

# FAIR ENOUGH?

Creative buyer Gabbi Loedolff explains how Lush cosmetics has created a truly transparent supply chain and what it means to be part of one of the most ethical companies in the world

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Gabbi Loedolff has what many would consider to be a dream job. As a creative buyer for handmade cosmetics giant Lush, she travels the globe sourcing quality ingredients for the company's expansive range of fresh products. She journeys from villages in Ghana to the dry forests of the Dominican Republic in search of fully traceable and sustainable materials that form the basis for the products, bringing Lush £454m in sales in the last year alone. It has created a supply chain that truly considers society as a key stakeholder.

Lush was founded in 1995 and in two decades has grown to more than 900 stores worldwide. The business is run from its offices in Poole and has expanded to six factories worldwide, where its products are individually crafted by hand. Everything from

the reclaimed wood interior of each shop to the post-consumer recyclable packaging creates an image of a brand that puts ethics first. As a result of its green practices the company has been voted one of the best high street shops in the UK, by Ethical Consumer, and recently won Retailer of the Year at the Australian Retailer Association's Australian Retail Awards.

The born-green company is often used as an example of why ethical supply chains and financial success are not mutually exclusive, and Gabbi and the Buying Team are at the heart of this process. As a creative buyer, Gabbi's job is to move beyond the idea that the lowest price is the bottom line and instead focus on finding ingredients that support Lush's core values – creating sustainable, fresh, handmade products without animal testing,

while safeguarding the welfare of the worker. Gabbi describes the Lush vision as: "Sourcing beautiful, top quality materials, while understanding the devastation that's facing nature and how we can minimise our impact on that. Profit is important but it has never been the sole focus."

## A clear vision

Lush's creative buying policy has developed over the years to capture a sense of transparency rarely seen across a supply chain, especially one spanning countries across the globe and worming through conflict areas where human rights abuses are rife. The company insists the farms they use employ the regenerative principles of permaculture – a system of permanent agriculture involving studying and simulating ecological patterns to create



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Image: Gabbi works with cocoa butter at Lush's factory in Poole

a productive ecosystem. Sat in the buying offices in Poole, Gabbi begins to tell the story of the Lush supply chain: “More than a decade ago we started to move beyond just buying top quality materials to working to understand our supply chains – where materials were coming from and who was producing them.

“We realised that, generally, the traditional profit distribution model did not benefit the people growing or producing raw materials, so we have made an effort to reduce the number of hands taking a cut of the profit along the way. We work directly with the growers, where possible, to do more capacity building on the ground to introduce that value-adding process.”

One way Lush has made these changes is through creating the SLush (Sustainable Lush) Fund. The premise for the fund is simple – the company wanted to move beyond just buying ingredients to developing supportive partnerships with the communities that produce them. Of the company’s buying spend, 2% is spent on the fund, including cultivating relationships with communities and developing an infrastructure to aid efficient production. The fund now has 32 projects in 19 different countries.

“We’re striving to create self-sufficient projects,” says Gabbi. “The communities need investment in the beginning, including funding to realise their vision. It is their idea for how they could produce something and how they could grow it, based on permaculture principles. Where it’s a raw material we use, we can provide a market for it and support the initial infrastructure. We help them create a funding proposal so they get financial support but our partners on the ground are accountable as well.”



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“Our long-term vision for cocoa is to have complete traceability. We want all of our cocoa to come directly from small communities like the Peace Community”



Images anti-clockwise:  
Employees hard at work  
in the Poole factory  
using fresh ingredients



Image: The Peace Community of San José de Apartadó, Columbia, transporting cocoa beans that will be sent to a processor in Holland to become Lush cocoa butter



## The truth about Fair Trade

Working with raw materials across the supply chain can prove challenging. One of the most difficult ingredients to trace is cocoa. Historically, there have been concerns about the use of child labour in the cocoa industry and it is almost impossible to ensure the material is truly Fair Trade. Governance issues plague the industry, with civil war often politicising the production of cocoa and corruption allegations preventing much-needed investment. The cocoa industry is in crisis. For Lush the mission was clear – to source ethical cocoa and overcome the challenges of such a complex supply chain. “My personal view is that no certification is infallible,” says Gabbi. “Certification can provide a great foundation but there’s always a way of cheating the system, even when buying Fair Trade certified material through a distributor. When we made the move from conventional to Fair Trade, one of the priorities was finding people who could ensure transparency.”

Gabbi visited communities and farms to understand each step of the supply chain, including how the prices were decided, how the communities were benefiting, and what support and training they were receiving. “Nothing is taken at face value. I sat in on a number of community meetings. I saw the fermentation, drying and sorting facilities. I went with a shipment to the dock to see every single step and then visited the processor again in Holland.”

## Peace in war

Lush has risen to the upper echelons of sustainable business because it refuses to take the easy option, priding itself on its work on



the ground. In 2010 the company made the ambitious decision to work with the Peace Community of San José de Apartadó, in Colombia, to buy the 100% Fair Trade cocoa used in products such as their Charity Pot body lotion and Peace massage bar.

In parts of Colombia the landscape is scarred by 600 years of conflict and the Peace Community has been subject to attacks from leftist guerilla fighters and right-wing paramilitary groups.

Founded in 1997 against a backdrop of violence and intimidation, a group of 2,100 farmers pledged a process of peaceful resistance and a life of non-violence. As a result, the state has withdrawn support, healthcare, mains electricity, schools and protection. In total the community has lost 261 members to those seeking control of their land.

The Peace Community lives and works in a small rural town in the northwest of Colombia, near the Gulf of Urabá. Each day the farmers wake before the sun rises to begin harvesting their cocoa.

The seedlings are grown in a special form of compost, made by the community, and are planted in the fields. Within two years cocoa pods will grow from the trees where they ripen, and those that look healthy are collected and opened using a machete. The beans are then scooped out by hand and placed into buckets, bagged and taken by horseback to secure areas in the community to be fermented. Those that fail to meet the required standard are used as compost to enrich the soil.

“We were really impressed by their story,” explains Gabbi. “They want to be self sufficient and provide for their families, and

they don’t get any government support. They have historically struggled to access the main market in Colombia because they’ve had issues where consignments sent to market have been waylaid or have run into trouble.”

However, choosing to work in the developing world has not been easy. “Our process is about doing everything to ensure transparency but also realising there’s still a chance that somewhere along the line things might go wrong. That something will come to light that isn’t as you had hoped it would be.

“Our long-term vision for cocoa is to have complete traceability. We want all of our cocoa to come directly from small communities, like the Peace Community. It’s an enduring process for us and one with a number of challenges.”

### Ethical networks

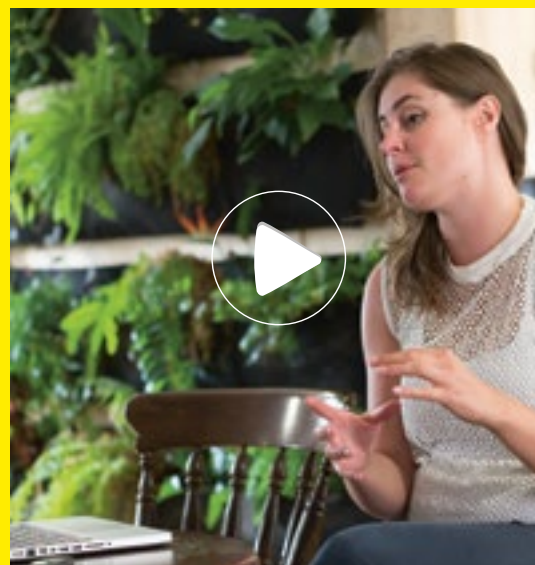
A combination of business acumen and sensitivity to the plight of the community was needed to create a supply chain matching Lush’s aspirations for ethical business. Gabbi worked with the community to ensure the processes used to grow and harvest the cocoa beans were up to scratch. “When you’re working with people who aren’t used to exporting, you have to build expertise and a support network,” she explains. “The best way to do this is through knowledge sharing.”

The buyers at Lush never assume a process is working. Wherever possible they try to visit the communities growing the raw materials and following the material across the supply chain is integral. “It’s about clear, collaborative planning and understanding expectations, as well as monitoring development through reports, visits where feasible, videos and photos –



### Watch it

See how Lush is continuously improving its cocoa supply chain in our exclusive video: [thecqi.org/lush](http://thecqi.org/lush)





“The word sustainable fundamentally means to keep things as they are now. The next step is learning how to make our processes regenerative”

a lot of communication is involved and feedback is really important for creating a transparent system. “At one point there were massive quality issues with the cocoa – we lost quite a few tonnes of beans to mould because they weren’t dried or shipped correctly.”

Gabbi travelled to other cocoa communities in the developing world to improve her knowledge of the quality control processes for this raw material. She then used this knowledge to support the Peace Community, sharing the information she had gathered. “I shared the checklists and made sure we had a clearer way of testing the beans. We also supported the community by funding a dry house, and drying and storage facilities. Then we worked with the freight companies and introduced hermetic bags – usually used to store coffee – which let moisture out but not in.

“We gave the community equipment that improved the way they measure moisture. Once farmers learned these skills they were able to conduct training with their families and the communities, which is now an available source of income for them. The communities needed some financial support to start off with but we are realising the technical expertise we can bring, both from within Lush and drawing on the knowledge of our global network of partners, is invaluable. We are helping new partners to develop experience, technical expertise and share knowledge about quality so they can improve processes themselves.”

### **Packaged with care**

Once the cocoa beans have been harvested, fermented and dried they are sent to a small processor in Holland, where hundreds

of pounds of cocoa butter are created. The resulting cocoa powder is either used by Lush or bought by other companies, adding a new dimension to Lush’s portfolio. The cocoa butter is then shipped to the factory in Poole where it is used as a key ingredient for some of the company’s most popular products. Each product leaves manufacturing for a Lush store within 21 days of its creation to abide by the company’s freshness policy.

Lush had finally achieved its aspiration of creating a supply chain using fully traceable cocoa – an aim that had previously been viewed as impossible by industry experts. However, the company’s ethical practices do not end there. The black packaging used for its products has become iconic because of its simple design and environmentally friendly nature post-production.

“Packaging has always been a real challenge for us,” explains Gabbi. “We started using the post-consumer recycled, UK-manufactured black pots more than five years ago and, wherever feasible, we will only work with suppliers that are willing to use post-consumer recycled materials. Often it’s a challenge to convince potential suppliers that this form of packing can be created.”

To make things even more difficult the Lush team was adamant it would use one single, recyclable material for its pots, so customers could return the empty pots to the closed loop-recycling programme evident in all shops.

“When we created our solid lipsticks we found a company that had the correct tooling but they had tried post-consumer recycled resin before and found the

process technically complicated and inconsistent.” Eventually the company agreed to run a small trial. “It was an amazing moment when we got the phone call to say it worked and they would be happy to use our post-consumer recycled polypropylene (PP) to create the packaging,” Gabbi explains emphatically. “They even asked us about our source for the material because they felt it could be valuable to offer as an option for other customers. It was an incredible victory for us.”

### **After sustainability**

The Lush vision for truly green manufacturing is focused on promoting its ethical practices externally with new suppliers and honing its own green techniques internally. “We’re never satisfied,” says Gabbi. “It’s a constantly evolving process. We are always taking steps towards our goals and as soon as we’ve achieved one thing we uncover more technologies and opportunities. We are continually striving to stay ahead.”

For the buyers at Lush sustainability is no longer the ultimate goal. “The word ‘sustainable’ fundamentally means to keep things as they are now and often that’s not good enough,” says Gabbi. “The next step is learning how to make our processes regenerative. It’s a massive task and the processes are ever-evolving because what appears to be regenerative today you could push even further tomorrow. The capacity and the possibilities keep growing.” Lush feel its green technology and ethical processes are not extraordinary, with a little creative thinking this innovative business model can become an industry standard.