

THE BODY SHOP®

Position on Sustainable Palm Oil

Palm oil is a raw material used to manufacture ingredients used in a large number of The Body Shop® products, including soaps and toiletries. In addition, palm oil provides employment and is an important source of nutrition for millions of people in the less developed world. However, expansion of palm oil plantations contributes to the destruction of the world's ancient rainforests and endangers animal species such as orang-utans in Borneo and Sumatra. Conditions for people working in plantations and indigenous people in surrounding communities are also harsh and unjust, resulting in frequent conflict over land and human rights violations.

Since we became aware of these conditions, The Body Shop has worked passionately to contribute to improvements for workers, communities and animals affected by the production of palm oil. We have taken on a leading role through our seat on the Executive Board of the Roundtable on Sustainable Palm Oil, an unprecedented collaboration between grassroots groups, environmental and social NGOs and companies involved in the palm oil sector.

The first victory was reached in 2005, when the RSPO agreed a set of Principles and Criteria for the Production of Sustainable Palm Oil, setting strict guidelines for conditions in palm oil plantations. Several large plantations are now in the process of becoming certified against this international standard, and The Body Shop will incorporate palm oil from certified sources in our products, once the work is complete in 2007. Throughout the process, we have shared our experience as a leading ethical company, by championing human rights criteria, providing practical advice to plantations and advocated the inclusion of small-scale farmers by funding projects for small-holders. We have also worked to create support for sustainable palm oil in our sector, and have teamed up with Friends of the Earth to encourage other retailers to support the Roundtable. This effort has so far brought the total number of retailers up from only 3 in 2004 to 15 in 2006. We acknowledge that there is still a lot of work to be done, but we are hopeful as we see improvements beginning to take shape.

Our work has been recognised by Friends of the Earth who said:

"The palm oil industry offers important development potential for countries such as Indonesia and Malaysia. However the reality is that the industry has in many cases been developed in a highly destructive way which has led to the loss of huge areas of highly biodiverse rainforest and damaging impacts on both workers and local communities. The Roundtable on Sustainable Palm Oil is a valuable initiative trying to find a way to produce sustainable palm oil and get it to the international market place. We congratulate the leading role The Body Shop has taken among global companies in supporting the development of the Roundtable on Sustainable Palm Oil. They have played a crucial role in helping formulate strong standards for sustainable palm oil production and are now playing a central role in developing mechanisms for bringing certified palm oil to the global market. The Body Shop was one of the first global retailers to provide support for this initiative and has paved the ways for other retailers to follow its example. The Roundtable on Sustainable Palm Oil still has a tough journey ahead of it before credibly certified palm oil reaches the market but without the passion and commitment of The Body Shop it is hard to believe that the Roundtable would have come so far, so fast and that this goal now seems so attainable. The continued support of The Body Shop to the Roundtable is crucial to the integrity and credibility of the entire process. We fervently hope that this invaluable support will continue."



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Background on Palm Oil

Palm oil is one of the world's most popular vegetable oils. It is used in countless everyday items including cosmetics, household products and foods and is regularly consumed by over a billion people worldwide. Millions of people, many of them in developing countries, depend on palm oil for their livelihoods, employment and nutrition. A huge growth in demand – a six-fold increase since the mid 1980s and still rising – has led to the clearance of vast areas of primary rainforests for plantations, particularly in South East Asia.

Our source of sustainable palm oil has been independently audited and as such confirmed as not leading to deforestation, endangering the natural habitat of wildlife, or impacting negatively on biodiversity. The plantation from which The Body Shop sources sustainable palm oil was successfully audited against RSPO (Roundtable of Sustainable Palm Oil) standards in 2008.

Recently a local land rights issue was raised in relation to a company linked to a subsidiary of our palm oil supplier in Colombia. Whilst the land in question is not an area from which The Body Shop is sourcing any ingredients, we take any such issues very seriously. The Body Shop has been working with Christian Aid, the organisation to have raised its concerns, and other key stakeholders with an active interest in this issue, to try to clarify the facts of the case and resolve the dispute. Employees from The Body Shop have visited Colombia, helping bring together the different stakeholders, in collaboration with Christian Aid, to forge a way forward in what is a very complex case.

The Body Shop has always cared about the wider impact of our business and our supply chain and is committed to engaging positively with suppliers and other stakeholders to help resolve issues such as these. We will be monitoring the situation very closely.

In October 2009, the World Wildlife Fund (WWF International) released palm oil 'Scorecards' evaluating the palm oil usage of 59 European companies. WWF rated The Body Shop as the 7th most progressive company based upon our palm oil policy, use of sustainable palm oil from Colombia and efforts to combat issues within the wider palm oil industry.