

# A new paradigm: Ethical business as usual.

**Future  
Business  
Partnership**

Is it strange to be optimistic in the middle of a crisis? We know that at current rates of unsustainable consumption we are using up Earth's life-supporting resources, polluting water, air and soil faster than they can be replenished. This scarcity of resources, combined with increasing inequality, represents not just an environmental crisis but also a social crisis. Yet, we are optimistic. Why?

It is clear that as our planet and societies bear the strain of our choices and actions, the responsibilities of governments, businesses and individuals come into ever sharper relief. But as we approach a new decade, it is increasingly apparent that some companies are rising to this challenge and adopting a more responsible model, in order to have a positive impact on society and the environment, as well as their bottom line.

Capitalism is therefore adapting as businesses evolve to meet the demands of their customers' shifting attitudes, with new forms of ownership and operating models surfacing in order to succeed in these new market dynamics. We believe this "ethical consideration" can no longer be an afterthought for any company, but rather must propel our thinking and strategies forward, informed by three key principles:



**1. Give the people what they want**  
From a stakeholder perspective, the business imperative is clear. Customers expect organisations to be ethical, staff increasingly factor it into their employment choices, and investors consequently see it as important to realising a good return. As the Founder of JoJo Maman Bébé puts it: "If you have an ethos of care, with good values, and wish to run a business for longevity, you can do well while doing good."

**2. Commit to meaningful change**  
For such an "ethos of care" to be meaningful to these stakeholders, it cannot be expressed through simple tweaks to existing business and operating models; it requires a fundamental rethink. As highlighted below by the former Global VP for Human Resources at Unilever, the challenge that organisation faced was how to embed a new sustainable business purpose as a driver of overall performance, not just using it as a PR tool. Setting out key goals which drove innovation in products and processes, and aligning business units to those goals, were instrumental to the success of the change programme.

**3. Tell the truth**  
Stakeholders demand change but understand it requires a journey. It's vital for a business not only to show authentic, measurable progress on that journey, but to be honest and transparent about the shortcomings it is trying to address along the way. Technology is enabling a more disciplined and holistic analysis of companies' social and environmental impact data, and the implementation of digital tools can enable clear and simple communication of progress, as well as allowing businesses to better listen to their customers' feedback.

Several of the interviews and case studies in this report mention "B Corp", an independent certification for businesses that meet the highest standards of verified social and environmental performance, and just one of the ways a business can transparently show its impact. Trust has always been a driver of brand value. We strongly believe that today this requires truth and transparency, enabled by technology, and is fundamental to businesses successfully adapting to the new ethical paradigm.

Kin + Carta Advise and the Future Business Partnership have collaborated to publish this white paper which explores these ideas. We do not showcase any perfect "sustainable" business, because none exist, yet. However, we draw insight from UK consumers on ethical purchasing decisions, review the recent financial performance of ethically-minded SMEs, and speak to experts who have lived and driven this agenda in their working lives for decades. These brands, entrepreneurs and leaders have all seen commercial success due to their efforts to be better, in their supply chains, workplaces, products, and communities. More important than "how to achieve success" in sustainability is "how not to get it wrong". The clear lesson is that social and environmental priority must run through all aspects of a brand's activity – not just the marketing. Excellence in sustainability is nothing without consistency and end-to-end transparency. If this total stakeholder view can be integrated into a new form of operating model, and even ownership model, then authentic purpose can be preserved through the challenges of growth.

It is clear that the shift towards more ethical social and environmental practices has already started, but it will accelerate significantly in the coming decade, driven by strong consumer, investor, and employee sentiments.



Those businesses which already operate in this way, through founding principles or lengthy transformation processes, are positioned to take advantage of the forthcoming opportunities, as long as they are authentic in their purpose, strong in their leadership, and



consistent in their behaviours. Many other businesses have started the journey, and all will need to make the required changes in order to survive, compete, and succeed in the new "ethical business as usual" landscape.

Of course, governments have a responsibility to legislate sustainability standards and raise the floor. However, with the right market knowledge, customer insight, technical operating toolkit (and yes, the right shareholders), businesses can compete on raising the ceiling. This is the transition towards a more sustainable economy. They can prove that profitable business can be a force for good. Rather than being the problem, they will become the solution.

Isn't that a reason to be optimistic?

By Nick Zinzan (Kin & Carta Advise) and Vish Srivastava (Future Business Partnership)



A photograph of four people sitting on a grassy cliff, looking out over a rocky coastline and the ocean. A seagull is flying in the sky above them. The scene is bright and sunny.

# About us

At **Kin + Carta Advise**, we build strategies that are customer-focused, commercially-led, and technology-inspired, in order to drive meaningful organisational change and deliver tangible benefits and significant returns – fast.

As such, we are well placed to help companies across all sectors become more ethical in their operations and their products or services, through planning and delivering successful, innovative, organisational, tech and data solutions, specifically tailored for each individual scenario and opportunity.

If you'd like to find out more, please visit us at [kinandcarta.com/Advise](https://kinandcarta.com/Advise).

**The Future Business Partnership** is a sector-focused team with hands-on expertise of investment in consumer businesses, in sustainability and in company-building.

We aim to be the shareholder of choice for sustainable consumer brands and their suppliers, scaling profits, improving performance, and boosting positive social and environmental impact.

We are reputationally compatible, mission-aligned, ethically certified, and offer private capital and relevant expertise to companies who want to preserve and enhance their ability to deliver on their mission.

It's sustainability without sacrifice;  
It's growth without compromise. We believe it's the future of business.

To see how we do it, please visit us at [futurebusinesspartnership.com](https://futurebusinesspartnership.com), or contact any of us via [LinkedIn](#).



Ethical businesses have significantly outpaced the market across a number of key consumer product segments

Two year Revenue CAGR:

| Product Category       | Index of ethically-driven products % | General market growth % | Delta (ppts) |
|------------------------|--------------------------------------|-------------------------|--------------|
| Health & Beauty        | 16                                   | 3                       | +13          |
| Leisure                | 15                                   | 3                       | +12          |
| Food & Drink           | 13                                   | 1                       | +12          |
| Clothing & Accessories | 10                                   | 1                       | +9           |
| Home & Garden          | 9                                    | 2                       | +7           |

Data for "Ethically-driven products" based on FBP and Kin+Carta analysis of Companies House data on c.230 UK consumer brands fulfilling one of the following Ethical Signals: Healthy for consumers; Locally sourced; Environmentally-friendly packaging; Fair treatment of suppliers/communities; Animal welfare; Supporting charity; Clean label; Workplace ethics; Environmentally friendly product; Environmentally-friendly supply chain; Socio-political campaigns. Data for general market growth based on Ethical Consumer: Mindful Consumerism, December 2017 by Euromonitor International, a market research provider.







## Laura Tenison, MBE

Founder & Managing Director,  
JoJo Maman Bébé

### Has your business always had a strong ethical viewpoint?

Actually I didn't start my business from an ethical viewpoint, I started my business in order to make enough funds to live. I guess my ethos on life and the values that I was brought up with were so deeply ingrained that when I started working, employing people, building up business relationships, my general values spread into my business life.

### What are the key principles involved in running a responsible business?

I feel very strongly that money is essential in business, it's absolutely vital to be cash positive, to run your business with a commercial eye because if you don't turn a profit, you're not going to stay in business very long. But money is never going to be a source of happiness – satisfaction in life comes from achieving, and achieving in an exploitative manner is not something that I would be proud of.

I've had a really interesting business life and I still have suppliers across the world, predominantly in developing countries, who I've worked with for many years. And I've been able to watch how JoJo has improved the lives of these people. I've watched small family-owned businesses grow from a few tailors to being a large successful company as a result of our regular orders with them. We have helped them to expand their businesses; offering them stability by promising future orders so that they can invest in their factories. Unfortunately, the fashion industry doesn't always work this way because of the fact that many fashion companies are run purely for profit.

**“The fashion industry can choose to exploit people, or it can do enormous good for people in developing countries. If you have an ethos of care, with good values, and wish to run a business for longevity, it means that you can do well while doing good.”**

This doesn't mean we don't have to make difficult commercial decisions – of course we do, because we have to remain profitable in order to continue to be able to offer valuable employment to people in the developing world and in the developed world. But we must not forget that it's important to invest in and support people along the journey.

### How does having ethical values support a business in the long-term?

On one side, you retain good employees because they believe in what you're doing and they have a good quality of life working in the business. On the other side, you retain good suppliers because they know that as long as they can subscribe to the complex environmental and ethical demands of a business of our type, that we will be loyal to them.

To a certain degree ethical values help to protect our customer base. But a good ethos is the icing on the cake. Our customers come to us because we offer good customer service and good quality product at a fair price. The consumer is rightly demanding; you need to live up to your mantras. It is possible our customers may think, “if I buy from JoJo a percentage of my money is going to run their house charity or back into the local community”, but these customers are the minority, it's the icing on the cake.



### Are consumers driving businesses to become more ethical?

I think consumer expectations are becoming unrealistically high, looking for discounted prices as well as a values-led business, and quite often you can't have it both ways. There will always be a small proportion of society who will pay more because they believe in a mission. But that is a very small percentage and it is ironic to think that in the past we kept many of our environmental initiatives quiet, because we felt that consumers weren't interested.

**“Now we can afford to make a little bit more noise because the tide is turning and environmental initiatives are becoming mainstream.”**

It is frustrating that other companies are jumping on the eco bandwagon. It's difficult for consumers to be able to distinguish between the real values and the PR spin, which is why something like B Corp accreditation is becoming essential, so consumers have a stamp of authenticity to be able to tell who the true values-led companies are.

### How easy or difficult is it for businesses to become more values-led?

If you start off that way, it's easier, which is why it's great to see so many new businesses being launched with values embedded into their company statute. But it is possible for existing businesses to change, so when we have large companies that say they cannot embed the values, they need to think again.

We also know that investors are looking for responsible businesses in which to invest. Combined with consumer demand, I think that we will see change driven by commerce and the desire for the best return on investment. So if the values-led businesses are giving you the best return – which I think they can – then they're obviously going to get more investment and a higher valuation.

It's very interesting to see that companies like Unilever – who are not a B Corp – are buying up smaller B Corp companies. Are they buying these B Corp companies because they want to have showcase businesses that they can talk about, or are they doing it because it's commercially viable? I think it's the latter and their return on investment is higher with these businesses, which is great for their shareholders, the communities, and the employees.





## Pukka Herbs

### Scaling up or selling out?



'Pukka' means authentic in Hindi, and it has remained at the heart of everything the company does.

Whilst a lot has happened since 2001 when the company was born, it has, and has always had, a clearly defined purpose which has not changed since its founding: To create a world where plants play a central role in human health and wellbeing. The business is run in a way that champions ethical and sustainable business practices; producing organic teas and food supplements that combine nature's best ethically sourced herbs.

**Pukka has become globally recognised for its pioneering approach to sustainable business practices. Today, Pukka donates 1% of its sales to environmental initiatives and is certified by one of the highest fairtrade standards in the world, Fair for Life.**

Pukka was a founding UK B Corp company in 2016, a certification focused on business ethics which signals its ongoing commitment to people, plants and planet.

In 2017, and 1.5 billion Pukka teas later, the company was sold to Unilever. Many of Pukka's loyal fans were concerned: Big equals bad, doesn't it? Product quality and company ethics will be compromised, right? As with all things, it depends on the detail.

The founders, Tim & Sebastian, have publicly stated that selling to Unilever wasn't a decision they took lightly. Top of their list was to safeguard Pukka's legacy and accelerate their mission of bringing the power of herbs into more people's lives.

Tim & Sebastian argued that to have significant impact you need significant scale. If what you do is positive, then that impact will be positive. For them, choosing Unilever came down to scale, a demonstrated track record in its pursuit of sustainability, and agreement to Pukka's ethical and sustainable commitments. Unilever's size and distribution opens up opportunities to inspire positive change in more ecosystems and in more people's lives and, importantly for Tim & Sebastian, because of the climate and social health crisis we face, to do it faster.

Unilever and Pukka signed an ironclad commitment that Pukka will be forever 100% organic, continue to donate at least 1% of annual sales to environmental charities, be committed to sustainable wild harvesting with FairWild, be a champion of fair trading with Fair for Life, and be part of the B Corp movement.

Leading by example Pukka has built these commitments into its governance model and created a Mission Steering Council to safeguard Pukka's legacy and accelerate its mission of bringing the power of herbs into more people's lives. This should ensure ethical and sustainable business practices remain priority number one.





Almost 60% of consumers consider ethical product features when buying

When you are shopping in general, how often do you consider the ethical/sustainable features of a product/brand?

Sometimes



45

Always/Mostly



13

Source:  
Omnibus, UK General Population, 2019

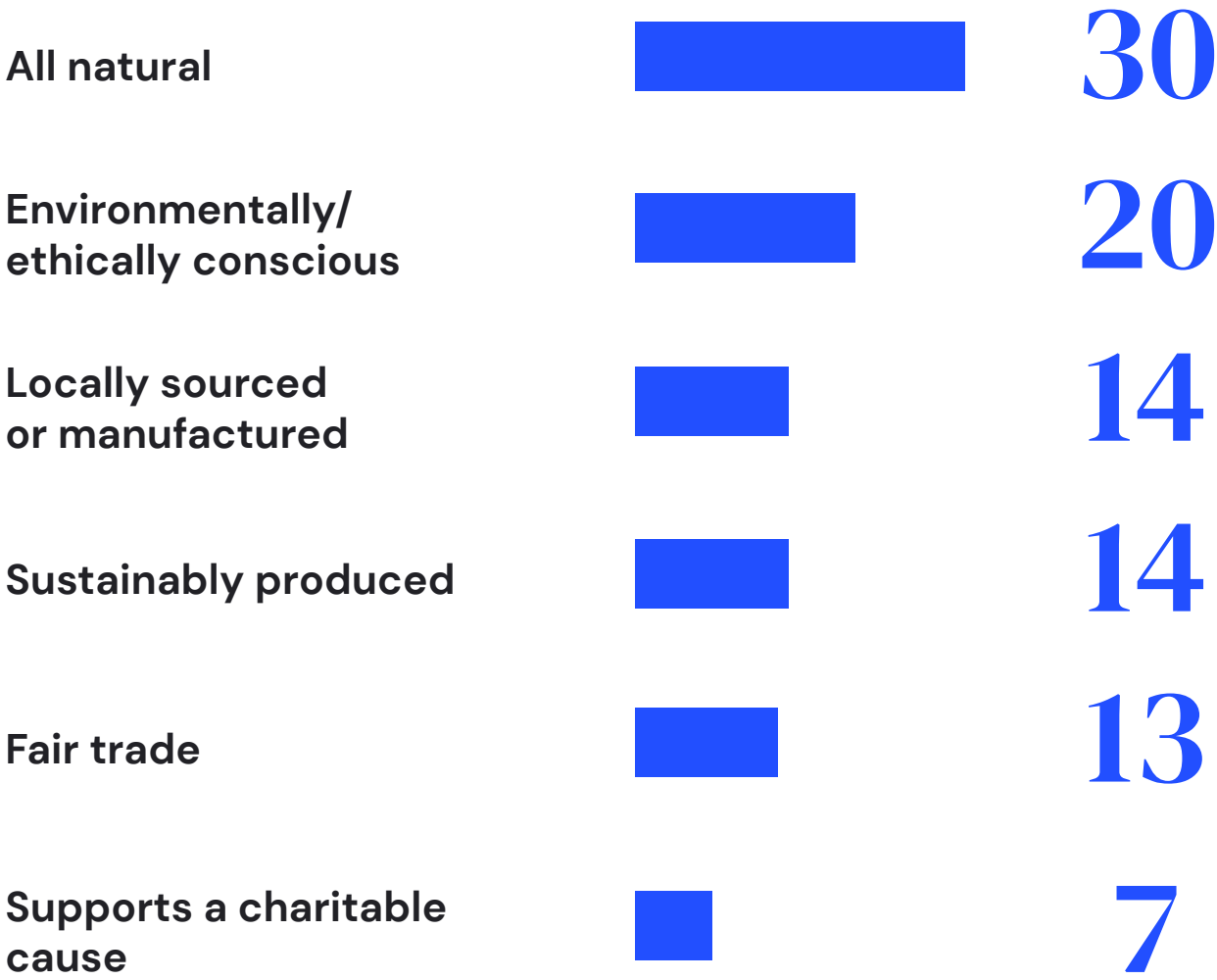




**The most important ethical purchase drivers are ‘All Natural’ ingredients and “Environmentally/Ethically Conscious” products**

0%

Which of the following factors are important to you from an ethical standpoint when considering the purchase of personal, food and household products?



Source:  
Euromonitor International







## Mike Barry

Former Director of Sustainable Business  
at Marks and Spencer plc  
Director at Mikebarryeco

### What makes a business sustainable?

Right now, I think it's poorly understood as to what a truly sustainable business is. Environmentally, you can define it around zero carbon or circular production, but when you look at social aspects – inequality, wellbeing, fairness – it's much less tangible, and business needs to change dramatically from where it is today.

### How is the market now positioned in terms of sustainability?

We are reaching the end of one paradigm, in that the last decade has been about making existing business models less bad, and now seeing, into the 2020s, a decade of new business models – using the example of Tesla disrupting the car industry, or Beyond Meat disrupting the food industry.

You are seeing start-ups emerge and go to scale that offer better, more sustainable options both scientifically and for the consumer personally. It is also becoming mass market – all the main brands of retailers I interact with globally are starting to mainstream it, get interested, engage with it. So this is no longer the preserve of eco ranges, or even big businesses with an inspiring leader like [Paul] Polman [at Unilever], this is starting to become a mainstream preoccupation for many boardrooms. Now, that's brilliant most boardrooms are now thinking about it – however, remember implementing the solution is still very difficult.

So what you are seeing is more and more boardrooms getting behind the need to be sustainable, but I think an awful lot of them will get it badly wrong. Lots of existing businesses will fail in the next decade because they are too big and cumbersome to make the change.

### How are these changes being reflected currently?

I think it starts with the consumer. For the last 10 years, you've started with your supply chain, because it was a very technocratic bunch of decisions. Now you're starting with the consumer, because what things like Extinction Rebellion inevitably do is raise awareness, and consumers then expect business and government to do something about it. So you're listening to them and saying, what do you want from my business in the future? I want great food at great prices, great availability, easy to buy, all produced ethically. Right, how do you bundle that into a package that the consumer actually wants to buy.

**“If you just focused on price, or just focused on sustainability, you will lose. That's the challenge here, you're looking for this sweet spot in between the extremes of great functionality for the consumer, great emotionally for the planet, there's a sweet spot in between those two extremes.”**

### Is this important to all consumers now?

The way I characterise things now is that traditionally you've had 10% of people who are passionately green in a classical sense – I want organic, Fair Trade, lower carbon, recycle more. We are now stepping into two other groups, both at 35%. 35% of people who are light green. They've heard about climate change, pollution and plastic, and human rights but have sometimes struggled to link them to their purchasing decisions and way of life. Now that connection is becoming clearer to them. They've also been concerned that the 'better' product would cost them more, require a PhD to understand and lead to a compromise in product functionality (quality, aesthetics, taste etc). Now these concerns are being assuaged as well as they are offered a 'great sports car that happens to be electric'; 'great tasting food that happens to be vegan/vegetarian'; 'great looking clothing that can also be reused time and time again'.

And a second group of 35% are getting engaged too but through a very different lens. They are incredibly worried about the future, but mainly through the lens of locality – the availability of housing, healthcare, education and jobs; crime; local air pollution and litter. That's sustainability for them, a better life for them, their family and their community. And most of these local issues 'ladder up' to global ones, the UN's Sustainable Development Goals.

So suddenly you've got two very large groups of society, one based on place and one based on light green sustainable consumption, who you can now work with for the first time, by using the right language and offering the right, relevant and engaging solutions for them.

### How do you engage consumers with sustainability?

Talking to them about banning red meat because of its huge impact on climate is part of the solution, but generally offering them a delicious, fantastic vegetarian alternative is far more effective. If we want to scale sustainability to many more consumers, we need a different conversation that goes beyond stating the scientific evidence showing how we live our lives today is wrong – you need a different way of engaging with people. You have to be very careful to present consumers with a product that is genuinely better for the planet and people, but which they also genuinely think is interesting, engaging, aspirational, more fashionable, more stylish, more tasteful than they would normally buy. So just to lazily lump a green product in front of people and say now buy it because it's green is not enough.

### How quickly will change come?

I'm a great believer that change takes longer to start than you ever imagine, but when it does come, it comes much quicker. I think we are in no-man's land at the moment, where most businesses are sufficiently aware that we have a problem, and there is disruption in the marketplace emerging, but not sufficient to convince them to make the bold leap to a new sustainable business model. But as we've seen with wind and solar disrupting coal in western markets, once the old model starts to fall apart, it collapses very, very quickly. And I think the same is going to happen in food and clothing, I think you've got another

2 or 3 years of phoney war ahead of you, and then, bang, it all starts to crumble. Food is starting to be disrupted, partly about plastic packaging, partly about meat. Food is interesting because when you talk about wellbeing for the planet, it's very closely associated with wellbeing for you personally. Same with beauty products, there is a very good read across from the raw material we've used in this product is good, the packaging is good, and hey it makes you look beautiful. I think there's a nice link there. Fashion is at the start, very early in its journey to move away from throwaway fast fashion to a circular, repairable, reusable, rentable clothing. And for individual companies this 'phony war' is dangerous, just enough risk, just enough succor in today's profits to hold them back but all around them disruptors are emerging and scaling. By the time change is obvious, it's too late, you'll be history.

### How has the journey been with Plan A at M&S?

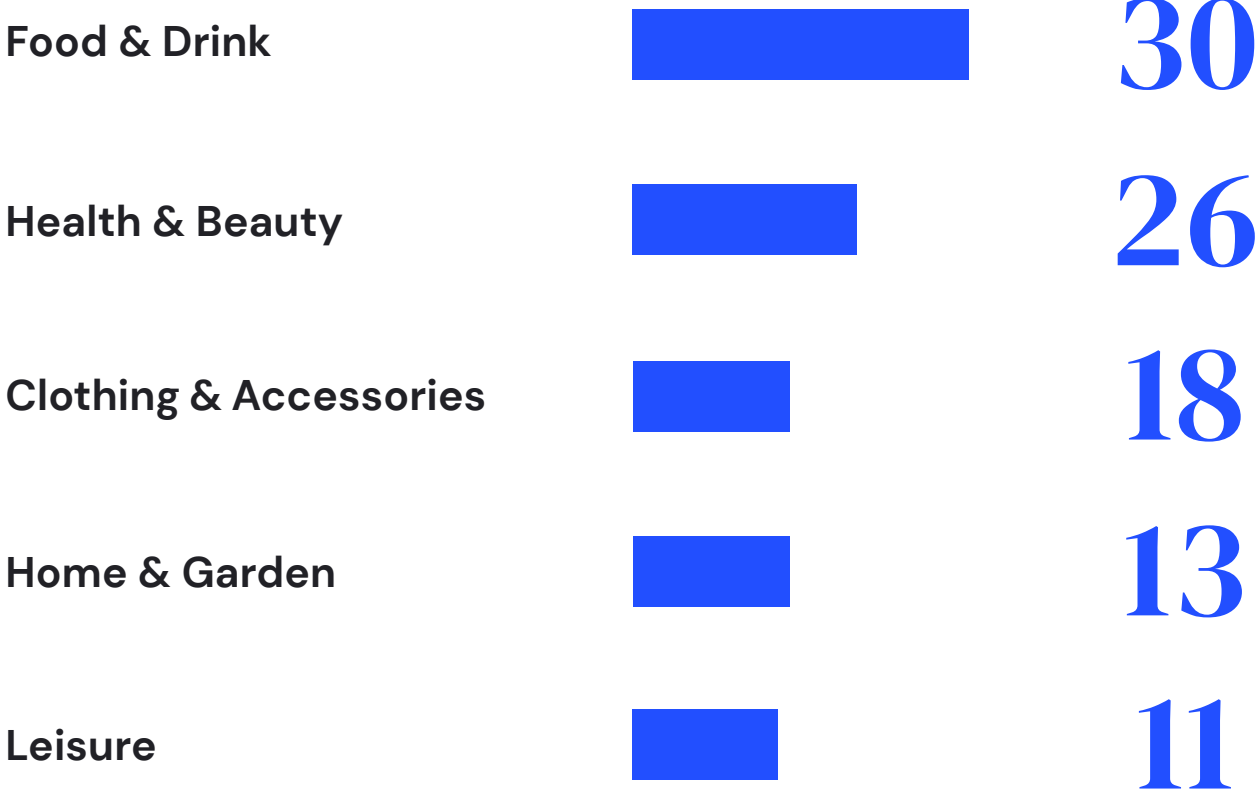
It's been a journey of ups and downs, but it's been a constant at M&S – many businesses launch a big sustainability plan, some work well, some have been awful, most disappear after two or three years, reappear later in a different guise.

What M&S has is that sense of 12 years of continuity – in that period there's been some brilliant years, some real steps on in terms of ambition and progress; other years it's been down in the trenches getting stuff done. One or two years it's been very difficult, which is very much aligned with the economic fortunes of the business – when it's trying to sort its commercial performance, you tend to get a little distracted from thinking about where it might want to be in 2025 or 2030. That's just the nature of change in a large organisation. Now M&S has a lot more focus on colleague and customer engagement: how can you make a difference through your daily contact with M&S, not us doing it on their behalf – out of sight, out of mind – which is a profound change. The second big change to emerge is that no-one can solve this on their own, you have to do it in partnership, and again we built and led partnerships with competitors to address things like sustainable cotton, sustainable palm oil, issues that dwarf M&S, indeed any one company, however large.



Ethical or sustainable features are most important in the food & drink and health & beauty categories

To what extent do ethical/sustainable features influence your decision to purchase products in each of the following categories?



Source:  
Omnibus, UK General Population, 2019







## Geoff McDonald

Former Global VP for HR, Unilever  
Co-Founder, Minds@Work



### What makes a successful ethical business?

My experience in Unilever, and you can apply this to small businesses too, is that it's not good enough just to have a purpose statement, you've got to have these big goals that you build some measures against and be accountable to. We rediscovered Unilever's purpose – to make sustainable living commonplace – over the course of only about 6 months, but the hard work was to embed that as a driver of business performance, and to do that, we set out the goals that people could relate to: improving the health and wellbeing of a billion people, reducing environmental impact, water and greenhouse gases, sustainable sourcing of raw materials, enhancing the livelihoods of millions of people around the world.

We then made sure that all our brands and the way in which we did our business aligned completely to achieving those goals, and in doing that we created an organisation which lived the purpose, and as a result achieved shareholder return of 289%, compared to FTSE return of 110% over the same period.

### How important was Paul Polman's leadership?

Absolutely critical – you can't do it without it. It's the critical success factor having that CEO who's going to drive this, because at the end of the day it requires decisions around investment, around changing infrastructure, systems, and processes. And the person who is going to make the final call when it's big money involved, that's the CEO, and if that person is not behind it, then it won't happen.

### How did the purpose and goals drive performance on a day to day basis?

Firstly, they drove new innovation, for example the goal on wellbeing drove innovation in our soap brand Lifebuoy, in terms of a focus on handwashing, or with Comfort One Rinse, which reduced water usage. Secondly, the environmental goals drove significant cost savings in the supply chain, in recycling of materials, of water, of better management of resources like electricity. Thirdly, having brands which talked not just to the functional needs but also to the emotional needs of the consumer, there you saw significant growth in those brands. If you look at Unilever now, 70% of its growth comes from the brands that are directly aligned to one of the goals, where the brand communication and strategy is actually sending a very strong emotional message.

Then there's a whole area around how you could mitigate risk. The reason Unilever chose water as one of the big things that they wanted to go after was to mitigate risk, because every single one of our products requires lots of water to use it. And if water is going to be in short supply one day, how do we start innovating and providing products which are going to require less use of water, shampoo, etc.



Finally, there is the whole piece around reputation and attractiveness, and therefore employee engagement, retention, which saw significant improvements in Unilever. According to LinkedIn, we went from not even being in the top 75 of the most in-demand companies to work for in the world, to the third most attractive company five years after we truly started to embed purpose as a driver business performance.

### How advanced are other companies in this area?

I think it's an evolution that organisations go through, from "we're going to do some of this stuff because legislation says we should do it", to "we're actually going to start thinking about our corporate social responsibility and what role we could play and then we will be able to tell people that this is the contribution we make", through to what I think is the pinnacle of evolution, where you get to the point of doing good which helps you to do well.

So there's a direct link between the business strategy and that social or environmental challenge that you're going after. And that by going after that social and environmental challenge that will drive the business strategy, growth will be enhanced, and then the profitability of the organisation.

**"I think quite a lot of organisations today are in that middle space, where they're looking for something but haven't yet made the direct link and correlation to how this could be enhancing growth, innovation, new markets, etc."**

### Is this being driven by consumer sentiment now?

It's unbelievable what's going on out there right now in terms of the consumer and what people are expecting of organisations. But you've got to be authentic in delivery, consumers today will take you apart if you're not authentic and it doesn't feel real, particularly with



social media. The Industrial Revolution empowered organisations, the social media revolution has empowered you and me.

### Is this a requirement for businesses to succeed now?

I don't know about now, but I think into the future, yes. For young people today, who are they going to join, how long are they going to stay, the quality of your talent, the war for talent out there. I think in 5-10 years' time, it's going to be a requirement. Otherwise you're not going to attract the people you want.

What I think has to happen, the whole system is going to have to change, it's just not sustainable. The governance structure and the way in which we measure the success of organisations, that is going to change. It's not happening yet, but we see movement, and as soon as that happens, where we start measuring the success of the organisation by the wellbeing of their people, by the contribution it's making to society, yes by it's growth – once we begin to get there, then there's a different way. Even investors are moving, and where the investor community is going, as that community begins to now move to investing more for the longer term, then it will change. It's coming.



# The Body Shop

## The rise, fall, and rise again



Is The Body Shop back?

More than a decade after its surprise takeover by French beauty giant L'Oréal in 2006, and fresh from being bought by ethical Brazilian personal care company in 2017, Natura Cosméticos, the pioneering beauty brand is ready to redefine ethical business for the 21st Century.

Founded in 1976 by the late British environmental and human rights campaigner Anita Roddick, The Body Shop started as a small enterprise in Brighton selling just 25 products. The Body Shop was the first mainstream UK retailer to put an emphasis on natural ingredients that were ethically sourced and cruelty-free.

The Body Shop grew exponentially, ~20% per year, during the next three decades. During this time, The Body Shop launched global social activism campaigns supporting Greenpeace, Cruelty-Free International, and Community Trade. Roddick led the creation of The Body Shop Foundation which supports projects related to civil rights and environmental and animal protection.

In 2006, the year before she sadly passed away, Roddick announced the sale of The Body Shop to L'Oréal which resulted in a tumultuous decade. Poor financial performance was often associated with decline in brand loyalty.

Some industry experts believed there was little overlap between The Body Shop and L'Oréal's other brands. The Body Shop aficionados were put off by its links to a vast corporate cosmetics firm. Many of Body Shop's ethical characteristics were undermined by L'Oreal's wider activities.

Although it continued to open new stores over the next 11 years, like-for-like sales declined and ultimately profits suffered.

In 2017, Natura Cosméticos, a large B Corp-certified company committed to sustainability and ethics purchased The Body Shop from L'Oréal. Natura CEO João Paulo Ferreira said the brands share the same principles "advocating the use of natural ingredients, seeking to use our business as a platform to raise environmental consciousness."

**The Body Shop is now optimistic that it can achieve what it set out when it launched the Enrich Not Exploit campaign in 2016, and become the world's most ethical and truly sustainable company.**

In line with this, The Body Shop has launched a new concept store in London in which customers can sign up to campaigns in an 'activism corner,' refill bottles of shower gels, receive vouchers for returning packaging, and shop in a store decorated with 100% upcycled materials.

In February last year, The Body Shop announced its 2018 results with modest rises in revenue, like-for-like sales and operating profits, and even more recently The Body Shop achieved B Corp certification. It may be too early to judge, but the first green shoots of a resurgence are showing.

Two different owners. Two vastly different outcomes. Aligned ownership is vital.

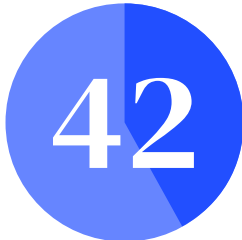




Ethical products need to match the efficacy that already exists in the market, but if this is achieved, there is appetite amongst consumers to switch to different, more responsible brands

0%

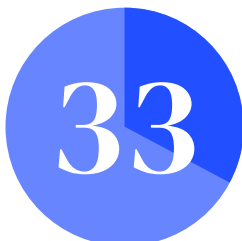
Consumer purchasing behaviours – if a product is ethical or sustainable:



% of consumers would buy a different brand from usual



% would pay a little more



% would buy a less convenient product



% would choose a slightly less effective/appealing product

Source:  
Omnibus, UK General Population, 2019



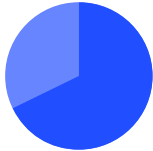


Price, lack of availability and lack of familiarity with brands are the key barriers to purchase, highlighting the immense commercial opportunity in this area

0%

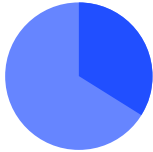
Which of the following factors currently stand in the way of buying ethical/sustainable products?

Higher price



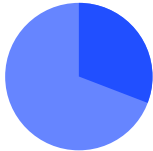
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Lack of availability where I shop



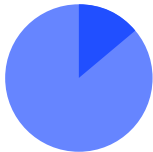
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Lack of familiarity with brands



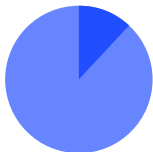
31

Less effective/appealing product



14

Less convenient (delivery times, distance to store)



12







Photo credit: Ian Tuttle

## Sophi Tranchell, MBE

Group CEO, Divine Chocolate



### What are the key values and principles that have underpinned the growth of Divine?

Being farmer-owned and established on Fairtrade principles has been the basis for everything we do at Divine. Creating more equitable trading relationships with smallholder farmers in Africa and around the world has always been our mission, providing a fair price and a social premium which they could invest in their farms and communities. We also share a commitment with our farmer co-op partners to empower women, supporting them in cocoa farming to thrive in business, and have had a long-term commitment to invest 2% of our revenue in supporting African cocoa producers.

**“Our ownership structure has provided us with a point of difference in a very competitive marketplace, allowing us to stand out and giving us opportunities to raise the awareness of our brand and product. But we also recognise that we are selling chocolate which has to taste good to appeal to all the chocolate lovers out there, which gives us the chance to then point out our unique social mission and explain why we are different to the big brands.”**

### How do you prioritise success in terms of financial, social, environmental and other KPIs at Divine?

We are a social enterprise – in fact one of the first social enterprises in the UK 20 years ago – but like all other

businesses we need to be financially successful. Without a focus on being profitable, we would not have a business and so we have to make the same difficult commercial decisions at times that all companies face, with the decline in the value of the pound particularly challenging during the financial crisis and after the Brexit vote.

In our case, though, making money also means that we are supporting our social mission as the more profitable we are, the more our farmer owners receive in dividends, and so the more support their local communities receive. We are also a company that does business differently – we treat our employees properly, we care about the environment, and we produce these Fairtrade products. We were one of the first companies in the UK to become B Corp certified, in 2016, and this reflected the way we set up and have run the business over the past 20 years.

### In what ways does Divine’s business model differ to other companies?

Being farmer-owned has resulted in much more of a focus on the communities where the cocoa growers live, a strong link to those people, and an awareness of how decisions we make impact their lives. This social consideration and way of thinking has informed everything else we do in the business, from the relationship with our manufacturing partner to our employment practices, our marketing and customer relationships, and how the end consumer views us. I feel that the different attitude that our employees have towards all our commercial relationships, rather than a different business model, is what makes Divine distinctive and successful.

This means we have much more of a focus on collaboration and partnership. For example, we have worked with the same chocolate factory in Germany for 20 years, and over that time have been able to positively influence that business to become more socially and environmentally responsible, in part because the owner has visited Ghana to meet the cocoa farmers.

We worked closely with and have been stocked at the Co-op from early on in the Divine journey, the company being a natural partner for us given their member-owned structure and focus on community and fairness. We have also recently been able to expand and bring our model to other farmers, for example we launched a new organic range with farmers from Sao Tome, an island off the coast of West Africa.

### What is your definition of an ethical business?

The term ethical, like sustainable, is difficult to define in a business sense as there are so many ways it could be interpreted, but I think that being set up with a social or environmental mission or purpose is very important.



I would not generally describe Divine as an ethical business, I prefer to focus on specifically what we are – a Fairtrade chocolate company co-owned by farmers, driven by a social mission to empower consumers and producers, but which needs to be a commercial success in order to fulfil its purpose. We also recognise that we have focused on a social rather than an environmental mission, and so are not perfect – for example, we use packaging from non-recycled materials as that is currently the only feasible option, and land is of course

required for cocoa farms but we do what we can (removing unnecessary plastic would be an example). How easy or not is it for larger businesses to transition to a more ethical business model? Large businesses can become more responsible and move towards a more ethical business model, though it is much harder than if a business is set up with a specific purpose.

**“Having strong leadership with a focus on that purpose and the goals that will help deliver it is very important in bringing about change. But this type of change can also be, and actually normally is, driven by individuals in the business – it should not be underestimated how much positive impact an individual can have, even in a large organisation.”**

A move towards more socially or environmentally responsible business practices is also now being driven by consumer attitudes to a certain extent, with awareness of these types of issues much higher now compared to 20 years ago, resulting in a growing recognition that things need to change. In addition, there is more of a focus from investors on social and environmental impact, and this combination of action internally from individuals and pressure externally from customers and investors is resulting in large businesses acting more ethically. I think that with everything that is happening now, there is likely to be substantial change in this area in the next few years, and that within 10 years, all large corporations will need to have made significant changes to the way they operate in order to continue to deliver shareholder value.



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