our range. In addition, for those products with a longer life-cycle, we will continue to seek alternatives and reformulate products

to decrease the amount of phthalates and artificial musks we use. We believe that this strategy has been effective. While customers have not noted a difference in the range and quality of our products, we have managed to significantly reduce the number of products containing phthalates and artificial musks.

We have now set fixed timescales for elimination of these ingredients. By the end of 2006, phthalates will have been removed from all of our formulations. Likewise, artificial musks will be out of 95% of our formulations by this date. However, due to the complexity of replacing them in some of our most popular products, our deadline for phasing our artificial musks from all formulations is therefore 2010.

THE BODY SHOP VALUES REPORT 2005

Turn out the lights to protect the planet



The effects of global warming and climate change are a challenge to the entire global community. Through transport pollution and domestic energy use, each of us is contributing to these problems.

But how can a cosmetics retailer hope to have any impact on such a large-scale global issue?

The Body Shop has been a champion of renewable energy since 1990, when we launched our first global campaign on the issue. We continue to support renewable energy by signing up to green electricity tariffs in many of our stores. We have also donated funds to renewable energy projects in Africa, where access to energy is scarce, ensuring that social benefits and environmentally friendly technology can go hand-in-hand.

Reduction targets for stores

While we maintain that sustainable energy sources are a high priority, we also realise that many of our markets do not have access to them. To work towards reducing our contribution to climate change, in 2005, every company-owned store will be asked to account for its energy use and to set targets for reduction. We will also increase internal communication on energy reduction, since we also believe that raising awareness among our 6000 employees will have a knock-on effect on their personal behaviour.

Investing in cleaner technologies and carbon offset

The Body Shop wants to support development of cleaner technologies for consumers and businesses. Therefore, in addition to running a 'Green Office' programme to encourage responsible energy use in our offices, in 2004 and 2005, most

Performance

Total tonnage of CO2 normalised against sales:

2003/4: 11,429

2004/5: 11,649

Target

2006 - Ensure a 5% reduction in the total CO2 emissions for electricity use in stores and offices.

UN Human Rights Norms

In this section we address the principles of "Environmental Protection (G14)".



of our global IT equipment was replaced by more energy efficient models.

In addition, with effect from March 2005, every new car leased for company use will be a hybrid model. Hybrid cars have now become economically practical and we estimate that we can save up to 30% in fuel costs compared to regular company cars, which will help the environment while saving us money.

Finally, as a global business, The Body Shop has a considerable impact on CO2 emissions through use of international flights. While we try to minimise this, it is nonetheless crucial that employees across the globe interact and share best practice. From 2005, we will add a carbon offset charge to each flight, corresponding to the number of miles flown, and donate these charges to a not-for-profit partner who will invest the fund in tree planting schemes and renewable energy programmes.

If you want to know more:

[The Body Shop Environmental Report 2004](#)

[The Body Shop Environmental Policy](#)

THE BODY SHOP VALUES REPORT 2005

Sustainable wood sourcing



The Body Shop has been a long-standing supporter of the Forest Stewardship Council (FSC) certification scheme, which aims to ensure environmentally appropriate, socially beneficial and economically viable forestry products. To share best practice, we publish our annual progress and explain our successes and failures, as well as the challenges we have encountered.

In 1996, The Body Shop committed to purchasing all timber by 2010 that is certified as sustainable for use in all our retail products and shop fits. We joined the UK-based World Wildlife Fund 95 Plus Group, now the WWF Forest & Trade Network, to help us achieve this target. Members of the WWF-FTN are required to submit an action plan with targets on an annual basis.

The Body Shop is actively encouraging and supporting suppliers to achieve FSC certification. In many countries this is a complex, time-intensive process. It is particularly challenging for those Community Trade suppliers who are located in some of the most remote areas of the world. For example, in Siberia we worked with our Community Trade partner Altai to achieve the region's first certified birch forest. In India, our Community Trade partner Teddy Exports is engaging with key stakeholders to develop a national FSC standard. This is neither a simple nor quick process, but in the long term it should result in tangible improvements through the sustainable management of local forests.

In 2004, The Body Shop International (BSI) increased our purchase of accessories from Teddy Exports by 33%. Whilst this has had a positive impact on improving the lives of producers, it has resulted in the overall percentage of FSC wood products sourced by BSI falling from 72% to 49%, as no timber from Teddy has yet been FSC certified.

Performance

Proportion of wood products purchased from Forest Stewardship Council certified sources (Data relates to volume.)



Target

2010 - achieve 100% wood products and shopfits from FSC certified sources



UN Human Rights Norms

In this section we address the principles of "Environmental Protection (G14)".



In order to ensure that BSI meets our FSC targets in the future we are currently reviewing and strengthening the means by which we source wooden products and seeking to improve the monitoring of FSC targets. We will continue to support suppliers such as Teddy Exports in achieving FSC certification and work with key stakeholders to increase the level of FSC certified forests.

If you want to know more

[FSC website](http://www.fsc.org/en/)

(<http://www.fsc.org/en/>)

[WWF-FTN website](http://www.wwf.org.uk/ftn/)

(<http://www.wwf.org.uk/ftn/>)

Assurance statement from URS Verification

Assurance



Objectives and scope

URS Verification Ltd (URSVL) was commissioned by The Body Shop International ("BSI") to provide independent assurance of data and information presented in the 2005 Values Report ("the report").

Key objectives of the assurance included to review:

- How BSI's Values are implemented and stakeholders engaged; and the
- Completeness, materiality and accuracy of the data and information reported.

The scope of work on which our opinions are based included 16 interviews with senior executives and managers at corporate level, and one at regional level for Europe Middle East Africa. We enjoyed a high level of access across BSI at corporate level and interviewed the majority of members of the executive team. In this first year of this assurance process, we did not visit countries, stores or suppliers.

The key performance indicators reviewed during the above process included:

- Against Animal Testing: Humane Cosmetics Standard certification;
- Support Community Trade: number of products containing Community Trade ingredients;
- Protect Our Planet: carbon dioxide (CO₂) emissions from electricity usage in stores and offices; and
- Defend Human Rights: number of first-tier product suppliers ethically reviewed and approved.

Assurance approach

URSVL has verified this report by applying the principles of the AA1000 assurance standard. The information contained in the report is the sole responsibility of the directors of BSI. This assurance statement represents the independent opinion of URSVL. URS has not been involved in developing or preparing information included in the report. URSVL receives less than 5% of its income from BSI.

URSVL has carried out its services by checking samples of data, information and documents, which have been made available to URSVL by BSI. Accordingly, URSVL has not checked or reviewed all of BSI's data, information and documents. The opinion expressed in this assurance statement should not be used as advice or as the basis for any decisions, including, without limitation, financial or investment decisions.

Opinion and recommendations

BSI continues to be a leading company in living its values and demonstrating corporate responsibility. BSI is one of the few major brands to meet the Humane Cosmetics Standard; it campaigns internationally on a wide range of issues; and has a unique Community Trade programme. The company actively engages with and responds to a wide range of stakeholders, and is positively influencing its international supply chain by encouraging suppliers to meet its ethical standards.

The reality of doing business on the basis of the unique BSI Values can present challenges. The executive team has a high level of awareness of its Values and have demonstrated that they are prepared to take hard business decisions to support these Values. Over the period we have been working with BSI, members of the executive team have been setting the company's strategy and business planning, incorporating key objectives on its values, as they relate to their areas of responsibility.

This report provides an opportunity to address the potential gap between perceptions of BSI and its actual performance and impacts. BSI has taken a positive step forward in producing one report focussed on its Values, which provides greater clarity than the individual stakeholder accounts produced in the previous year. As this report is web-based, BSI has the opportunity to keep its Values performance and reporting updated on a regular basis.

Completeness

We have reviewed the processes in place for identifying and understanding BSI's activities, impacts and performance. We believe that the report provides a fair and balanced reflection of performance against its corporate Values. However, the report does not include complete information on activities such as transport, packaging, waste and recycling and their resulting impacts.

In terms of the key performance indicators we reviewed:

- Information related to supplier audits and products containing Community Trade ingredients is generally correct, but the systems used to generate this information are potentially unreliable. We understand that BSI is implementing a data and information system, which has the potential to improve the monitoring and management of supplier ethical trade and Community Trade product data.
- Data for CO2 emissions from electricity usage is largely based on estimates. Although we have not found material omissions or errors, the process of data

collection is manual and potentially unreliable. However, the overall global warming impact of BSI's activities would be more completely represented by including indirect emissions, such as those from transport and business travel.

- An independent audit to certify that BSI products meet the Humane Cosmetics Standard has been carried out during the year.

Materiality

We assessed how the report provides a balanced representation of material aspects of BSI's performance. We welcome that its Values are reflected in the company's risk assessment and business planning processes and systems. We believe this should help in developing appropriate key performance indicators and measuring performance.

Some workplace issues are discussed in the report. However, we suggest that BSI should assess the significance of measuring and reporting on employees' working conditions (such as pay), occupational health and safety, equal opportunities and diversity..

With its on-site factory audits, BSI is actively engaging first tier product suppliers on its ethical trade requirements. There remains a risk of non-compliance to ethical trade requirements with non-product and second tier suppliers.

Responsiveness

The concerns of a wide range of stakeholders are taken seriously and the company's responsiveness to key issues is exemplary. We reviewed the processes in place for managing performance and responding to stakeholders' views.

- We commend BSI for committing to a clear timetable to phase out phthalates and artificial musk from its products, as a response in part to issues highlighted by environmental groups.
- We would encourage BSI to look at ways to find out more about the views of less vocal stakeholder groups. For example, customer and store surveys could also be used to provide a deeper understanding about customers' social ethical and environmental concerns.
- BSI engages with its employees, both formally, through the Consultation and Reconciliation Committee, and informally. We would encourage BSI to consult and communicate more with its employees, for example through regular surveys.

Recommendations

In our view, BSI has made tremendous progress in integrating its Values into its business and producing this report. Building on its unique position, we would recommend that BSI:

- Develops and agrees key performance indicators against which it can measure and monitor its performance, particularly for its impact on the environment (transport, packaging, waste and recycling) and in the workplace (pay, health and safety, equal opportunities and diversity).
- Integrates key performance indicators for Values, once agreed, into its business information systems wherever possible, as this could help to improve how it measures and monitors performance.
- Continues to review risks against its Values, including in franchisees, non-product and second tier suppliers.
- Engages actively with a wider range of stakeholder groups, such as customers and employees, to ensure it is responding effectively to their concerns regarding Values-related issues.



Dr Belinda Howell

Director
For and on behalf of URS Verification Ltd,
London, July 2005

THE BODY SHOP VALUES REPORT 2005

GRI indicators & UN Norms

GRI and UN Human Rights Norms Index of indicators. This index references the content of the 2005 Values Report, and reflects the extent to which The Body Shop publicly reported on its performance for the financial year 2004/2005. The index does not reflect whether systems are in place to address the described impacts. To aid the reader in finding up-to date information, which has been excluded from the Values Report to avoid duplication, some additional reference to The Body Shop annual report and accounts as well as established policies.

Vision and Strategy

1.1 Statement on the organisations vision and strategy regarding its contribution to sustainable development	Full	Welcome, Annual Report and Accounts
1.2 Statement from the CEO (or equivalent senior manager) describing key elements of the report	Full	Welcome

Profile

Organisational profile		
2.1 Name of reporting organization	Full	Who we are
2.2 Major products and services – Should also indicate the nature of its role in providing these products and services, and the degree to which the organisation relies on outsourcing	Full	Who we are
2.3 Operational structure of the organization	Full	Who we are, Annual report and accounts.
2.4 Description of major divisions, operating companies, subsidiaries and joint ventures	Full	Who we are, Annual report and accounts.
2.5 Countries in which the organization's operations are located	Full	Who we are, Annual report and accounts.
2.6 Nature of ownership; legal form	Full	Who we are, Annual report and accounts
2.7 Nature of markets served	Full	Who we are, Annual report and accounts.
2.8 Scale of the reporting organization: Number of employees Net sales Total capitalization broken down in terms of debt and equity	Full	Who we are, Annual report and accounts.
2.9 List of stakeholders	Partial	Welcome

Report Scope		
2.10 Contact person(s) for the report, including e-mail and web addresses	Full	About this report
2.11 Reporting period (e.g. fiscal / calendar year) for information provided	Full	About this report
2.12 Date of most recent previous report (if any)	Full	About this report
2.13 Boundaries of report and any specific limitations on the scope	Full	About this report
2.14 Significant changes in size, structure, ownership, or products / services that have occurred since the previous report	Full	Annual report and accounts
2.15 Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, outsourced operations and other situations that can significantly affect comparability from period to period and / or between reporting organizations	Full	About this report. Notes to specific KPIs
2.16 Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Full	About this report. Notes to specific KPIs

Report Profile		
2.17 Decisions not to apply GRI principles or protocols in the preparation of the report	Full	About this report
2.18 Criteria / definitions used in any accounting for economic, environmental, and social costs and benefits	Full	About this report. Notes to specific KPIs
2.19 Significant changes from previous years in the measurement methods applied to key economic, environmental and social information	Full	About this report. Notes to specific KPIs
2.20 Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report	Full	About this report. Notes to specific KPIs
2.21 Policy and current practice with regard to providing independent assurance for the report	Full	Welcome. About this report.
2.22 Means by which report users can obtain additional information and reports about economic, environmental and social aspects of the organization's activities, including facility-specific information (if available)	Full	About this report. Notes for each article

Governance Structure and Management Systems

Structure and Governance		
3.1 Governance structure of the organization, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organization	Full	Governance and management, Annual Report and Accounts.
3.2 Percentage of the board of directors that are independent, non-executive directors	Partial	Governance and management, Annual Report and Accounts
3.3 Process for determining the expertise board members needed to guide the strategic direction of the organization, including with regard to environmental and social risks and opportunities	No	
3.4 Board-level processes for overseeing the organization's identification and management of economic, environmental, and social risks and opportunities	Full	Governance and management.
3.5 Linkage between executive compensation and achievement of the organization's financial and non-financial goals	No	
3.6 Organizational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social and related policies	Full	Governance and management, Ethical Policies, Notes for each article
3.7 Mission and values statements, internally developed codes of conduct or principles, and policies relevant to economic, environmental and social performance and the status of implementation	Full	Ethical Policies, Corporate Governance
3.8 Mechanisms for shareholders to provide recommendations or direction to the board of directors	No	

Stakeholder Engagement		
3.9 Basis for identification and selection of major stakeholders	No	
3.10 Approaches to stakeholder consultation reported in terms of frequency of consultations by type and by stakeholder group	No	
3.11 Type of information generated by stakeholder consultations	Partial	Description of consultation with stakeholders in articles
3.12 Use of information resulting from stakeholder engagements	Partial	Description of outcomes with stakeholders in articles

Overarching Policies and Management Systems		
3.13 Explanation of whether and how the precautionary approach or principles is addressed by the organization	Full	Inspired by nature, environmental policy
3.14 Externally developed, voluntary economic, environmental and social charters, sets of principles, or other initiatives to which the organization subscribes or which it endorses	Full	Described in each article
3.15 Principle memberships in industry and business associations, as well as national / international advocacy organizations	Partial	Described in each article
3.16 Policies and / or systems for managing upstream and downstream impacts, including: <ul style="list-style-type: none"> Supply chain management as it pertains to outsourcing and supplier environmental and social performance Product and service stewardship initiatives 	Full	Ethical trade articles. Inspired by nature
3.17 Reporting organization's approach to managing indirect economic, environmental, and social impacts resulting from its activities	Partial	Described in each article
3.18 Major decisions during the reporting period regarding the location of, or changes in, operations	Full	Annual Report and Accounts
3.19 Programs and procedures pertaining to economic, environmental and social performance. Include: priority and target setting, major programs to improve performance, internal communication and training, performance monitoring, internal and external auditing, senior management review	Full	Described in each article
3.20 Status of certification pertaining to economic, environmental and social management systems	Partial	Sustainable Wood Sourcing and Opposing Animal Testing

Performance Indicators

Economic

Customer		
EC1 Net sales	Full	Who we are, Annual report and accounts
EC2 Geographic breakdown of markets	Full	Who we are, Annual report and accounts
Suppliers		
EC3 Cost of all goods, materials, and services purchased	Full	Community Trade articles, Annual report and accounts
EC4 Percent of contracts that were paid in accordance with agreed terms (e.g. scheduling of payments, form of payment etc)	No	
EC11 Supplier breakdown by organisation and country	No	
Employees		
EC5 Total payroll and benefits expense (incl. wages, pension, redundancy payments)	Full	Annual report and accounts
Providers of capital		
EC6 Distributions to providers of capital broken down by interest on debt and borrowings, and dividends on all classes of shares	Full	Annual report and accounts
EC7 Increase/ decrease in retained earnings at end of period	Full	Annual report and accounts
Public sector		
EC8 Total sum of taxes of all types paid, broken down by country	No	
EC9 Subsidies received broken down by country or region	No	
EC10 Donations to community, civil society, and other groups broken down in terms of cash and in-kind donations per type group	Partial	Funding for Good
EC12 Total spent on non-core business infrastructure development e.g. hospital/school for employees and their families	No	
Indirect Economic Impacts		
EC13 The organization's indirect economic impacts	Partial	Community Trade articles

Environmental

General		
UN Human Rights Norm G14: To carry out their activities in accordance with national laws, regulations, administrative practices and policies relating to the preservation of the environment of the countries in which they operate, and with relevant international agreements, principles, objectives, responsibilities, standards with regard to the environment, as well as human rights, public health and safety, bioethics and the precautionary principle, and to conduct activities to contribute to sustainable development.	Full	Sustainable rain forests. Sustainable wood sourcing, turn out the lights
Materials		
EN1 Total materials use other than water by type (report in tonnes, kg or volume)	No	
EN2 Percentage of materials used that are wastes (processed or unprocessed) from sources external to the reporting organization. (Refers to both post-consumer recycled material and waste from industrial sources)	No	
Energy		
EN3 Direct energy use segmented by primary source. Report on all energy sources used by the reporting organization for its own operations as well as for the production and delivery of energy products (e.g. electricity or heat) to other organizations	Partial	KPI section
EN4 Indirect energy use. Report on all energy used to produce and deliver energy products purchased by the reporting organization (e.g. electricity or heat)	No	
EN17 Initiatives to use renewable energy sources and increase energy efficiency	Full	Turn out the lights, KPI section
EN18 Energy consumption footprint (i.e. annualised lifetime energy requirements) of major products	No	
EN19 Other indirect (upstream/downstream) energy use and implications, such as organizational travel, product lifecycle management and use of energy-intensive materials	Partial	Turn out the lights
Water		
EN5 Total water use	Full	
EN20 Identify water sources and related ecosystems/habitats significantly affected by the organization's use of water	N/A	Not deemed relevant or material
EN21 Annual withdrawals of ground and surface water as a percent of annual renewable quantity of water available from the sources	N/A	Not deemed relevant or material
EN22 Total recycling and reuse of water. Includes wastewater and other used water (e.g. cooling water)		

Biodiversity		
EN6 Location and size of land owned, leased, or managed in biodiversity-rich habitats (info on these pending from GRI)	N/A	Not deemed relevant or material
EN7 Description of the major impacts on biodiversity associated with the organization's activities and/ or products and services in terrestrial, freshwater, and marine environments	Partial	Sustainable Wood Sourcing and Sustainable Rain Forests
EN23 Total amount of land owned, leased, or managed for production activities or extractive use by the organization	N/A	Not deemed relevant or material
EN24 Amount of impermeable surface as a percentage of land purchased or leased	N/A	Not deemed relevant or material
EN25 Impacts of organization's activities and operations on protected and sensitive areas (e.g. IUCN protected areas categories 1-4, world heritage sites and biosphere reserves)	N/A	Not deemed relevant or material
EN26 Changes to natural habitats resulting from the reporting organization's activities and percentage of habitat protected or restored	N/A	Not deemed relevant or material
EN27 Objectives, programmes and targets for protecting and restoring native ecosystems and species in degraded areas	N/A	Not deemed relevant or material
EN28 Number of IUCN Red List species with habitats in areas affected by the reporting organization's operations	N/A	Not deemed relevant or material
EN29 List business units currently operating or planning operations in or around protected or sensitive areas	N/A	Not deemed relevant or material
Emissions, Effluents and Waste		
EN8 Greenhouse gas emissions (CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆). Report separate subtotals for each gas in tonnes of CO ₂ equivalent for the following: Direct emissions from sources owned or controlled by the reporting entity Indirect emissions from imported electricity heat or steam	Partial	Turn out the lights.
EN9 Use and emissions of ozone-depleting substances. Report each figure separately in accordance with Montreal Protocol Annexes A, B, C and E in tonnes of CFC-11 equivalents	N/A	No use of ozone depleting substances
EN10 NO _x , SO _x and other significant air emissions by type.	N/A	Not deemed relevant or material
EN11 Total amount of waste by type and destination (i.e. the method by which it is treated, including composting, reuse, recycling, recovery, incineration or land filling)	Partial	KPI section
EN12 Significant discharges to water by type (see forthcoming GRI protocol on water)	N/A	Not deemed relevant or material
EN13 Significant spills of chemicals, oils and fuels in terms of total number and total volume (significance defined in terms of both the size of the spill and impact on the surrounding environment)	N/A	Not deemed relevant or material
EN30 Other relevant indirect greenhouse gas emissions i.e. as a consequence of the reporting entity but occur from sources owned or controlled by another entity	No	
EN31 Identify all production, transport, import or export of any waste deemed "hazardous" under the terms of the Basel Convention Annex I, II, III and VIII	N/A	Not deemed relevant or material
EN32 Identify water sources and related ecosystems/ habitats significantly affected by the organization's discharges of water and runoff	N/A	Not deemed relevant or material

Suppliers		
EN33 Performance of suppliers relative to environmental components of programmes and procedures described in response to Management Systems and Governance section of GRI guidelines	No	
Products and Services		
UN Human Rights Norm F13: To act in accordance with fair business, marketing and advertising practices and to ensure the safety and quality of their goods and services, including observance of the precautionary principle. Not to produce, distribute, market or advertise harmful products.	Partial	Inspired by nature
EN14 Significant environmental impacts of principle products and services (describe and quantify where relevant)	Full	Sustainable Rain Forests , Sustainable Wood Sourcing, Inspired by nature
EN15 Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed	No	
Compliance		
EN16 Incidents of and fines for non-compliance with all applicable international declarations/ conventions/ treaties, and national, sub national, regional, and local regulations associated with environmental issues (explain in terms of countries of operation)	N/A	There were no incidents or fines recorded for the reporting year
Transport		
EN34 Describe significant environmental impacts of transportation used by reporting organization for logistical purposes	No	
Overall		
EN35 Total environmental expenditures by type (explain definitions used for types of expenditures)	No	

Social Labour Practices and Decent Work

Environmental		
LA1 Breakdown of workforce by region/country, employment type (full/ part time) and employment contract (permanent/ temporary)	Partial	Who we are, KPI section, Annual report and accounts
LA2 Net employment creation and average turnover segmented by region/ country	Partial	Improving employee turnover, KPI section
LA12 Employee benefits beyond those legally mandated (e.g. contributions to health care, maternity, education and retirement)	Partial	Reawakening values
Labour		
LA3 Percentage of employees represented by independent trade union organizations or other bona fide employee representatives, broken down geographically, OR percentage covered by collective bargaining agreements	Partial	Unionisation rate for home country in KPI section
LA4 Policy and procedures involving information, consultation and negotiation with employees over changes in the organization's operations (e.g. restructuring)	No	
LA13 Provision for formal worker representation in decision making or management, including corporate governance	No	
Health and Safety		
UN Human Rights Norm D7: To provide a safe and healthy working environment.	No	
LA5 Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases	No	
LA6 Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered	No	
LA7 Standard injury, lost day and absentee rates and number of work-related fatalities (including subcontracted workers)	No	
LA8 Description of policies or programmes (for the workplace and beyond) on HIV/AIDS	No	
LA14 Evidence of substantial compliance with the ILO GRI guidelines for Occupational Health Management Systems	No	
LA15 Description of formal agreements with trade unions or other bona fide employee representatives covering health and safety at work and proportion of the workforce covered	No	
Training and Education		
LA9 Average hours of training per year per employee by category of employee (e.g. senior/ middle management, professional, technical, etc.)	No	
LA16 Description of programmes to support the continued employability of employees and to manage career endings	No	
LA17 Specific policies and programmes for skills management or for lifelong learning	Partial	Reawakening values
Diversity and Opportunity		
LA10 Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring	Partial	KPI section
LA11 Composition of senior management and corporate governance bodies (including board of directors), including female/male ratio and other indicators of diversity as culturally appropriate	Full	Governance and management, KPI section

Social:

Human Rights

Strategy		
UN Human Rights Norm: A1: To promote, secure fulfilment of, ensure respect of and <i>protect</i> human rights within their spheres of activity and influence, recognized in national and international law, including rights and interests of indigenous peoples and other vulnerable groups.	Full	Ethical policies, Global action with local partners, Reporting on Human Rights, Ethical Trade articles, Community Trade articles
UN Human Rights Norm: E10: To recognize and respect applicable norms of international law, national laws and regulations, administrative practices, public interest, development objectives, social, economic and cultural policies, transparency, accountability, prohibition of corruption, and authority of the countries in which it operates.	Partial	Ethical policies, Global action with local partners, Reporting on Human Rights, Ethical Trade articles, Community Trade articles
UN Human Rights Norm: H15: To adopt, disseminate, implement internal rules of operation in compliance with the Norms. To periodically report on and take measures to fully implement the Norms, and to at least promptly implement the protections in the Norms. To incorporate these Norms with contractors, subcontractors, suppliers, licensees, distributors, etc.	Full	Reporting on Human Rights, Ethical Trade articles
HR1 Description of policies, GRI guidelines, corporate structure and procedures to deal with all aspects of human rights relevant to the reporter's operations, including monitoring mechanisms and results (state how policies relate to existing international standards such as UDHR and the ILO's Fundamental Conventions)	Full	Ethical policies, Reporting on Human Rights, Ethical Trade articles
HR2 Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors	Full	Building blocks of ethical trade
HR3 Description of policies and procedures to evaluate and address human rights performance within the reporting organization's supply chain and contractors	Full	Building blocks of ethical trade
HR8 Employees training on the reporter's policies and practices concerning all aspects of human rights relevant to the reporter's operations	Full	Building blocks of ethical trade
Non-discrimination		
UN Human Rights Norm: B2: To ensure equality of opportunity and treatment to eliminate discrimination based on race, colour, sex, language, religion, political opinion, national or social origin, social status, indigenous status, disability, age (except for children, who may be given greater <i>protection</i>), or other status unrelated to the requirements to perform the job, or of complying with measures to overcome past discrimination of certain groups.	No	
HR4 Description of global policy and procedures/programs preventing all forms of discrimination in the reporter's operations, including monitoring systems and results	Partial	Gender distribution and data on ethnic minorities in KPI section
Freedom of Association		
UN Human Rights Norm D9: To ensure freedom of association and effective recognition of the right to collective bargaining by <i>protecting</i> the right to establish and join organizations of their own choosing without distinction, authorization or interference, for the protection of their employment interests.	Partial	Data on unionisation in KPI section
HR5 Description of freedom of association policy and extent to which it is universally applied independent of local laws, and description of procedures/ programmes to address this issue	Partial	Data on unionisation in KPI section

Child Labour		
Human Rights Norm D6: To respect the rights of children to be <i>protected</i> from economic exploitation as forbidden by the relevant international instruments, laws, and national legislation.	Partial	Building blocks of ethical trade
HR6 Description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied	Partial	Building blocks of ethical trade
Forced and Compulsory Labour		
UN Human Rights Norm D5: Not to use forced or compulsory labour as forbidden by the relevant international instruments, laws, and national legislation.	Partial	Building blocks of ethical trade
HR7 Description of policy to prevent force and compulsory labour and extent to which this policy is visibly stated and applied	Partial	Building blocks of ethical trade
Disciplinary Practices		
HR9 Description of appeal practices, including, but not limited to, human rights issues	No	
HR10 Description of non-retaliation policy and effective, confidential employee grievance system	No	
Security Practices		
UN Human Rights Norm C3: Not to engage in nor benefit from war crimes, crimes against humanity, genocide, torture, forced disappearance, forced or compulsory labour, hostage taking, executions, other violations of humanitarian law and other international crimes against the person.	N/A	Not deemed relevant or material
UN Human Rights Norm C4: To observe international human rights norms and the laws and professional standards of the countries in which they operate concerning security arrangements.	No	
HR11 Human rights training for security personnel (including type of training, number of persons trained and duration of training)	No	
Indigenous Rights		
HR12 Description of policies, guidelines, and procedures to address the needs of indigenous people	Partial	Community Trade articles and Sustainable Rain Forests
HR13 Description of jointly managed community grievance mechanisms/authority	Partial	Community Trade articles
HR14 Share of operating revenues from the area of operations that are redistributed to local communities	Partial	Community Trade articles and Funding for Good
Living wage		
UN Human Rights Norm D8: To provide remuneration that ensures an adequate standard of living for workers and their families, and that takes account of needs for adequate living conditions and progressive improvement.	Partial	Ethical trade articles

Social:

Society

Community		
UN Human Rights Norm: E12: To respect economic, social and cultural rights, civil and political rights and contribute to their realization, rights to development, adequate food and drinking water, highest standard of physical and mental health, adequate housing, privacy, education, freedom of thought, conscience, religion, and freedom of opinion and expression, and refrain from actions which impede the realization of these rights.	Full	Sustainable Rain forests, Community Trade Articles, Ethical Trade Articles, Stop Violence in the Home
SO1 Description of policies to manage impacts on communities in areas affected by the reporting organization's activities, as well as description of procedures/programmes to address this issue, including monitoring systems and results (Include explanation of procedures for identifying and engaging in dialogue with community stakeholders)	Partial	Stakeholder statements, Community Trade articles, Global action with local partners.
SO4 Awards received relevant to social, ethical and environmental performance	Partial	Funding for Good, Governance and management, Inspired by Nature
Bribery and Corruption		
UN Human Rights Norm E11: Not to offer, promise, give, accept, condone, benefit from, or demand a bribe or other improper advantage from anyone. To refrain from activity which supports, solicits or encourages states or entities to abuse human rights. To seek to ensure that their goods and services will not be used to abuse human rights.	Partial	Code of Conduct for Employees
SO2 Description of the reporting organization's policy, procedures/management systems, and compliance mechanisms for organizations and employees addressing bribery and corruption	Partial	Code of Conduct for Employees
Political Contributions		
SO3 Description of reporting organization's policy, procedures/management systems and compliance mechanisms for managing political lobbying and contributions	No	
SO5 Amount of money paid by the reporter to political parties and institutions whose prime function is to fund political parties or their candidates	No	
Competing and Pricing		
SO6 Court decisions regarding cases pertaining to anti-trust and monopoly regulations	No	
SO7 Description of reporting organization's policy, procedures/management systems, and compliance mechanisms for preventing anti-competitive behaviour	No	

Social:

Producer Responsibility

Customer Health and Safety		
PR1 Description of policy for preserving customer health and safety during use of reporting organization's products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures / programmes to address this issue, including monitoring systems and results	Full	Inspired by nature.
PR4 Number and type of instances of non-compliance with regulations concerning customer health and safety, including the penalties and fines for these breaches	N/A	No non-compliances were recorded in the reporting year
PR5 Number of complaints upheld by regulatory or similar bodies to oversee or regulate the health and safety of the reporting organization's products and services	N/A	No complaints by regulatory authorities were recorded in the reporting year
PR6 Voluntary code compliance, product labels or awards with respect to social and /or environmental responsibility that the reporter is qualified to use or has received	Full	Sustainable wood sourcing, Opposing animal testing, Inspired by Nature, Ethical Trade articles
Products and Services		
PR2 Description of the reporting organization's policy, procedures/management systems, and compliance mechanisms related to product information and labelling	Full	Sustainable wood sourcing, Opposing animal testing, Inspired by Nature
PR7 Number and type of instances of non-compliance with regulations concerning product information and labelling, including any penalties or fines for these breaches	No	No non-compliances were recorded in the reporting year
PR8 Description of reporter's policy, procedures/management systems, and compliance mechanisms related to customer satisfaction, including results of surveys measuring customer satisfaction	No	
Advertising		
PR9 Description of reporting organization's policies, procedures/management systems and compliance mechanisms for adherence to standards and voluntary codes related to advertising	No	
PR10 Number and types of breaches of advertising and marketing regulations	N/A	No non-compliances were recorded in the reporting year
Respect for Privacy		
PR3 Description of reporting organization's policy, procedures/management systems and compliance mechanisms for consumer privacy	No	
PR11 Number of substantiated complaints regarding breaches of consumer privacy	N/A	No non-compliances were recorded in the reporting year

Social:

Producer Responsibility

Customer Health and Safety		
PR1 Description of policy for preserving customer health and safety during use of reporting organization's products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures / programmes to address this issue, including monitoring systems and results	Full	Inspired by nature.
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Advertising		
PR9 Description of reporting organization's policies, procedures/management systems and compliance mechanisms for adherence to standards and voluntary codes related to advertising	No	
PR10 Number and types of breaches of advertising and marketing regulations		No non-compliances were recorded in the reporting year
Respect for Privacy		
PR3 Description of reporting organization's policy, procedures/management systems and compliance mechanisms for consumer privacy	No	
PR11 Number of substantiated complaints regarding breaches of consumer privacy		No non-compliances were recorded in the reporting year

Additional UN Norms, not indexed

H16: To be subject to periodic monitoring and verification by the UN, or others, regarding the application of the Norms. Monitoring to be transparent and independent and take account of stakeholders' inputs (including NGOs) and as a result of complaints of violations of these Norms. To conduct periodic evaluations concerning the impact of their own activities on human rights under these Norms.

H17: States to establish and reinforce the necessary legal and administrative framework for ensuring that the norms are implemented by businesses.

H18: To provide prompt, effective and adequate reparation to persons, entities and communities adversely affected by failures to comply with these Norms through reparations, restitution, compensation and rehabilitation for any damage done or property taken.

H19: Norms do not diminish, restrict or adversely affect more protective human rights norms, or businesses' other obligations or responsibilities in fields other than human rights.

THE BODY SHOP VALUES REPORT 2005

About this report

This report should not be seen as a complete picture of the Values activities carried out by The Body Shop International or related companies. Rather, the objective of this report is to provide an overview of core challenges, risks and opportunities currently facing the company. The operative words for choosing content have been Materiality and Relevance. For further information on our performance, please refer to our Values website, which contains in-depth information about many of our ongoing efforts to be a socially, economically and environmentally responsible company.

Report scope

The data and activities included in the 2005 Values Report cover the financial year 1 March 2004 – 28 February 2005, unless otherwise indicated.

Unless specifically stated, data covers operations by The Body Shop International, excluding franchisees but including Soapworks, our manufacturing facility in Scotland. Policies pertaining to sourcing for products cover all products and accessories sold under The Body Shop brand.

While we do collect performance data on some aspects of both franchisee and supplier performance, we would find it inappropriate to report on the performance of a company not owned and operated by The Body Shop International. However, since we recognise that the boundaries of our responsibility are not limited to company-owned activities, we have attempted to report in a transparent manner on the systems we use to manage outsourced or franchised operations.

This report is an integrated and focused annual report, and thus represents a departure from the 2004 Individual Stakeholder Accounts, which mapped out all issues related to our key stakeholder groups. To ensure accountability, we have, where possible, attempted to address targets set in previous reports. However, to ensure a more focused communication of material issues, we have not reported our performance on all of these targets. Stakeholders interested in our performance against particular targets not covered in this report are invited to contact us.

Our systems for handling data are under continual review, and we are constantly looking to develop more relevant and precise indicators to demonstrate our performance. Throughout this report, we have indicated where full comparability with previous years' indicators is not possible.

Report profile

This is the first Values Report published by The Body Shop since 1997 that contains an independent assurance statement. The report has been prepared to meet the AA1000 Assurance standard, and URS Corp have been instructed to carry out their assurance work in accordance with this standard.

This report is indexed in line with the 2002 Global Reporting Initiative (GRI) Guidelines. The GRI has also been used to guide the development of new key indicators, as well as the direction for reporting on company structure and governance. However, our auditors have not been instructed to assess adherence against the GRI, and we would therefore not consider this report to be fully in accordance with the Guidelines.

THE BODY SHOP VALUES REPORT 2005

Indicators and targets.

Against Animal Testing	Target	Indicator/Status
Ongoing	Comply with the humane cosmetics standard	HCS certification

Support Community Trade
Indicator/status
Number of products containing CT ingredients: 2004: 490 2005: 550
Total purchase of raw materials and accessories: 2004: £5.3m 2005: £5.2m

Activate Self Esteem	Target	Indicator/status
2006	30 markets to run the Stop Violence in the Home campaign	2004/2005: 25 markets running campaign
2006	Raise awareness of the campaign to 325 million opportunities to see	Opportunities to see 2004/5: 262 million (company markets 230 million)
2006	£500,000 to be donated to charities involved in domestic violence	2004/5: Over £500,000 donated to charities involved in domestic violence.
2006	Reducing employee turnover in the UK by 12% and in the US by 10% by 2006.	Reduction in employee turnover 2004/5: UK: 17% US: 18%

Protect The Planet	Target	Indicator/Status
2006	Ensure a 5% reduction in the total CO2 emissions for electricity use in stores and offices.	Total tonnage of CO2 normalised against sales: 2003/4: 11,429 2004/5: 11,649
2010	Eliminate artificial musks from all product formulations.	Number of products containing PCMs: 2003: 44 2005: 27
2006	Eliminate phthalates from all product formulations	Number of products containing DEP: 2003: 62 2005: 28
2008	90% of company fleet is hybrid models	0% of cars are hybrid models
2010	Achieve 100% wood products and shop-fits from FSC certified sources	Proportion of wood products purchased from Forest Stewardship Council certified sources (Data relates to volume.) 2004/5: 72% 2005/6: 49%

Defend Human Rights	Target	Indicator/Status
2006	100% first tier product suppliers ethically reviewed and approved	42.2% of first-tier product suppliers audited
2006	100% of relevant members of Sourcing Team trained in ethical audits	N/A

Additional data (not included in assurance process)

Environmental

Energy	2004/5	2003/4
Direct energy use (MW electricity)	35,373	30,373
Percent of energy from renewable sources	35%	33%

Cover electricity from company-owned offices and stores

Waste	2004/5	2003/4
Waste to landfill (tonnes)	334	309
Waste recycled or reused (tonnes)	207	287

Cover waste from US and UK offices and warehouses

Water	2004/5	2003/4
Total water use (Cubic metres)	38,653	27,909

Cover offices and warehouses

Employees

Employee facts	2004/5	2003/4
Total number of employees	6788	5754
Net employment creation (not including acquisitions)	430	N/A
Global Service Centre	668	582
Soapworks	101	109
Europe, Africa and Middle East	593	667
Asia-Pacific (excl Hong Kong)	243	208
Hong Kong	241	N/A
Americas (excl Canada)	2436	2247
Canada	363	N/A
United Kingdom and Republic of Ireland	2143	1941

Diversity	Global	Home country
Percentage of women	86%	81%
Percentage of women managers	62%	48%
Percentage of ethnic minorities	N/A	10%

Freedom of Association	Global	Home country
Percentage of workforce unionised	N/A	2.2%

Glossary

Alkylphenols

Common ingredients in personal care products such as hair dyes, and in plastic packaging. Suspected of hormone disturbing effects.

Artificial musks

Artificial musks are fragrances added to many products like perfumes, cosmetics and laundry detergents. Artificial musks are replacements for natural musks, an intensely smelling secretion harvested from the abdominal gland of the male musk deer. The high demand for natural musk has resulted in the near-extinction of the musk deer. Artificial musks are generally divided into three subgroups: nitro-musks, polycyclic musks and macrocyclic musks. According to Greenpeace and friends of the Earth, artificial musks do not break down in the environment and are hormone disrupters.

Assurance

Assurance services expand on an audit (see below) to assist organisations in developing systems and procedures that allow them to gain a greater degree of confidence and security in the ways in which their organisation is operating.

AA1000

AA1000 is a standard for the measuring and reporting of ethical behaviour in business. It provides a framework that organisations can use to understand and improve their ethical performance, and a means for others to judge the validity of claims to be ethical. It aims to assist an organisation in the definition of goals and targets, the measurement of progress made against these targets, the auditing and reporting of performance and in the establishment of feedback mechanisms. The standard is designed both for internal and external audit procedures. It may be used by organisations of any size, whether single or multi site, and by public, private and non profit organisations. AA1000 is the work of ISEA - the Institute for Social and Ethical Accountability. ISEA (also known as AccountAbility) is an international membership organisation, based in the UK.

Audit

An official examination of a company's business processes and their impacts. An audit can entail a combination of e.g. verification of data reported by the company, interviews with managers and board, benchmarking against

competitors and review of management systems and policies. Can be carried out by external auditors, such as an accounting firm or assurance provider, or by internal auditors.

Biodiversity

The existence of a wide variety of plants, animals and microorganisms in a natural community or habitat.

Carbon offset

A mechanism to balance out the emissions of CO₂ from business activities by reducing a like amount of CO₂ through planting trees, developing renewable energy solutions or maximising energy efficiency.

Climate change

Climate change, also described as global warming, denotes the result of a concentration of greenhouse gases which trap infrared radiation from the Earth's surface, a process known as the greenhouse effect. This effect is a natural phenomenon, which helps maintain a stable temperature and climate on Earth. Human activities, such as fossil fuel combustion, deforestation, and some industrial processes have led to an increase in greenhouse gases concentration. Consequently, more infrared radiation has been captured in the atmosphere, which causes changes in the air temperature, precipitation patterns, sea-level rise, and melting of glaciers.

CO₂ emissions

Carbon dioxide emissions, which increase the concentration of this gas in the Earth's atmosphere. CO₂ is the most common greenhouse gas, contributing to global warming. Major sources of CO₂ emissions include the burning of fossil fuels for energy and transportation, and the destruction of forests.

Community Trade

Community Trade is a targeted purchasing programme of accessories and natural ingredients from disadvantaged communities around the world. It is The Body Shop commitment to fair trade.

Cooperatives

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Corporate governance

The system of relations between the shareholders, Board of Directors and management of a company, as defined by the corporate charter, bylaws, formal policy and rule of law.

Ethical Trade

As used by the Ethical Trading Initiative, this term refers

primarily to trade that conforms with high levels of labour standards, including the avoidance of child labour, forced labour, sweatshops, adverse health and safety conditions, and violations of labour rights.

Ethical Trading Initiative (ETI)

The ETI is a network of companies, voluntary agencies and trade unions, set up to help businesses work together to take steps to make wages, working conditions and general standards better for workers.

Forest Stewardship Council (FSC) certification

The Forest Stewardship Council (FSC) is an independent, international body set up to promote responsible management of the world's forests. Forest certification is the process of evaluating forests or woodlands to determine if they are being managed sustainably, and in accordance with an agreed set of standards. FSC certification is carried out by FSC accredited certification bodies.

Franchisees

A franchisee has bought a franchise, a right to sell a company's products in a particular area using the company's name and brand.

GRI

The Global Reporting Initiative (GRI) is a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines. These Guidelines are for voluntary use by organisations for reporting on the economic, environmental, and social dimensions of their activities, products, and services.

Human rights

Rights which it is generally considered all people should have, such as justice and the freedom to say what you think, or to live without fear of being physically abused. The principles of Human rights are enshrined in the UN Universal Declaration for Human Rights, and supported by the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

Humane Cosmetics Standard

The Humane Cosmetics Standard is an internationally recognised scheme that enables consumers to easily identify and purchase cosmetic and toiletry products that have not been tested on animals. Companies using the logo must undergo periodical audits to obtain the right to use it.

Hybrid car

A vehicle that runs on both electricity and petrol which it can alternate between.

Indigenous populations

Original people of a given geographical area. People whose ancestors inhabited a place or country when persons from another culture or ethnic background arrived on the scene and dominated them through conquest, settlement, or other means and who today live more in conformity with their own social, economic, and cultural customs and traditions than with those of the country of which they now form a part.

In vitro

Literally "in glass"; Experiments carried out in an artificial environment, e.g. a laboratory dish or test tube; an artificial environment. As opposed to in vivo, meaning experiments carried out on live tissue.

Non-executive Director

A person elected by shareholders to a corporation's board of directors who is not a member of the company's executive management.

Non Governmental Organisations

A non-profit group or association organised outside of institutionalised political structures to realise particular objectives. NGO activities range from research, information distribution, training, local organisation, and community service to legal advocacy, lobbying for legislative change, and civil disobedience. NGOs range in size from small groups within a particular community to huge national or international membership groups.

Phthalates

A family of chemicals, produced from phthalic anhydride and alcohols. There are two groups of phthalates – higher and lower. Lower phthalates are commonly used in personal care products, especially in nail polish, hair spray and perfumes. In perfumes, it is used as a carrier or a solvent for artificial musks. The most common types of phthalates found in personal care products are Diethyl Phthalate (DEP) and Dibutyl (DBP). Higher phthalates, e.g. DEHP are used as softeners in plastics, e.g. PVC. Under EU legislation these have been banned from use in personal care products.

Precautionary principle

The precautionary principle, is the ethical principle that if the consequences of an action, especially the use of technology, are unknown but are judged by some scientists to have a high risk of being negative from an ethical point of view, then it is better not to carry out the action rather than risk the uncertain, but possibly very negative, consequences.

PVC

A type of highly versatile plastic: Polyvinyl chloride, a polymer of vinyl chloride. PVC products are used everyday and include everything from footwear, electrical cables;

packaging, stationery, and toys.

Renewable energy

Any form of energy obtained from replenishable sources such as sun, wind, or waves. In contrast to energy derived from fossil fuels.

Stakeholders

Person or organisation who directly or indirectly is affected by, or affect, a company's activities.

Sustainability

Derived from the term Sustainable Development: "Meeting the needs of the present without compromising the ability of future generations to meet their own needs." Sustainable activities will balance environmental, social and economic needs to secure the long term well being of all stakeholders.

Synthetic

Artificially produced substance.

Vivisection

The cutting up, or other use, of living animals in tests which are intended to increase human knowledge of human diseases or the effects of using particular drugs and chemicals.