



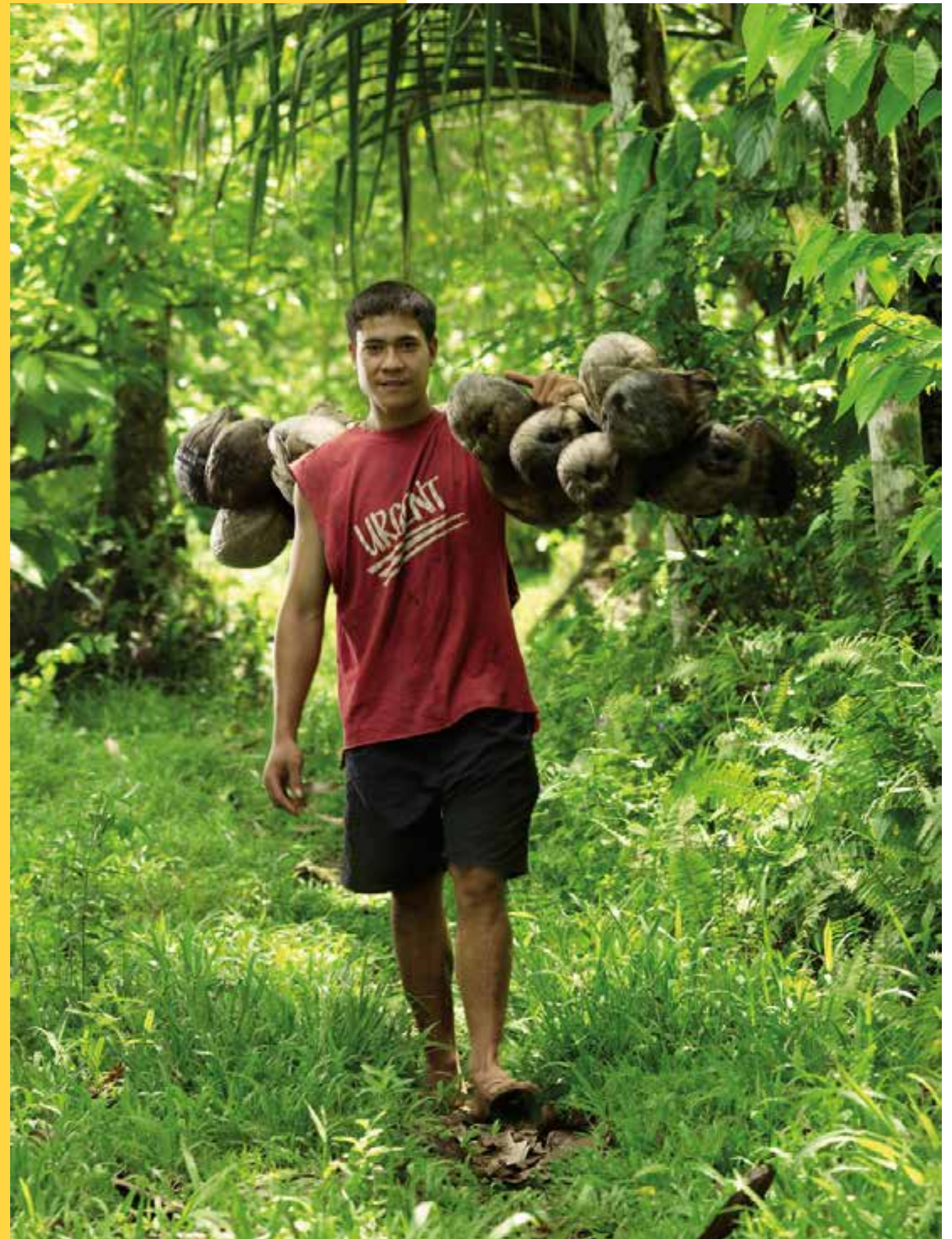
ENRICH NOT EXPLOIT™ (It's in our hands)

SUSTAINABILITY REPORT 2017



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2017 at a glance

- 41.4 million** square metres of land protected through our World Bio-Bridges Mission
- 3.8 million** people signed our Forever Against Animal Testing campaign petition
- 75,521** volunteer hours provided by our employees to enrich their local communities
- 12,450** economically vulnerable people accessed work through our Community Trade programme
- 8,000** hectares of forest protected in areas where we source our ingredients
- 3,000+** stores in 68 countries
- 1,600** news pieces featured the launch of our Forever Against Animal Testing campaign
- 800** Tapanuli orang-utans in the world - a new species identified in one of our bio-bridge locations and now being protected through it
- 95%** of our owned websites publish information about the environmental footprint of our products
- 70%** of our natural ingredients are now traced to their country of origin
- 55%** of our packaging is fossil fuel-free
- 23%** of our stores use renewable or carbon balanced energy
- 24** ingredients sustainably sourced through our socially and environmentally responsible Community Trade programme
- 21** natural, sustainable ingredients that may help to protect biodiversity areas are being assessed for possible use in our products
- 5%** improvement in the environmental score of all our products
- 4** stores now have a reduced environmental footprint after refits
- 3%** less energy used by our stores around the world



Foreword

The Body Shop was one of the first companies to publish a sustainability report and I am proud that we still make this a priority. This is my first Enrich Not Exploit™ Report since becoming CEO of The Body Shop. Overall, we made mixed progress against our ambitious corporate social responsibility targets, but we remain a global leader in this field in both the cosmetics sector and the business world more widely. Becoming part of Natura &Co this year has given us an added impetus in this area.

The progress we made in 2017, and our determination to build on this in 2018, is a testament to the ambition and dedication of a great many people. Thousands of my colleagues across the organisation, millions of customers and supporters, and our wide range of external partners all have a role and stake in our success. Together, we can continue to enrich our people, products and planet.

Anita Roddick, who founded The Body Shop in 1976 as a new kind of cosmetics business, once wrote, "The Body Shop is not afraid of what is new and risky. We want to be a socially responsible business that carries on breaking new ground." As you will read in these pages, Anita was right.

**David Boynton
Chief Executive**



The Body Shop is a global beauty brand. For more than 40 years, we have shown that being environmentally sustainable, people-centred and profitable can go hand in hand.

In 2016 we launched **Enrich Not Exploit™**, a five-year programme to deliver 14 goals to enrich people, our products and planet by 2020. These underpin our ambition to become the world's most ethical and sustainable business. This report outlines our performance towards these targets during 2017.

We made notable progress across many areas, including the continued expansion of our Community Trade programme, global support for our award-winning Forever Against Animal Testing campaign and biodiversity achievements through our World Bio-Bridges Mission. We also continued to improve the environmental impact of our products.

However, not everything has gone to plan. Progress towards our targets around volunteering, sustainable packaging innovations, reduced energy consumption and transitioning to renewable energy have not advanced as quickly as we hoped. We have still learnt much and will put this to good use in 2018 and beyond.

The biggest story of 2017 was The Body Shop's acquisition by Natura – one of the most admired, purpose-led businesses in the world – in September 2017. The Body Shop and Natura, along with Australian brand Aesop, now form the purpose-driven cosmetics group, Natura &Co. Being part of this group has brought a renewed sense of confidence for The Body Shop's future. The group is committed to delivering a strong financial performance, balanced with a positive

environmental and social impact. The Body Shop is determined to make a significant contribution to the group in each of these areas.

Joining a new corporate group has required embracing new ways of working. We have changed how some of our teams operate and aligned critical tools with those used by Natura. As explained on page 26, we have refined aspects of six of our Enrich not Exploit™ targets, with effect from January 2018.

Amid these changes, we continued to work with the **Future-Fit Foundation** to accelerate our progress towards being a truly sustainable business. Based on our leadership in this area, we were invited to share learnings with other sectors by joining the Future-Fit Development Council.

The Body Shop is committed to becoming more efficient and impactful. We have already invested significant effort in starting to transform our approach to this, but further changes are needed to deliver this objective. Our people and our franchise partners share a determination to become the world's most ethical and sustainable business. It is an inspiration to work with my colleagues and it gives us great cause to be optimistic about our future.

On behalf of everybody at The Body Shop, thank you for your interest – and involvement – in our work.

Christopher Davis
International Director of Corporate
Responsibility and Campaigns



2017 PROGRESS ON OUR 2020 TARGETS

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

ENRICH OUR PRODUCTS

TARGET 2020:
Ensure **100%** of our ingredients are traceable and sustainable

IN 2017:
We're at **70%** traceable and **10%** sustainable



We reduced our environmental footprint by another **3%**




44 new ingredients have been identified from biodiversity hotspots

16 out of **17** sites published information about our environmental footprint



TARGET 2020:
Reduce in store energy use by **10%**

IN 2017:
We powered down by **3%**



4 stores now have a reduced environment footprint after refits

TARGET 2020:
70% of product packaging is fossil fuel-free

IN 2017:
We're now down to **55%**


ENRICH OUR PLANET

TARGET 2020:
Power all stores with renewable or carbon-balanced energy

IN 2017: **23%** of our stores are now doing this

TARGET 2020:
Protect **75 MILLION** square metres of habitat

IN 2017:
We're now at **41 MILLION** (double what we achieved in 2016)



TARGET 2020:
Launch 3 new sustainable packaging innovations

IN 2017:
Sadly, we didn't deliver any this year - but we're committed to it

ENRICH OUR PEOPLE

TARGET 2020:
Invest **250,000** hours enriching local communities

IN 2017:
Our employees clocked **75,521** volunteer hours



TARGET 2020:
Help **40,000** economically vulnerable people

IN 2017:
We helped **12,450** people



TARGET 2020:
Increase Community Trade ingredients to **40**



IN 2017:
We added **5** new ingredients, bringing our total to **24**



Enrich Our People



AN INTERVIEW WITH FRANCESCA BRKIC SUSTAINABLE SOURCING MANAGER

HOW DO YOU FEEL 2017 WENT?

2017 was a momentous year. We expanded our Community Trade programme to make a positive social impact on communities through trade while sourcing exciting, sustainable ingredients. For example, we set up a project with indigenous Indian communities, establishing women-run mango seed collection centres. This increased their ownership of commercial activities as well as their income. Alongside this, the move to Natura &Co strengthened our ambitions and commitment to sustainability.

WHAT WAS THE BIGGEST CHALLENGE?

The variety of communities we source from around the world. We need to strike a balance between standardising good practices and tailoring our support to each community's individual needs. The quantity of work to be done to improve the lives of the people is high, as so many are from very disadvantaged and marginalised backgrounds. The hardest challenge is how to be ambitious, but pace ourselves to support and grow communities in a way that is sustainable for the long-run and where they are empowered to lead their own growth.

WHAT ARE YOUR PLANS FOR 2018?

Our team is looking forward to expanding our Community Trade programme further. We're working closely with Flora & Fauna International to explore new ingredients sourced from forest-dwelling communities, combining trade, economic development and forest preservation.

HOW DOES YOUR WORK ENRICH OUR PEOPLE?

People are at the heart of everything we do. Involving and empowering communities often results in better protected environments, happier societies and higher quality products. The Body Shop aims to provide valued goods and services in a way that positively affects the people involved, in harmony with the natural environment.



2020: Target 1



DOUBLE OUR COMMUNITY TRADE PROGRAMME FROM 19 TO 40 INGREDIENTS AND HELP ENRICH COMMUNITIES THAT PRODUCE THEM.

Why this target is important:

We want to source more materials for our products in ways that have minimal negative social or environmental impact.



What we achieved in 2017:

We added five new ingredients to our Community Trade portfolio, bringing the total to 24 and exceeding our 2017 expectations. The programme also includes eight suppliers of gifts and accessories from around the world.

Ingredients added in 2017 include organic banana puree from Ecuador, mango seed oil from India, organic almond oil and milk from Spain, rose extract from England and moringa seed oil and extract from Rwanda.

Community Trade in a nutshell

Our Community Trade programme develops and promotes best practice in sustainable agriculture, wild harvesting and traditional handcrafting, treating both workers and natural resources with respect while sourcing our gifts, accessories and ingredients. Established more than 30 years ago, this was the first fair trade programme in the beauty industry. By building lasting relationships with small-scale suppliers, this programme helps to provide sustainable income streams - often in marginalised communities - without damaging the local environment. Our Community Trade programme often involves investment in community development initiatives, including education, health and conservation projects. Significantly, it also influences the way we source other materials across our business.



2020: Target 2



HELP 40,000 ECONOMICALLY VULNERABLE PEOPLE ACCESS WORK AROUND THE WORLD.

Why this target is important:

We want to help create thriving communities wherever we operate, using our strength as a global retailer to create positive solutions.

What we achieved in 2017:

12,450 economically vulnerable people accessed work through our Community Trade suppliers, enabling them to support their families and avoid exploitative work. Unfortunately, this number is well below our ambition of reaching 20,000 for the year and also below our 2016 performance. This partly reflects natural, often short-term, fluctuations in trade resulting from weather patterns or changing product needs.

We worked hard to increase our Community Trade portfolio in 2017. New Community Trade supply chains developed during the year will help thousands of people in Africa, Asia, South America and Europe to improve their livelihoods.

“Every time you buy a Moringa product from The Body Shop, you are helping thousands of Rwandan farmers to break away from poverty. Working with The Body Shop has greatly boosted Rwandan moringa growers’ hope for life. The Body Shop has visited farmers, listened to their challenges and wishes. Our business [supports] thousands of Rwandans, especially unskilled women. Our farmers and workers are now able to pay tuition fees for their children [and] pay health insurance.”

Theo Hakizimara
Asili Natural Oils, our Community Trade partner in Rwanda



THE BODY SHOP®

2020: Target 3

ENGAGE 8 MILLION PEOPLE IN OUR ENRICH NOT EXPLOIT MISSION, CREATING OUR BIGGEST CAMPAIGN EVER.

Why this target is important:

As an ethical brand, we want to use our business, stores and our global customer base to act in the best interests of people and the environment.

What we achieved in 2017:

In June, we launched Forever Against Animal Testing, our campaign for a permanent global ban on animal testing in cosmetics. By the end of the year, 3.8 million people had signed the petition.

This is the most ambitious campaign in The Body Shop's history, involving our customers, staff, franchise owners and partner organisations in our markets all over the world. Celebrities across the globe also got behind us, and our campaign partner Cruelty Free International raised awareness of it at international conferences. We were delighted to win the 2017 CorpComms Award for Best International Campaign.

The campaign covers issues that are important to us and our customers, including animal welfare, sustainable consumption and ethical production. It also builds on our campaigning history of always championing cruelty-free cosmetics. With Cruelty Free International, we were the first brand to campaign on this issue, successfully championing for bans in the UK and the European Union (EU).

Forever Against Animal Testing in a nutshell

80% of countries have no laws against cosmetic animal testing, despite alternative methods being more efficient, faster and often cheaper. Cruelty Free International estimates that 500,000 animals may die every year as a result. The EU and several countries have banned the practice but we need one law for all countries to end it forever. Introducing a convention like this requires the support of the United Nations (UN). We believe this is the only option to deliver a true international ban on animal testing.

To sign our petition or support the campaign, please visit thebodyshop.com/against-animal-testing



80%
OF COUNTRIES
ALLOW USING
ANIMALS TO TEST

An interview with Jessie Macneil-Brown Head of Global Campaigns

How do you feel 2017 went?

2017 was brilliant. We got the issue of animal testing in cosmetics back on the public agenda. People came out to support the campaign and the subject really resonated with our people, our customers, the media and beauty influencers.

What was the biggest challenge?

Campaigning on a serious issue in an empowering way. We didn't want to shock and scare people but we needed to get the seriousness of the issue across. We want to prove that a ban is possible and that everyone benefits when you remove animal testing from cosmetics.

What are your plans for 2018?

We want to get to eight million signatures and seek action from the UN to implement a convention to end animal testing in cosmetics globally and forever. We want to continue inspiring people to join our campaign. We've found a fun and creative way of letting people do that through their pets.

How does your work enrich our people?

There's nothing more enriching than believing you can change the world. We want everyone to feel they have that ability, from our customers to our employees. When we work together, we can achieve incredible things. It's what The Body Shop has always done and will continue to do.



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

Why this target is important:

We want to help create thriving communities wherever we operate. Enabling our employees to contribute their skills and passion through volunteering is a mutually beneficial way of doing this.

What we achieved in 2017:

We pay our employees for up to three volunteering days a year for any cause of their choice. In 2017, our employees collectively provided 75,521 hours of their time to enrich their local communities. This is a significant increase from 2016 but is still short of our aim of reaching 100,000 hours in 2017. This was due to a number of factors, including lack of time and busy workloads as a result of the changes that occurred across the company in 2017.

We are now planning to expand engagement in our volunteering programme, including increased communication and building better awareness of the benefits of the programme among our senior leadership team.

Although we want to achieve more in this area, we are proud of the impact of our employees' volunteering around the world. Their activities included planting trees, clearing litter, spending time with children with physical disabilities, fundraising to support refugees, helping at a hospice, renovating a women's refuge and conducting makeovers for people experimenting with their gender identity.



INVEST 250,000 HOURS

I volunteered with a charity that takes surplus food from the food industry and distributes it to people in need. I took part with my team, packing meal boxes and distributing them to the elderly. I learned so much about food waste. It was great to raise awareness of the problem.

Elsa Toi, Hong Kong

Volunteering helps you acquire new skills. It's good for your wellbeing, it's a great team-building tool, but most of all it's really fulfilling.

Magda Zakrewska, UK

2020: Target 4



Enrich Our Products



AN INTERVIEW WITH NEIL WATSON DIRECTOR OF RESEARCH & INNOVATION

HOW DO YOU FEEL 2017 WENT?

Our focus was making sure that our new products have better environmental footprints than previous products meaning they are more biodegradable and contain more natural ingredients. Overall, we made some good progress including revising some of our Body Butter flavours, which are from one of our most popular and iconic ranges. These will be on the market soon.

WHAT WAS THE BIGGEST CHALLENGE?

When considering our formulas, reformulating existing products without affecting the performance that our customers love was a challenge. In terms of packaging innovations, a couple of projects didn't meet our standards, which is frustrating, but innovation takes time. While we strive to make sure all our plastic is recyclable, we continue to face the challenge that different countries have different recycling infrastructures and one size doesn't fit all.

WHAT ARE YOUR PLANS FOR 2018?

Developing new products, using more and more natural ingredients that are sustainably sourced. For our packaging, we're continuing to explore more sustainable formats and materials and will introduce some of these towards the end of the year.

HOW DOES YOUR WORK ENRICH OUR PEOPLE?

We're very strict on the ingredients that go into our products, making sure they're the best quality and most effective. By enriching our products with ingredients from our Community Trade programme, we're supporting communities at the same time. We also think about what happens after a product is used (whether ingredients are biodegradable or whether packaging is simple to recycle).



2020: Target 5

ENSURE 100% OF OUR NATURAL INGREDIENTS ARE TRACEABLE AND SUSTAINABLY SOURCED, PROTECTING 10,000 HECTARES OF FOREST AND OTHER HABITAT.

Why this target is important:

As Earth's resources are limited, we need to ensure we use them wisely and protect important ecosystems.

What we achieved in 2017:

70% of our natural ingredients (from plants, micro-organisms or minerals) are now traced to their country of origin, the first step towards ensuring they are sustainable. This is ahead of our hopes for 2017 and our original target for 2018.

However, we failed to make as much progress as we hoped in reaching our new sustainable sourcing standard for our natural ingredients, managing to do so for only 10%. This shortfall arose because of the complexity of our supply chains and the need for our suppliers to develop systems to provide the information we require. We have taken action to address this and focused on developing improved assessment criteria and implementation guidelines. We're now picking up speed and remain confident we can reach our objectives. On a more positive note, we continued to protect 8,000 hectares of forest in areas where we source ingredients. By paying a steady and fair price to our Community Trade supplier for Brazil nut oil from Peru, we are helping communities value and protect Amazonian forest rather than cutting it down for other crops.

**PROTECT
10,000
HECTARES**





2020: Target 6

REDUCE YEAR ON YEAR THE ENVIRONMENTAL FOOTPRINT OF ALL OUR PRODUCT CATEGORIES.

Why this target is important:

Our products have an impact on the environment during their whole life-cycle, from production to disposal. We want to reduce this impact as far as possible.

What we achieved in 2017:

We give our products and product categories an environmental score based on how easily they biodegrade or dilute to a safe level (their 'water footprint') and how the ingredients are made or sourced. The overall environmental footprint of our six product categories (Bath & Shower, Body Care, Fragrance, Hair Care, Make-Up and Skincare) improved by 3% in 2017. Our Body Care and Fragrance categories each improved by an impressive 5%. We made little improvement in the Bath & Shower category (0.14%) as its environmental score was already very high.

Working closely with our suppliers, we achieved this progress by promoting sustainable ingredients and those created using 'green chemistry' (processes that reduce the use or production of chemicals that damage the environment). This is closely linked with expanding our Community Trade programme (target 1) and sustainably sourcing our ingredients of natural origin (target 5).

During the year, the total environmental score of all our products increased by more than 5%. We launched 146 new product formulations, 95% of which had an improved environmental footprint. The eight new products that did not have an improved environmental impact were mostly new shades of existing make-up products with the same environmental score as existing shades.





2020: Target 7

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

Why this target is important:

We want to be transparent with our customers and enable them to make informed decisions about which of our products to buy.

What we achieved in 2017:

We came very close to meeting our 2017 ambitions in this area. By the end of 2017, 16 out of 17 of our owned websites published information about our ingredients of natural origin, green chemistry ingredients and their water footprint. This means that almost all of our customers in countries where we run company-owned websites can access information on their favourite product category (Bath & Shower, Body Care, Fragrance, Hair Care, Make-Up and Skincare). To access this information, visit our website and click 'Reducing Environmental Footprint' in the main menu.

In 2018 we will publish this information on the remaining website and will start to provide more detailed information. In time, we aim to publish this information by product family - such as cleansers, shampoos or shower gels - and ultimately for individual products.





2020: Target 8

DEVELOP AN INNOVATION PIPELINE THAT DELIVERS PIONEERING COSMETIC INGREDIENTS FROM BIODIVERSITY HOTSPOTS AND HELPS TO ENRICH THESE AREAS.

Why this target is important:

We want to ensure that our sourcing enhances rather than disrupts ecosystems, especially in the most precious biodiversity areas. This will require some innovations in the ingredients we use.

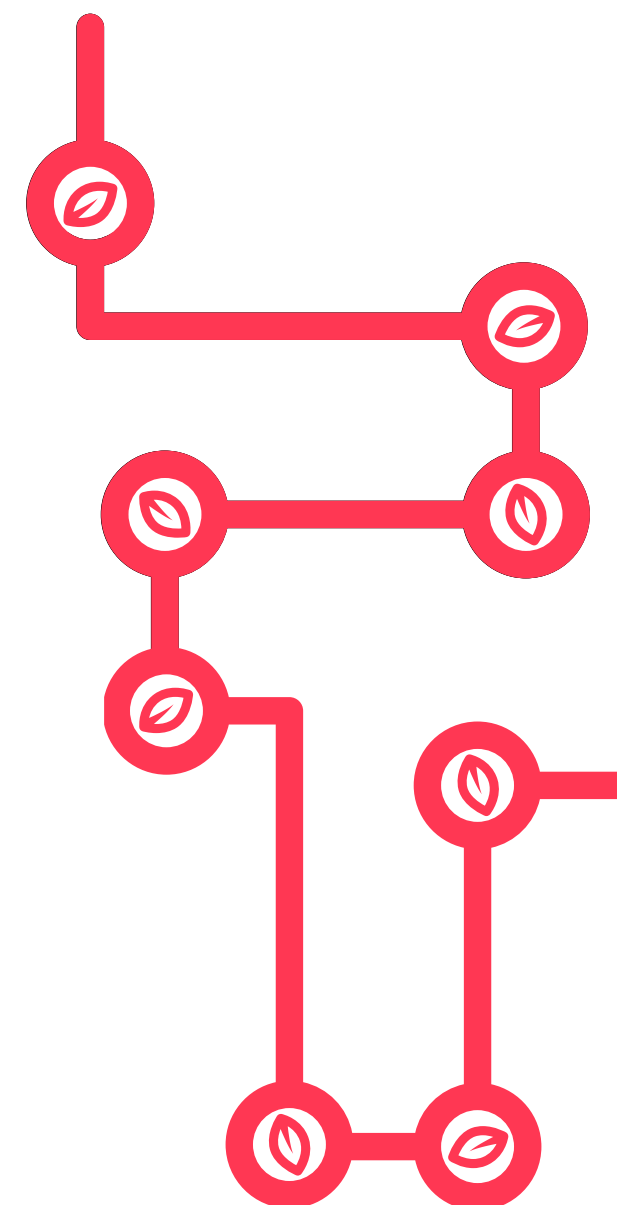
What we achieved in 2017:

We established tools, processes and a new team to drive innovations in terms of raw materials, product concepts and product formulas.

We identified 44 new or innovative ingredients from biodiversity 'hotspots' (areas with significant natural biodiversity that is at risk) which are promising in terms of their quality, cosmetic performance and sustainability.

Our aim is to enrich new products with these ingredients and to help preserve the endangered areas from which they originate. So far, 21 of these ingredients are progressing through our systems to see if they meet our strict quality and sustainability criteria to be used in our products.

This represents strong progress against our 2020 target. Although none of the pioneering cosmetic ingredients have so far been used in our products, we are confident this will happen well before 2020 - delivering exciting new products for our customers with environmental benefits.



Enrich Our Planet



An interview with Geraldine Jacquinet Skincare Axe Director – Product Development Member of the World Bio-Bridges Mission Advisory Board

HOW DO YOU FEEL 2017 WENT?

2017 was a great year. We accelerated our commitment to make our formulas and packaging more sustainable - more biodegradable, recyclable, environmentally friendly and with more Community Trade ingredients. We also funded four truly inspiring bio-bridge projects to help protect communities, biodiversity and endangered species, and preserve sustainable ways of farming. In Indonesia, Vietnam, Malaysia and India, these are protecting land the size of almost 6,000 football pitches.

WHAT WAS THE BIGGEST CHALLENGE?

Linking our products and promotions to our World Bio-Bridges Mission so that customers understand what we're trying to achieve. In 2017, donations from our Amazonian Saviour™ Multi-Purpose Balm funded bio-bridge projects around the world through our World Bio-Bridges Mission, which was a tangible way for customers to understand the programme's benefits.

WHAT ARE YOUR PLANS FOR 2018?

We're launching new bio-bridges in Australia, Tanzania, Kyrgyzstan and Nepal. These projects will be funded either by donations triggered by customer transactions or from limited edition products, including our Himalayan Charcoal Purifying Facial Soap. Sales (for a period of two months from launch) will help fund a bio-bridge to protect endangered red pandas and empower local communities in the Himalayas. This demonstrates that our products can help the environment and people at the same time.

HOW DOES YOUR WORK ENRICH OUR PEOPLE?

Our brand goes way beyond products on shelves - it is a force for good. We aim to develop new products and packaging based on the needs of our planet and customers. We create products that meet our customers' lifestyles and aspirations, empowering them to make positive choices. At the same time, we're protecting areas of biodiversity and endangered species around the world.

BUILD BIO-BRIDGES, PROTECT AND REGENERATE 75 MILLION SQUARE METRES OF HABITAT, AND HELP COMMUNITIES LIVE MORE SUSTAINABLY.

Why this target is important:

We want to source more materials for our products in ways that have minimal negative social or environmental impact.

Bio-Bridges in a nutshell

'Bio-bridges' are protected or regenerated wildlife corridors within damaged landscapes. By linking and safeguarding biodiversity hotspots, they help endangered species to reconnect, enabling them and local communities to live more sustainably. These protected habitats also trap carbon dioxide, which would otherwise contribute to climate change.

What we achieved in 2017:

We established bio-bridges to protect 41.4 million square metres of land in Vietnam, Indonesia, Malaysia and north-east India, in collaboration with World Land Trust and local partners. This is more than double the area protected in 2016 and beyond our aims for 2017. More importantly, they are vital habitats for endangered Sumatran tigers, Asian elephants and red-shanked doucs (monkeys).

As well as protecting rare species and biodiversity hotspots, we hope that bio-bridges will - in time - enable us to source new natural ingredients for our products, providing local communities with sustainable income opportunities.

Our involvement in bio-bridges also includes advocating for improved conservation efforts and supporting scientific studies. In Vietnam, local authorities have donated 5 hectares of forest to our local partner, Vietnature, to set up a conservation centre. In Indonesia, a new species of orangutan was discovered in our bio-bridges site. The Tapanuli orangutan is officially the world's most endangered great ape, with fewer than 800 left. We are working with local partners to help protect them.

Building on our success, we expanded the programme by launching the World Bio-Bridges Mission in July 2017. By 2020, in addition to our original target, we will safeguard 10 new bio-bridges

and raise at least £2 million to fund the programme. We have already received exciting applications for bio-bridges projects around the world and will start awarding funds in 2018. All The Body Shop corporate philanthropy will now go through this programme.

The effect of funding by The Body Shop towards conservation of the wildlife corridor has been incredible. It enabled us to lease land for conservation and conduct anti-poaching patrols, so that elephants, pangolins [anteaters] and tigers can move through the landscape safely. This is essential for the long-term survival of these species in Malaysia.

Dr Melvin Guman
Director, WCS Malaysia (one of our bio-bridge partners)



2020: Target 9



2020: Target 10

REDUCE THE ENVIRONMENTAL FOOTPRINT OF OUR STORES EVERY TIME WE REFURBISH OR REDESIGN THEM.

Why this target is important:

We want to limit the lifetime environmental impact of the materials we use in our 3,000+ stores around the world.

What we achieved in 2017:

We improved the 'eco-points' score of our refurbished or redesigned stores by five points compared with 2016.

This score is based on strict and objective assessment criteria developed with the Building Research Establishment. Each material used in our shop refits, from furniture and lighting to display items, is scored based on its scarcity, manufacturing process, carbon footprint, lifespan, reusability, recyclability, packaging, transport and maintenance. Our online tool collates all this information to give a total score for each store design, enabling instant comparisons.

We use Forest Stewardship Council (FSC)-certified wood from

sustainable sources, and avoid PVC and materials that come from animals. We are increasingly using materials that have more recycled content, reduced weight and longer lifespans.

Our new 'Beat' store design, launched in 2017 to replace our Pulse design, uses natural wood veneer and metal finishes rather than laminates because they are more easily recycled. We only remodelled four stores using this design during the year, and more will follow in 2018.



2020: Target II

DEVELOP AND DELIVER THREE NEW SUSTAINABLE PACKAGING INNOVATIONS.

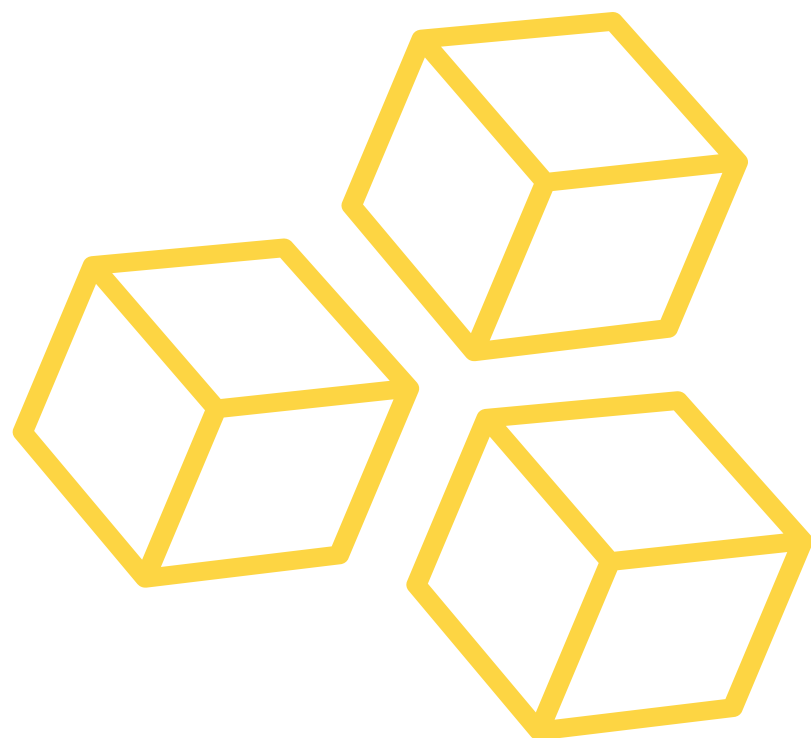
Why this target is important:

We are committed to ensuring that our products do not harm the environment during their production, use and at the end of their life. Plastic pollution is a particular concern as a result of its impact on the environment.

What we achieved in 2017:

We aimed to develop one new sustainable packaging innovation during 2017 but did not achieve this because some promising concepts did not meet our standards during tests.

To ensure we do everything we can to meet this target we have created a cross-functional team, the Packaging Transformation Committee, to ensure innovation is driven through the business. More information will be shared in our 2018 report.





2020: Target 12



ENSURE THAT 70% OF OUR TOTAL PRODUCT PACKAGING DOES NOT CONTAIN FOSSIL FUELS

Why this target is important:

Fossil fuels, such as the oil used to produce most plastics, are non-renewable resources. This means we need to use them as rarely and as carefully as possible.

What we achieved in 2017:

By the end of the year, 55% of our packaging was fossil fuel-free (oil/petroleum, coal or natural gas). It's a little short of our 2017 aim of reaching 63%, but we still believe we are on track to meet our ambitious 2020 target.

We are making progress in this area in several ways. Where we must use plastic, in robust packaging for liquids, for example, we incorporate Post Consumer Recylate. While that was originally made using oil, repurposing this material removes it from the waste stream, limiting its environmental damage.

Where technically possible, we are adding recycled materials into our packaging and more varied recycled materials into the packaging of our bath and skincare products.





2020: Target 13

POWER 100% OF OUR STORES WITH RENEWABLE OR CARBON BALANCED ENERGY.

Why this target is important:

Carbon emissions help cause climate change and other significant environmental damage. Sourcing renewable energy (generated from solar, wind, biomass or geothermal sources) is a critical part of reducing these emissions.

What we achieved in 2017:

By the end of the year, 23% of our stores were using renewable or carbon balanced energy (see explanation below), reflecting both our own and franchised stores. This is the same as in the previous year and falls some way short of our 2017 objective of 40%. We're disappointed that we have not made progress in this area. Stores in Singapore adopted our carbon balancing

programme, managed by World Land Trust. This scheme is designed for countries where renewable energy is not readily available, enabling us to offset our unavoidable carbon emissions until we can eliminate them. This works by helping to prevent, or absorbing, an equivalent quantity of carbon emissions elsewhere to neutralise the impact of our emissions.

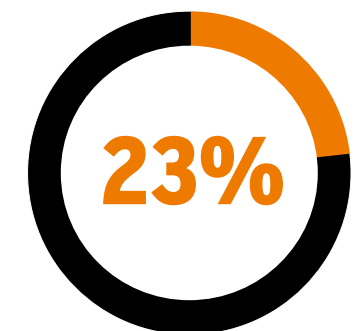
This programme continues to work towards certification by the Climate, Community & Biodiversity Alliance and we hope that more of our stores will adopt it in the near future.

We are committed to working with our franchise partners, senior managers and stores to improve performance. As we close into 2020 and the end of our current

commitment, we will also be encouraging markets that are unable to source renewable energy to utilise our carbon offset programme.

Whilst carbon balancing is not our preferred choice, we are aware that such an approach does mitigate our impact as we gain a greater understanding of the availability of renewable energy.

BY THE END OF THE YEAR



OF STORES WERE USING RENEWABLE OR CARBON BALANCED ENERGY





2020: Target 14

REDUCE THE ENERGY USE OF ALL OUR STORES BY 10% BY 2017

Why this target is important:

We need to consume fewer resources, including less energy. We also need to emit no substances that could harm the environment or its people.

What we achieved in 2017:

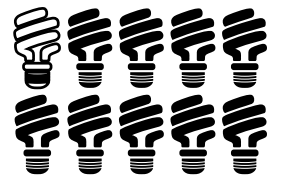
Globally, we reduced the energy use in our stores by 3%, falling some way short of our 2017 target and failing to match the 5% reduction we made in 2016.

Although this is disappointing, two countries met or exceeded the target. Our stores in Vietnam reduced their energy use by 18% and those in the USA managed a 10% reduction. It is also worth noting that some countries significantly reduced their energy use in the previous year. In addition, a number of countries had previously adopted our higher energy Pulse store design, making further energy reductions more challenging.

We have decided to challenge our colleagues in countries

who have not yet secured a 10% reduction in energy use in 2016 or 2017, with the aim of reaching this reduction in 2018. We will increase the tools, guidance and training programmes available to help our senior managers and store staff achieve this.

REDUCE BY
10%
THE ENERGY USE
OF ALL OUR STORES





Looking Ahead

In 2018, we will build on the progress and learning gained in 2017 to redouble our efforts to meet our Enrich Not Exploit™ targets.

With effect from January 2018, we refined the targets or indicators of six of our Enrich Not Exploit™ targets as a result of our new alignment with Natura &Co systems or other strategic changes.

We will continue preparations to roll out Future-Fit Business Benchmark standards across all areas of our business. This will ensure we work towards global best practice in areas across our business, from our procurement, energy use and waste management to staff health and representation and product communications.

All this work will support our aim to become a more efficient and impactful business in terms of our financial, environmental and social performance - the 'triple bottom line'. Ultimately, it will help us to fulfil our ambition to become the world's most sustainable business.

For additional information about any aspect of our work, please visit thebodyshop.com.

Changes to Enrich Not Exploit™ targets or indicators from 2018

Target 1

We recognised that over 30 years of experience with our Community Trade programme offered us the opportunity to increase our impact if we used this knowledge across our broader supply chains. From January 2018 our Ethical Trade and Sustainable Sourcing teams will come together to work as one collaborative team. Our Ethical Trade Team is responsible for ensuring we only trade with those who meet the highest standards of compliance across all our supply chains. Our Sustainable Sourcing Team specialise in sustainable, traceable natural ingredients and accessories, including our Community Trade programme.

This change means that while we will continue to increase the scale and size of our pioneering Community Trade ingredient and accessories programme, the target has a broader focus than just these materials to include suppliers of packaging, finished goods and indirect services. As well as increasing the scope and scale of this target for greater positive impact, this will help us address wider concerns such as plastic waste, water use and modern slavery in our supply chains. This approach also facilitates greater input and participation from NGO partners who, we believe, can help us explore new ways of working and ideas for increasing our impact.

Target 2

The original target stemmed from our Community Trade programme and our participation in L'Oréal's Solidarity Sourcing Scheme, which ended in September 2017 following our change of ownership from L'Oréal to Natura &Co. Our revised target still includes providing access to work and economic opportunities, but has additional ways of benefiting vulnerable people through improved access to education, healthcare and sanitation, and addressing social exclusion.

Targets 6, 7

Since joining Natura &Co, we can no longer use L'Oréal's water footprint measurement tool which was referenced in the targets announced in 2016. Therefore, we have removed the measurement of water footprint as an indicator. However, we have created new tools to accurately measure and report on the biodegradability of our formulas, our ingredients of natural origin, number and the formulas created from materials derived from green chemistry. We believe these are the most critical areas to measure our impact and this approach does not lessen our ambition or determination in these areas – just the way we measure and report on them.

Target 11

Now we do not have access to the L'Oréal packaging measurement tool, we instead will aim to meet Cradle to Cradle certification. Cradle to Cradle is a product certification standard managed by Cradle to Cradle Products Innovation Institute. It sets out minimum social and environmental thresholds across several aspects of product design, including health, material reutilization, renewable energy and carbon management, water stewardship and social fairness. The certification is based on the idea that industry must protect and enrich ecosystems, with independence, openness and transparency as the main principles for the standard. It is a holistic framework that seeks to create systems that are not only efficient but also essentially waste free.

Target 14

This target was initially to the end of 2016, but we have extended it to the end of 2018 for those markets who have not achieved a 10% reduction in the past 24 months.

For a full list of our targets and indicators applicable from 2018, see the following pages.



The Body Shop Enrich Not Exploit™ targets and indicators 2018

	Enrich Not Exploit™ Targets	Indicators
1	Increase our Community Trade programme from 19 to 40 suppliers and help enrich supplier communities.	Number of new Community Trade suppliers which meet the applicable social and environmental standards of The Body Shop's Sustainable Sourcing Charter and for which a purchase order has been raised between January 2018 and December 2020.
2	Benefit 40,000 economically vulnerable people around the world via access to work and/or sustainability projects that relate to our supply chain.	Number of people and wider community members who benefit from employment and sustainability projects that relate to our supply chain activities. We will include people from Community Trade suppliers and other sourcing programmes.*
3	Engage 8 million people in our Enrich Not Exploit™ Mission, creating our biggest campaign ever.	Number of signatures on The Body Shop's Forever Against Animal Testing petition.
4	Invest 250,000 hours of our skills and know-how to enrich the biodiversity of local communities.	Number of hours volunteered by The Body Shop employees and The Body Shop franchise employees in paid work time.
5	Ensure 100% of our natural ingredients are traceable and [...] [...] sustainably sourced, [...] protecting 10,000 hectares of forest and other habitat.	Number and percentage of natural ingredients whose feedstock is traceable to country of origin at minimum. Number and percentage of natural ingredients meeting The Body Shop's definition of 'sustainably sourced'. Number of hectares of habitat that has been protected as a result of The Body Shop's sourcing of natural ingredients in that area.
6	Reduce year on year the environmental footprint of all our product categories.	Category averages of biodegradability (%), % of ingredients of natural origin, number and % (of formula) of materials derived from green chemistry, measured against the previous year's scores every year, starting in 2015.
7	Publish our use of ingredients of natural origin, ingredients from green chemistry, and biodegradability and water footprint of our products.	Number and proportion (%) of company websites which publish our use of ingredients of natural origin (%), ingredients from green chemistry (%), and the biodegradability (%) of our products at category, product family and article levels.
8	Develop an innovation pipeline that delivers pioneering cosmetic ingredients from biodiversity hotspots and helps to enrich these areas.	Number of ingredients whose feedstock is traceable to a biodiversity hotspot; help protect biodiversity; are not currently used by The Body Shop; are relatively unknown in the cosmetics industry; and have proven cosmetic benefits.
9	Build Bio-Bridges, protecting and regenerating 75 million square metres of habitat [...] [...] helping communities to live more sustainably.	Engage 8 million people in our Enrich Not Exploit™ Mission, creating our biggest campaign ever. N/A. Activities commence in 2017.

The Body Shop Enrich Not Exploit™ targets and indicators 2018

	Enrich Not Exploit™ Targets	Indicators
10	Reduce the environmental footprint of our stores every time we refurbish or redesign them.	<p>1. A reduction in the LIST (Low Impact Sustainability Tool, a resource of the Buildings Research Establishment (BRE)) score of stores that have been refurbished or redesigned</p> <p>2. A reduction in the average energy usage per year per store (global level) in kWh</p> <p>Measurement of the overall target uses a binary system and weights both of the factors equally in the absence of more detailed information to carry out a detailed weighting. This means that in order to claim a reduction in our environmental footprint, there must be a reduction in both metrics. This target will be assessed at a global level only.</p>
11	Develop and deliver three new sustainable packaging innovations.	<p>Number of product packs which:</p> <p>1. Use a new technology (in the cosmetics industry), use existing technology in a new context, or obtain a packaging material from a source previously uncommercialised for the cosmetics industry.</p> <p>2. Meet at least the Basic level threshold for Cradle to Cradle™ certification.</p>
12	Ensure that 70% of our product packaging does not contain fossil fuels.	Amount of non-virgin fossil fuel derived material in product packaging by weight - the post-consumer recycle (PCR) - is categorised as non fossil-fuel-derived.
13	Power 100% of our stores with renewable or carbon-balanced energy.	<p>1. Percentage of stores running on renewable energy.</p> <p>2. Number and percentage of stores carbon balancing.</p>
14	Reduce by 10% the energy use of all our stores.	Total energy use of all The Body Shop stores in kWh.

*We are currently defining our methodology for measuring sustainability beneficiaries. We will have a completed method by the end of Q3 2018.



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