



THE BODY SHOP

MODERN SLAVERY STATEMENT

For the financial year
1 January to 31 December 2019

CONTENTS

04 Introduction

05 Key achievements in 2019

05 Key challenges in 2019

06 Our Structure, Business and Supply Chains

06 Business structure and operations

08 Supply chains

09 Approach to tackling modern slavery

10 Governance and management structure

11 Modern Slavery Stakeholder Panel

12 Our Policies on Modern Slavery & Human Trafficking

14 Policies and procedures introduced in 2019

15 How We Identify, Prevent & Manage Risks

16 Community Fair Trade

17 New approaches in 2019

18 Women workers

20 Our Due Diligence Processes

20 Assessments and compliance

21 Focus on high-risk materials

22 Participatory audits

23 Building Capacity to Tackle Modern Slavery & Human Trafficking

23 Building internal awareness and capacity

24 Building awareness and capacity among our suppliers

24 Collaboration with others to improve our impact

28 How We Resolve Cases Of Modern Slavery & Human Trafficking

28 Tools for our employees

28 Tackling challenges

28 Supporting survivors

29 How We Report and Communicate On Modern Slavery

29 Reporting

29 Communication

30 Our Objectives and Key Performance Indicators

33 Our Priorities For 2020

**THE BODY SHOP HAS ALWAYS
CHAMPIONED HUMAN RIGHTS,
AND MODERN SLAVERY IS
A HUMAN RIGHTS ISSUE.**

**THE BODY SHOP IS A FEMINIST
BRAND, AND MODERN SLAVERY
DISPROPORTIONATELY
AFFECTS WOMEN.**

INTRODUCTION

Modern slavery is an outrage. As an ethical company, we at The Body Shop have a responsibility to prevent, uncover and resolve any unacceptable labour practices in our operations and supply chains. Doing that helps to protect the people involved in harvesting our ingredients, manufacturing, transporting and selling our products, and helping us to run our company.

This Modern Slavery Statement summarises what we did in 2019 to promote decent work and address modern slavery. This is important work but also difficult, requiring regular reviews of our practices and widespread collaboration with others. Each year, we're achieving more in this area, and I'm pleased that we met almost all of our objectives for 2019. But there's much more to do.

The UN Guiding Principles on Business and Human Rights spell out the need to 'know, show and act' – know and show how we respect human rights, and act to resolve any problems. During 2019, we made real progress in the first two categories. Extensive assessments of our operations and raw materials confirmed

areas at high risk of labour exploitation and identified new areas we need to focus on. We're now acting to resolve these, although that takes time.

We took other significant steps to demonstrate that we're serious about making sure that people enjoy decent working conditions. We established a committee specifically to identify and manage risks, including modern slavery risks. This increased oversight matters. We started paying all our UK-based workers the 2019 living wage, which meets the real cost of living. And we became a certified B Corporation, reflecting how we value the welfare of people and planet – not just profit.

As a company with a global presence, we can also persuade others to tackle modern slavery. Every year, we're working with more suppliers, workers' organisations, businesses, governments, charities and coalitions to push for positive changes for workers.



David Boynton, CEO



WHAT IS MODERN SLAVERY?

Exploitative situations that a person can't refuse or leave because of threats, violence, coercion, deception and/or abuse of power. Modern slavery takes many forms and is a growing global problem. According to the International Labour Organisation, over 40 million people are enslaved in some way.

This statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps taken by The Body Shop International Limited and our subsidiaries¹, during the year ending 31 December 2019 to prevent modern slavery and human trafficking in our business and supply chains. This statement was approved and signed by David Boynton, CEO and Director, and approved by the Board of The Body Shop International Limited on 22nd June 2020

¹ The Body Shop Global Travel Retail Limited, GA Holdings (Guernsey) Limited, GA Holdings (1979) Ltd, B S Danmark A/S, The Body Shop Svenska AB, The Body Shop Portugal, S.A., The Body Shop España, S.A.U., The Body Shop Germany GmbH, The Body Shop GmbH (Austria), The Body Shop Benelux BV (Netherlands), The Body Shop Belgium BV (Netherlands), The Body Shop Service BV (Netherlands),

KEY ACHIEVEMENTS IN 2019

1. **Reduced workers' vulnerability:**

We brought the pay of all our UK-based employees and on-site agency workers up to the 2019 Real Living Wage rate², which helps reduce pressure to work long hours.

2. **Increased provision of decent work for marginalised people:**

We launched our award-winning Community Fair Trade recycled plastic initiative, working directly with waste pickers in India. By securing better pay and conditions for waste pickers, we helped to address the root causes of modern slavery by reducing their risks of experiencing discrimination and exploitation.

3. **Deepened our understanding of supplier ethical practices:**

We significantly improved what we know and how we access information about working conditions at our suppliers' sites.

4. **Carried out extensive risk assessments:**

We conducted a major, independent human rights and environmental risk assessment of our raw material supply chains and our own operations.

We started to act on its findings, strengthening our sourcing policy and practice for high-risk materials, such as the sugarcane used in the sugar and alcohol that goes into our products.

5. **Strengthened internal governance:**

We established a high-level committee to report on risks, including those relating to modern slavery and labour exploitation. This means that these issues received regular, strategic attention – they're always on our radar.

6. **Broadened our work with other organisations:**

We worked more widely with a number of organisations, bodies and peers to address shared risks relating to modern slavery. This helped improve the effectiveness of our work, such as reducing risks for waste management workers through the collaborative Indirect Procurement Human Rights Forum.

7. **Increased our communication and campaigning:**

Individuals and organisations need to understand their role in effectively preventing and tackling

all forms of modern slavery. Within our company and externally, we raised significant awareness of how businesses can, and should, tackle modern slavery. This included industry and governmental events such as at the British Consulate in Hong Kong or the UK Foreign office in Bulgaria.

8. **Supported initiatives for modern slavery survivor rehabilitation:** We expanded the Bright Future work placement scheme to our retail operations and co-funded a pilot project to understand impact of travel costs on survivor rehabilitation.

KEY CHALLENGES IN 2019

1. After identifying modern slavery risks, it takes significant resources and time – sometimes years – to get to the bottom of a problem and achieve sustained improvements for workers among all relevant suppliers. We need to maintain focus and follow-up action with urgency.

2. Our primary focus has been on identifying areas at high risk of labour exploitation and preventing these risks from becoming a reality. We need to develop better

grievance and remedy systems to address actual incidents of labour exploitation when we find them in future.

3. Decreasing visibility and/ or lack of leverage within deeper tiers of our supply chain means we have less ability to influence supplier practices. In conjunction with the largely hidden nature of modern slavery it is key that we collaborate with others to address issues systemically.

² A wage that allows a worker to afford a decent standard of family living, with a little extra contingency. The legal minimum wage often falls far short of this. In the UK in 2019 the Real Living Wage was substantially higher than the UK National Living Wage, and met the costs of living, not just the government minimum.

OUR STRUCTURE, BUSINESS AND SUPPLY CHAINS

Business Structure and Operations

The Body Shop is a global retailer of ethical beauty products. We distribute and sell a range of around 1,000 products through stores in more than 70 countries, as well as via e-commerce, wholesale distributors and our direct selling programme, The Body Shop At Home.™ Approximately two-thirds of these stores are franchises run by others on our behalf, in line with strict agreements. In 2019, we directly employed

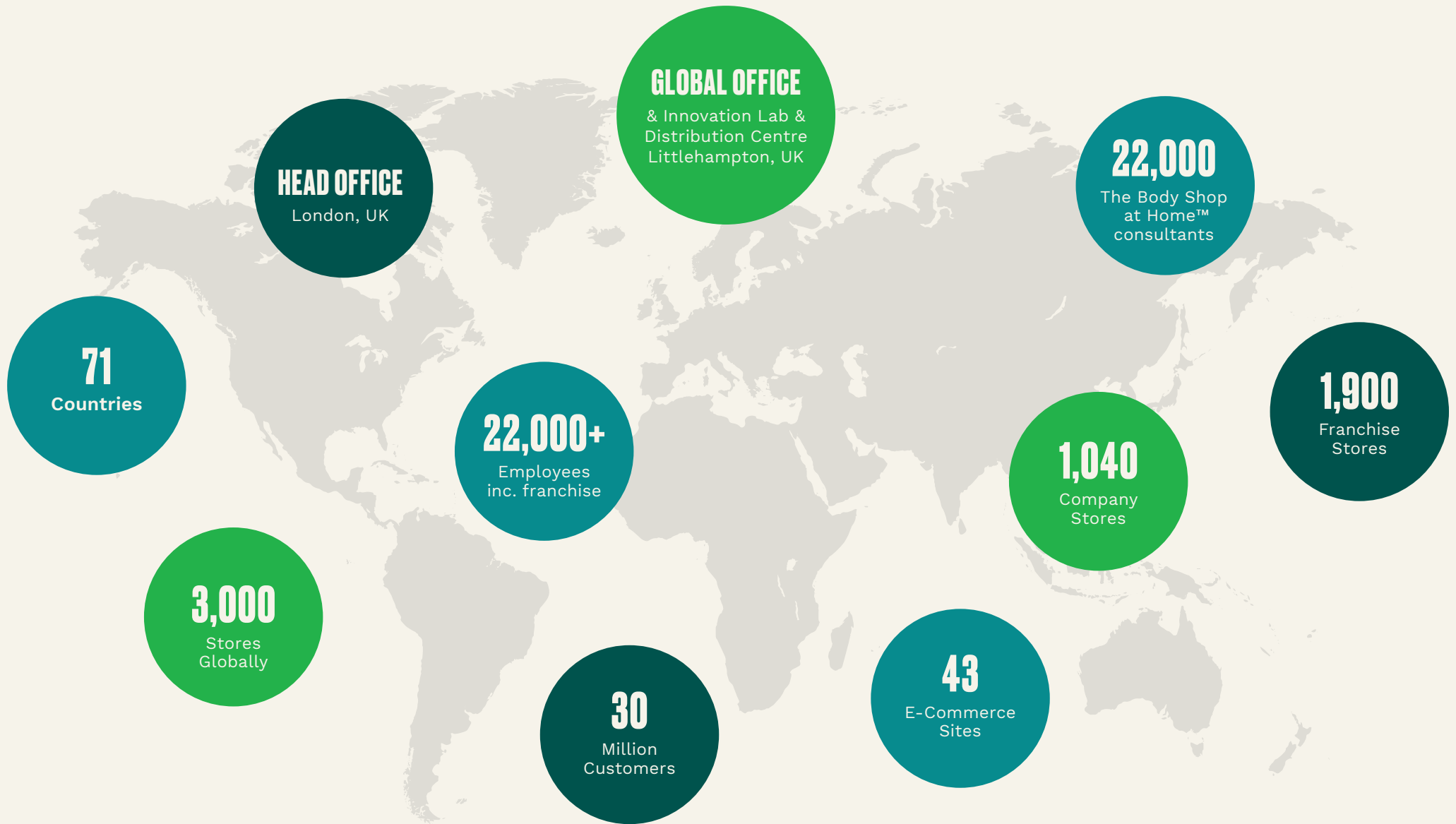
around 9,000 people and our franchise partners employed around 12,000 further people.

Formally incorporated as The Body Shop International Limited, our head office is in London Bridge and we have a global office in Littlehampton, West Sussex. The Body Shop is part of Natura &Co³, a global cosmetics group that is committed to generating positive economic, social and environmental impact.



³ Along with Aesop, Natura and Avon (the latter since January 2020)

THE BODY SHOP IN NUMBERS*



*At the end of 2019

SUPPLY CHAINS

As a retailer, we do not manufacture our own products. Our products are produced by a wide range of ethically approved suppliers, contract manufacturers and agents around the world.

This includes 186 suppliers in product categories that receive the highest level of due diligence. That includes 92 sub-suppliers currently supplying raw materials, finished goods packaging, labels and gifts components to our direct suppliers or agents. We also apply enhanced due diligence checks to suppliers of high risk services such as recruitment agents, cleaning, catering and security. These suppliers and sub-suppliers operate in 27 countries, employing over 53,000 people – around 45% women.

We also have a Community Fair Trade Programme – our own fair trade scheme that goes beyond our ethical trade standards and makes

additional commitments to producer groups. In 2019 that programme comprised 32 suppliers in 24 countries across Africa, Asia, Latin America and Europe. Through this programme, farmers, smallholders and artisans supply us with high-quality ingredients and accessories, while contributing to sustainable livelihoods and decent working conditions⁴. These suppliers work with over 15,000 people – 72% women – often in areas at increased risk of modern slavery.

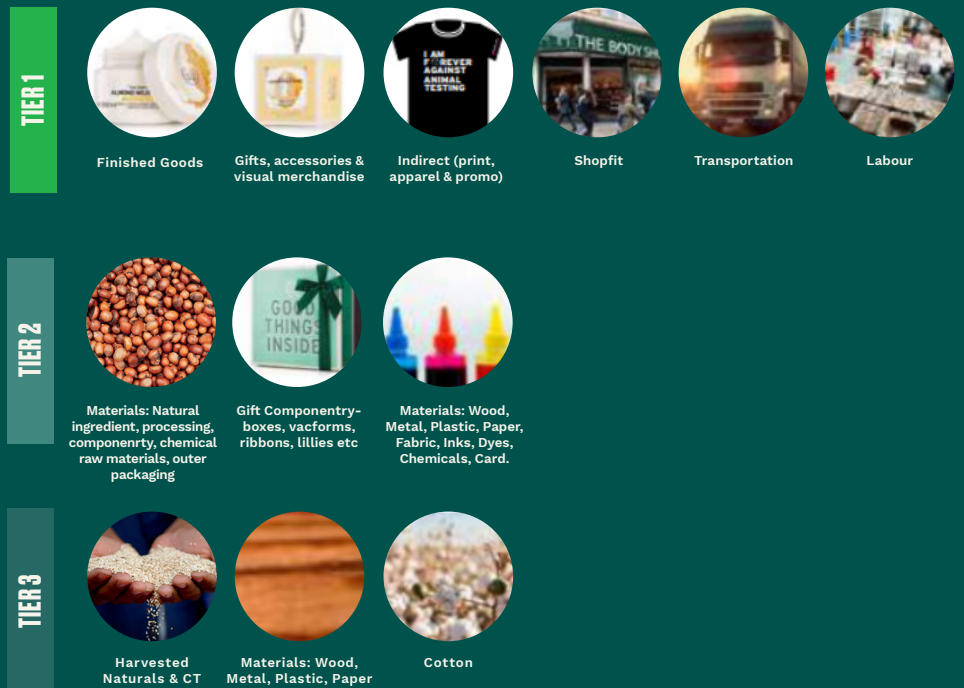
In 2019, approximately two-thirds of our spend was on indirect sourcing of goods and services not for resale, notably logistics but also IT equipment and services, labour and recruitment providers, cleaning and professional services. The remaining third of our spend was on directly sourcing elements of the goods we sell, which we primarily source from China, the UK, France, Germany, Italy and India.

⁴Work that delivers a fair income, workplace security, social protection, prospects for personal development and social integration, freedom for people to express their concerns, organise and participate in the decisions that affect their lives. It also offers equality of opportunity and treatment for all women and men.

Most of our cosmetic products are manufactured in Europe by automated businesses with small numbers of workers but we have a growing supplier base in Thailand and China. Our accessory, gift, display material and shop fit suppliers are mostly more labour-intensive businesses based in Asia, especially China.

We employ contract and agency workers in our operations and supply chains across a range of business functions – especially in the period before Christmas, our busiest time.

EXAMPLES OF PRIORITY CATEGORIES WITHIN OUR ETHICAL TRADE PROGRAMME BY TIER



APPROACH TO TACKLING MODERN SLAVERY

The Body Shop takes a broad and proactive approach to the issue of modern slavery across all our operations and supply chains. Instead of just addressing labour exploitation, we aim to provide decent working conditions for all employees, and contract and agency workers, and to use our influence down supply chains where we can.

In all areas we follow the UN Guiding Principles on Business and Human Rights, which outline how we should know and show how we respect human rights, and act to resolve issues we identify. These guiding

principles, and the Human Rights Due Diligence framework⁵ developed by the Ethical Trade Initiative (ETI) for implementing them in supply chains, form the basis of our modern slavery reporting.

Our research indicates that the risk of modern slavery and human trafficking is greatest in our supply chains. Responsible sourcing and embedding ethical trade into our procurement practices is key to our ability to tackle modern slavery.

We adopt several approaches to prevent, identify and address all forms of modern slavery:

- Implementing policies and processes that clarify good practice and unacceptable practices
- Taking a human rights due diligence approach to focus attention on areas where people are most vulnerable to modern slavery
- Conducting worker and supplier training
- Collaborating with other organisations and coalitions to share knowledge about emerging risks and how to tackle them
- Communicating and campaigning to raising widespread awareness of risks and highlight how business can be a force for good

⁵An ongoing risk management process to prevent, identify and act on potential and actual risks for workers in a company's operations, supply chains and the services it uses.



GOVERNANCE AND MANAGEMENT STRUCTURE

In 2019, The Body Shop International Limited became a certified B Corporation™,⁶ in recognition of our high standards of social and environmental performance, and public accountability across our business. As part of the terms of certification, in 2018 we changed our Articles of Association to commit to benefiting people and the planet, not just shareholders.

The certification process involved a detailed analysis of our performance relating to governance, workers, communities, the environment and customers. This included an assessment of our human rights,

labour policies and fair payment practices, our Community Fair Trade Programme, and our processes to evaluate human rights risks in our supply chains.

A robust governance structure underpins the way we run our business. Since 2017, we've adapted our governance structure to integrate with Natura & Co. The Body Shop Board of Directors is responsible for company financial success while achieving our social and environmental purposes. The Board comprises The Body Shop CEO and three members of the Natura & Co Global Operating Committee who joined the Board in 2019.

WE'RE A BCORP™

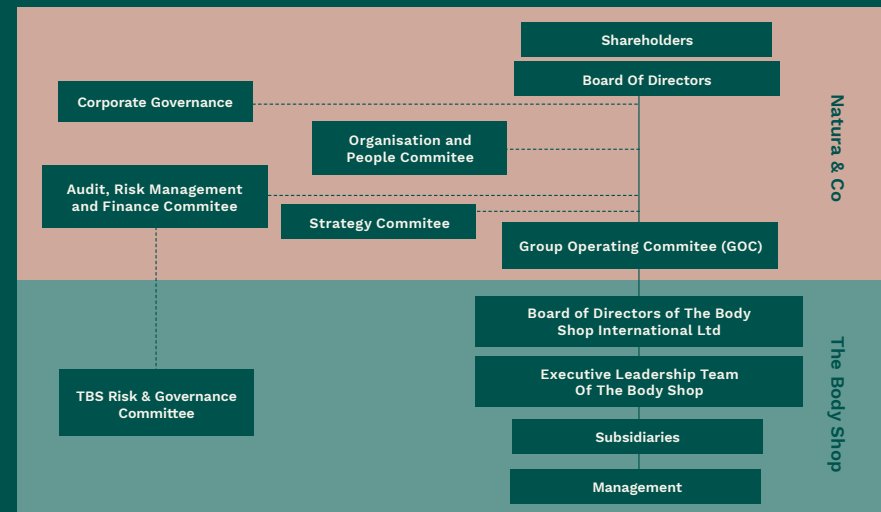
B Corps believe in a business as a force for good.



In addition to our existing compliance programmes, in 2019 we formalised a Risk and Governance Committee to support senior management with processes to identify and register potential risks. This includes those relating to human rights and labour exploitation, which are presented to the committee by our International

Sourcing Director and Head of Ethical and Sustainable Sourcing. This committee meets quarterly and is chaired by our Chief Operating Officer, who reports directly to our CEO. Significant board decisions are informed by engagement with our employees using a variety of mechanisms, including several launched in 2019. These include:

- CEO blogs directly seeking employee feedback
- Lunch & Listen sessions where employees share views with Executive Leadership Team members on matters that affect them
- The Body Shop Matters, a representative body that provides two-way communication between employees and our leadership
- Glint, a new platform that surveys employees on key issues every quarter and acts on feedback
- Extensive employee consultation on issues such as our head office move and new flexible working policies.



⁶B Corporations are businesses that benefit people and the environment as well as the economy, and have made legal commitments to doing this.

MODERN SLAVERY STAKEHOLDER PANEL

Internal and external expertise guides The Body Shop approaches to preventing and addressing modern slavery. Our Modern Slavery Stakeholder Panel provides detailed annual appraisals of our activities. It also makes specific recommendations for action that align with our reporting to the ETI on how we promote good working conditions more broadly. The 2019 panel included internal and external stakeholders including Legal and Sourcing functions, and representatives from Oxfam, the ETI and Sussex Police (which covers the area where one of our global headquarters and our UK Distribution Centre are based). In December 2019, the panel's review of our approach to modern slavery commended our integrity, openness, active investigations and our commitment

to providing decent work within our organisation and supply chains. Panel recommendations for 2020 and beyond included a more overt focus on gender, a worker-centred approach and making better use of The Body Shop role as an activist organisation to raise wider awareness. Panel findings will inform a revised Ethical Trade and Sustainable Sourcing strategy for both The Body Shop and Natura &Co, and will steer new modern slavery objectives for 2020–23 (see Our priorities for 2020).

In addition to the annual meeting and review, specific panel members and other experts (including the Trades Union Congress, Anti-Slavery International, Hestia and CAFOD) provided feedback that guided our work.

David Boynton joins The Body Shop staff and external stakeholders including representatives from Oxfam; Ethical Trading Initiative and Sussex Police at our modern slavery stakeholder panel.

“
The Body Shop's
voice is so
important. This
is a company
with integrity and
passion, which
walks the talk.
”

Cindy Berman
(then) Head of Modern Slavery
Strategy, Ethical Trading Initiative
and member of our Modern Slavery
Stakeholder Panel.



OUR POLICIES ON MODERN SLAVERY AND HUMAN TRAFFICKING

As set out in our previous modern slavery statements, we have a number of policies and procedures to ensure that people working for us and our suppliers receive fair treatment and decent working conditions. These include The Body Shop Code of Conduct, Manufacturing Services Agreement, Supplier Code of Conduct, Sustainable Sourcing Charter and Ethics Portal.

We don't have a standalone modern slavery policy. Provisions to tackle issues relating to modern slavery are embedded in our policies on fair recruitment, employment of young people, hours of work, diversity and inclusion, and working with suppliers.

Our Ethical Trade Programme, which is included in our Supplier Handbook, outlines how we expect suppliers to meet our ethical trade requirements. Our supplier contracts and approval processes also include specific criteria that our suppliers must meet.

We're committed to supporting suppliers in cases when ending a supplier relationship might lead to workers becoming more vulnerable to exploitative work (such as with our Community Fair Trade suppliers, where our trade may represent a significant proportion of a supplier's business). As outlined in our Sustainable Sourcing Charter – which applies to the natural and naturally-derived materials in our cosmetic ingredients, components and accessories – we follow a soft exit strategy over at least 12 months, giving suppliers time to adapt. We also discuss how we can minimise any negative impact on their organisations and build an exit strategy with each producer to support their needs.



“

We strive to be a ‘force for good’
and to ensure decent working conditions
in our supply chains through adopting
a process of positive engagement
and continual improvement
with our suppliers.

”

The Body Shop Ethical Trade Mission Statement

POLICIES AND PROCEDURES INTRODUCED IN 2019

In 2019 we implemented a number of policies and procedures to reduce the risks of modern slavery and human trafficking in our operations and supply chains.

We launched a new global Ethics Portal and telephone hotline that enables all employees to raise concerns about any breach of our policies or The Body Shop Code of Conduct anonymously.

We improved the pay of our lowest paid UK-based staff and on-site agency workers to 2019 Real Living Wage rates (see the Real Living Wage case study). We continued to work with our third-party suppliers that provide contractors, as well as our franchisees, to influence them to do the same. For example, during 2019 we updated franchise agreements for all new and some existing franchisees to act in line with our company B Corporation principles, our company values and our purpose – which centres on benefiting people and the planet as well as profit. We also began to increase ethical trade support to our franchise partners and will progress this further in 2020.

To improve supply chain traceability, all suppliers within the appropriate scope of our Ethical Trade Programme must now be members of the responsible sourcing platform Sedex. We also require them to share their Sedex self-assessment questionnaires and ethical trade audits (where applicable) with us.

We helped to develop a group-wide Natura &Co Global Supplier Code of Conduct, which launched within The Body Shop in early 2020. This strengthens our commitments and outlines our expectations on employment practices, ethics and integrity, quality and responsible business conduct. This code of conduct reflects the ETI Base Code⁷, including specific provisions relating to forced, bonded⁸ and involuntary labour and other forms of labour exploitation.

This Global Supplier Code of Conduct also incorporates elements to help identify and prevent modern slavery, including requirements that:

- **Workers should not pay a fee to secure a job (fair recruitment is a key factor in supporting workers' rights)**
- **Suppliers have appropriate due diligence mechanisms to safeguard agency and indirect workers***
- **Suppliers incorporate and monitor the principles of our code in their whole supply chain, including sub-suppliers, sub-contractors and temporary labour agencies.**

In 2019 we prioritised ingredients considered high risk because of known associations with social and environmental risks – namely palm, mica, cocoa and sugarcane (which we use for sugar and alcohol). We developed bespoke sourcing guidelines for these raw materials in our supply chains to ensure we purchase them in the most sustainable way possible.

⁷An internationally recognised set of labour standards to drive improvements in working conditions. We seek to meet its criteria in all our operations and supply chains and report to the ETI on progress against agreed targets each year.

⁸Where a person is forced to work and unable to leave because of a debt.

CASE STUDY: PAYING REAL LIVING WAGE RATES OF PAY IN THE UK

The UK is largest market for The Body Shop, with 243 shops. In 2019 we made a big step by increasing the pay of our lowest paid UK-based workers to Real Living Wage rates.

The Real Living wage means that the pay received for a standard work week is enough for a worker to afford a decent standard of living for them and their family, including covering the cost of essential needs and unexpected events. Rates are set by the UK Living Wage Foundation and the Global Living Wage Coalition. Receiving this level of pay reduces people's risks of feeling under pressure to work excessive overtime or take second jobs. This can reduce debt and increase financial resilience.

From April, we implemented 2019 Real Living Wage rates in our UK retail stores (where 94% of workers are women), increasing the take-home pay of over 950 customer consultants.

The same rates were implemented for our on-site catering workers. From July, our UK Distribution Centre workers all received pay increases, with those with over 12 weeks' service receiving 2019 Real Living Wage rates. Our facilities and cleaning workers will receive this rate from January 2020.

We continue to work with third party suppliers that provide onsite contractors, as well as our franchisees and all others in our supply chain, to influence them to move towards living wage rates of pay.

“

In 2019 we made a big step by increasing the pay of our lowest paid UK-based workers to Real Living Wage rates.

”



HOW WE IDENTIFY, PREVENT AND MANAGE RISKS

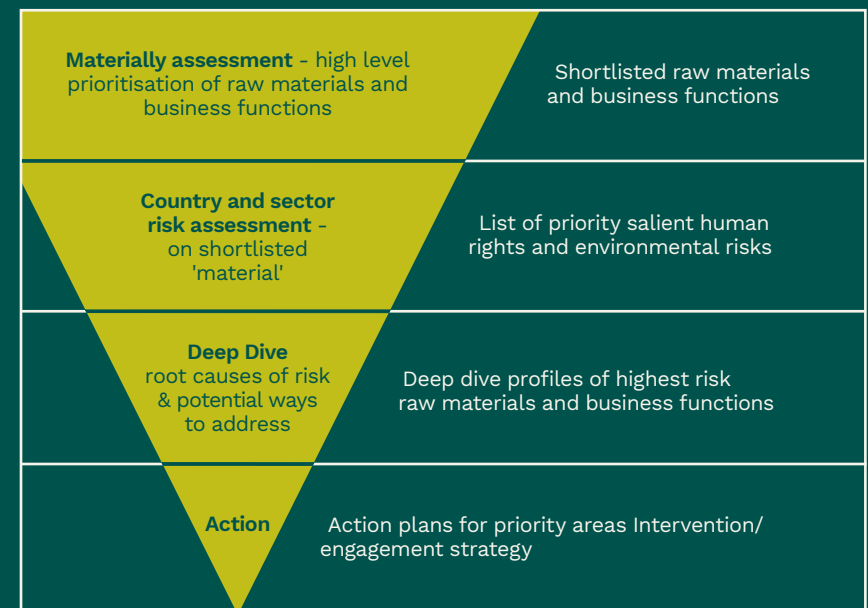
Identifying and addressing the complex issue of modern slavery requires a multifaceted approach. In 2019, The Body Shop continued to broaden and deepen our modern slavery programme. With the help of an expanded internal team, our Sourcing department and other colleagues and suppliers, we increased the traceability of our product and ingredient supply chains as well as our indirect supply chains (such as financial services providers, call centres and collectors of store waste).

With external support, we looked more deeply to identify modern slavery risks, including those that are often hidden. Following this, we started to develop specific action plans to address identified risks (see diagram). We also commenced in-depth research on specific themes, countries, sectors and ingredients that carry particularly high risks, to help us continuously adapt to

manage, mitigate and prevent those risks.

Research shows some of the most serious modern slavery risks exist in our supply chains, beyond our first- tier suppliers. In response, we continued to map these parts of our supply chains in more detail. We ran a supplier engagement programme with Sedex to improve traceability of our suppliers within the scope of our Ethical Trade Programme. Being able to see our suppliers' Sedex self-assessments and audits reduced their administrative burden and helped us to manage risks both reactively and proactively. Through this approach, we achieved 98% visibility among our first-tier direct suppliers⁹ and 78% among our European packaging suppliers (second-tier) by the end of 2019 – a big leap forward.

Our natural and naturally-derived ingredients are sourced from around the world. Building on previous work, in 2019 we continued to trace the origins of all our plant-based components to at least country level – a key step in supply chain traceability and being able to assess working conditions involved in producing those components. Of our top 250 natural or naturally-derived ingredients, we reviewed 248. We fully traced 83% of these so that we know all the relevant countries of origin, and partially traced 92% of them so that we know some of their countries or regions of origin. In addition, we started specific investigations into ingredients that we identified as potentially high risk in terms of modern slavery.



Overview of our 2019 external human rights and environmental risk assessment process

⁹This figure includes some key indirect suppliers such as labour providers

COMMUNITY FAIR TRADE

Our Community Fair Trade supply chains continue to have exceptional traceability, enabling us to see working practices in producers' farms, forests, homes and workshops. In 2019, we recruited additional employees, which strengthened our capacity to work with these producers, including in our work to address potential human rights issues.

Once again, our Community Fair Trade Programme was externally verified by social and environmental certification body Ecocert (for more detail, see the 'Assessment and compliance' section) to ensure that the programme meets the high standards we set for it.



“
I've been working as a segregator at the dry waste collection centre for 15 years. It's hard work, but this job offers me great flexibility, a way to be in control of my earnings and provide for my family.
”

Veeramma
Waste Picker

CASE STUDY: PLASTICS FOR CHANGE IN INDIA

Over 3 billion people live in countries without formal waste management. This has created an informal waste-picking economy that poses significant human rights risks.

In India, an estimated 1.5 million waste pickers collect and sort over 6,000 tonnes of plastic every day that could otherwise pollute land and waterways. These waste pickers are mainly Dalits (the lowest social group in India's caste system), who are marginalised and have limited economic opportunities. Waste pickers are vulnerable to modern slavery through exploitation, discrimination, corruption, and poor living and working conditions. Women face the greatest risks as they tend to be more marginalised and less educated than men.

By sourcing Community Fair Trade recycled plastic from waste pickers in Bengaluru via the organisation Plastics For Change, The Body Shop is supporting marginalised people, while reducing plastic pollution and the energy and water involved in manufacturing plastic. Within three years, our trade will support 2,500 waste pickers through fair prices for the waste they collect, more sanitary

working conditions and reduced exposure to exploitation. Plastics for Change ensures that women receive the same rates of pay for the plastic they pick, reducing discrimination and vulnerability.

We've also partnered with local non-governmental organisation Hasiru Dala ('Green Force'), which helps informal waste workers to access identity cards, education, and financial and healthcare services to increase their status and reduce their risks of exploitation.

We hope to demonstrate that this is a scalable approach that others can follow. In its first year, our partnership with Plastics for Change won a Plastic Innovation Award in the Ethical Corporation Responsible Business Awards.

“
Most brands shy away from working with the informal sector because of fear that it could tarnish their image. The Body Shop [is] tackling the human side of plastic pollution. The Body Shop's leadership has helped to raise the bar.
”

Andrew Almack
Founder, Plastics for Change

NEW APPROACHES IN 2019

In 2019, we used a range of approaches to identify, prevent and manage risks relating to modern slavery more effectively in our operations and supply chains.

Building on our internal due diligence work, we commissioned an independent Human Rights and Environmental Risk Assessment of our operations and supply chains to help identify and understand the most salient human rights (and environmental) risks in different countries. This confirmed that the ingredients sugarcane, palm, cotton, bauxite, mica and citrus posed some of the highest human rights risks. It identified warehousing, distribution and shop fit as key areas of focus in our own operations. As a result, all of these ingredients and areas are now priority spheres of action for us and we started to review them with our buyer colleagues. In 2020 we will commission external research on the precise risks those areas and ingredients pose to specific types of workers in particular locations.

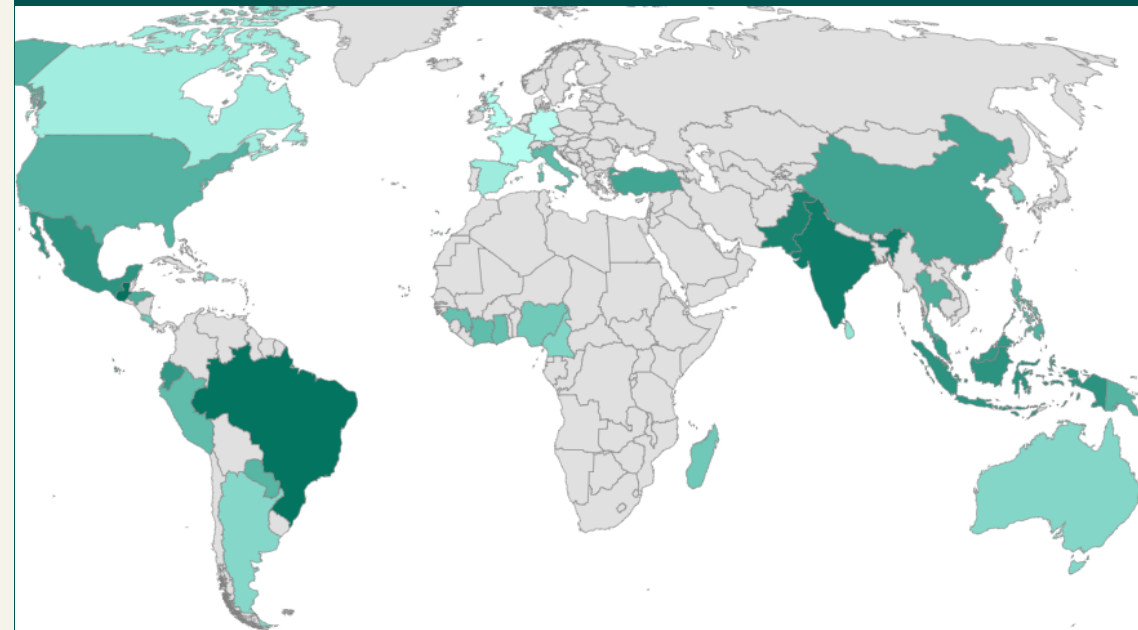
We increased our focus on issues in our indirect supply chains, recognising that approx. 2/3 of our spend went on indirect sourcing of goods and services. Working in collaboration with other brands and retailers as part of the Indirect Procurement Human Rights Forum (See Collaboration with others to improve our impact), we collectively identified action plans for sectors with higher risks of labour exploitation where we can most influence change. In the UK, this includes labour providers, on-site services (such as facilities management), and waste and recycling services. In 2020 we will work more closely with suppliers to understand how they address these risks in their workforces.

Ethical audits are valuable for collecting certain types of data but are not the right tool to seek out hidden forms of extreme exploitation.

In 2019, we followed recommended practice by conducting two in-depth, worker-centred participatory audits¹⁰ with strategic suppliers in our Ethical Trade Programme, to identify and tackle relevant ethical issues (see the Participatory audit case study).

We continued to build internal awareness of modern slavery and human rights issues within our company and among our suppliers, supporting them to manage risks in their areas of work (see the 'Building capacity' section).

SUMMARY OF HUMAN RIGHTS RISKS IN MATERIALS AND BUSINESS ACTIVITIES



¹⁰ Workplace assessments designed to understand the working conditions at a particular site by involving workers themselves in the assessment

WOMEN WORKERS

The International Labour Organisation and Walk Free Foundation estimate that 71% of people who experience modern slavery are women or girls¹¹. Women working in global supply chains are often concentrated in low-paid and insecure jobs, which increases their risks of labour exploitation.

The Body Shop is a feminist brand and we try to address gender equity in our work as a matter of course. In 2019, we made an effort to increase our focus on women in our work around modern slavery.

Our work to identify vulnerable workers in our supply chains included a specific focus on women. We worked with Sedex and fellow members to establish the Sedex Gender Working Group, to scale up

collection of sex-disaggregated data to improve understanding of the proportions of women and men in different workplaces and in different roles. This data will help to measure tangible outcomes for workers arising from policies and practices designed to prevent and address modern slavery and other forms of labour exploitation.

Our Community Fair Trade Programme helps our suppliers, many of whom are in countries at high risk of modern slavery, to help empower women and girls to reduce their risks of trafficking and labour exploitation (see the Nepal case study). This programme has long collected sex-disaggregated data, and over 60% of the CFT programme's artisans and producers are women.

We continued our Community Fair Trade Programme's involvement in the Work and Opportunities for Women (WOW) project funded by the UK Department for International Development. The project aims to enhance the economic empowerment of 300,000 women working in global value chains by September 2022, by supporting businesses, organisations and programmes to drive positive change and influence global agendas. Part of this collaboration in 2019 included a research team visit to our Hemp Hand Mitt producer group in Bangladesh to better understand the relationship between women's paid and unpaid work.

As part of the WOW initiative, we're exploring how to scale up our innovative approach developed in Nicaragua, which enhances women's autonomy and recognises and rewards their direct and indirect contributions, including acknowledging how unpaid caring responsibilities affect

their ability to earn. In 2019, WOW gender mapped our Community Fair Trade supply chains, clarifying gender ratios overall and in particular roles. This led to praise for the level of data we have on our supply chains, and recommendations on how to track our suppliers' policies in order to promote gender equality.



¹¹International Labour Office and Walk Free Foundation (2017) Global Estimates of Modern Slavery, p5.

CASE STUDY: REDUCING RISKS FOR WOMEN AND GIRLS IN NEPAL

The Global Slavery Index estimates that around 30,000 Nepalese women and girls are trafficked into India every year. They leave in search of better economic opportunities but often end up forced into sex work.

Nepalese organisation Get Paper Industry (GPI) has supplied handmade paper and gift boxes to The Body Shop through our Community Fair Trade Programme and celebrated 30 years of trading together in 2019. GPI provides meaningful employment to up to 380 people, mostly women, in an area where decent work is hard to find and human trafficking is a tangible threat.

In 1993, GPI formed its own non-governmental organisation, General Welfare Pratisthan, which receives a percentage of the value of each product GPI sells us. This income provides funding for community projects focusing on education, such as a 'Send Your Daughter to School' initiative, which helps to reduce girls' vulnerability to trafficking.

GPI facilitates girls' groups in local villages to raise awareness of human trafficking. In 2019 GPI organised a nation-wide school essay competition on the topic, inviting girls to suggest ways to prevent human trafficking.

“

Young girls usually...
believe the words of
the trafficker

”

Riju, aged 17

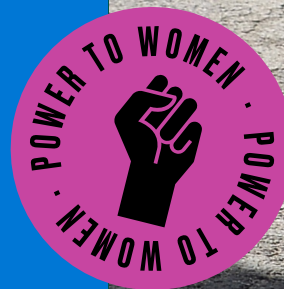
475 girls from 378 schools submitted essays – reflecting broad awareness of, and engagement in, the topic. Accompanied by their teachers, writers of the best essays from each province received prizes from the British Ambassador to Nepal at a ceremony in Kathmandu.

“

“Help girls to know
more about different
government bodies
so that they can help
themselves in difficult
situations.”

”

Nisha, aged 17



OUR DUE DILIGENCE PROCESSES

We embed responsible sourcing principles into all of our purchasing practices. We regularly review key commercial suppliers using a balanced scorecard approach. In 2019 we also improved how we incorporate social and environmental criteria (alongside quality, innovation and commercial criteria) into our process for running high-value tenders.

Our supplier contracts and approval processes contain clauses related to modern slavery and human trafficking. As well as complying with all applicable modern slavery law, we require our suppliers to assess the risk of these practices within their business and take reasonable steps to ensure they don't exist in their supply chain. We require suppliers to read, sign and commit to our Supplier Code of Conduct, and where applicable undergo an ethical audit, before we contract business.

Assessments and compliance

Our Ethical Trade Programme

involves monitoring conditions at our own and our suppliers' facilities to highlight any weaknesses and identify appropriate action. This involves self-assessments, risk assessments, site visits, specific due diligence, collaborative working and sharing best practice.

Audit firms conduct ethical audits of suppliers providing goods and services within the scope of our Ethical Trade Programme, as well as any other who we believe are at relatively high risk of poor working conditions, including modern slavery. These include:

- **finished goods and accessories**
- **promotional items**
- **branded and glass packaging**
- **shop fit and visual merchandising materials**
- **uniforms**
- **services (including temporary labour providers, cleaning, catering, security and gift assembly).**

We also use our knowledge and experience in relation to human rights when working with our suppliers. If we believe it is necessary, we investigate conditions further by liaising with suppliers.

In 2019, 80 of our suppliers underwent ethical trade audits. Although these new audits found no specific issues relating to forced labour, we continue to work with suppliers to address any issues that may impede decent work and to focus on industries that we know have higher risks of labour exploitation.

In the UK, we worked very closely with, and undertook ethical assessments of, our on-site facilities management agency and the on-site labour provider for our Distribution Centre, logistics and shop fit as these industries include potentially vulnerable workers and increased risks of exploitation (see the 'Participatory audits' section).

Ecocert independently verified our Community Fair Trade Programme in 2019 through risk assessments and participatory audits. This process assessed our Head Office

and 25% of the programme's producer groups (8 in total) against our Sustainable Sourcing Charter to confirm that we and our suppliers live up to our commitments. This included external audits of supplier groups producing Babassu Oil in Brazil, Timber Productions in Russia, Almond Oil in Spain and Shea Butter in Ghana. To help us improve our practices year on year, we develop collaborative action plans to strengthen our Community Fair Trade Programme where required and build on existing good practices, such as fair pricing that helps protect vulnerable producers. This year's report shows significant progress on our 2018 results against our own commitments.

Traders and agents continue to help us by introducing us to potential suppliers who meet our quality and ethical expectations, including committing to making continuous improvements to working conditions if required. In 2019 we undertook a process audit and worked with agents to update our compliance processes to drive better standards among them. This included requirements for Sedex registration and ethical audits where appropriate.

FOCUS ON HIGH-RISK MATERIALS

Our Sustainable Assurance Team developed a list of high-risk materials, informed by third-party risk assessments and their own knowledge, as priority areas for action. As a result, we developed new sourcing policies for palm, mica, cocoa and sugarcane/ alcohol, which include mandatory traceability and sustainability checks.

The Body Shop is an active member of The Roundtable for Sustainable Palm Oil (RSPO), the industry body that seeks to improve the human rights and environmental impact of palm products. As far as possible, we buy RSPO certified palm. Where that isn't possible, we offset any non-certified palm we buy through the RSPO certificate trading programme (RSPO Credits). In 2019, we purchased smallholder-farmer credits to offset the majority of our non-certified palm, with the remainder

offset using conventional RSPO credits. These funds are allocated directly to communities producing RSPO-certified palm in Indonesia, enabling them to invest in community improvements such as water sources.

We identified ingredients derived from palm oil (derivatives) as a risk in terms of full traceability. To address this, we became a founding member of the Action for Sustainable Derivatives Initiative, alongside other cosmetics and personal care brands and ingredient manufacturers. The initiative is facilitated by the supply chain sustainability consultancies Business for Social Responsibility (BSR) and Transitions. It aims to increase the traceability of global supply chains, monitoring and mitigating risks, and proactively tackling social and environmental concerns in palm oil producing countries.

In 2019, we assessed progress on ethical and environmental issues identified during previous audits of the sericite mica we source from Malaysia and China. This involved revisiting a mine in Malaysia (see the 'Tackling challenges' section for details). In relation to the flake mica we source from India, we engaged far more fully with our suppliers on their traceability, processes and improvements in their working conditions. This work is ongoing, in conjunction with our finished mica suppliers and a third-party auditor. We will report fully on this in our 2020 modern slavery statement.

As part of our work on sugarcane and alcohol, we started to review the origin, plant feedstocks (raw material used in production processes) and production practices in the ethanols we source. These can include sources that are low risk (grains or sugar beet) and high risk (sugarcane). This work will conclude in 2020.



PARTICIPATORY AUDITS

Demonstrating our commitment to going beyond mere compliance, in 2019 we conducted 10 participatory audits – eight in our Community Fair Trade annual assessment mentioned above and two with suppliers in scope of our Ethical Trade Programme. This involved taking a deep, worker-focused approach to identifying and tackling relevant ethical issues at a labour provider to our UK Distribution Centre and a second-tier supplier (supplying one of our contract manufacturers) in Thailand. Participatory audits are not designed to assess supplier performance but to take more of a collaborative approach with a supplier to gain a deep understanding and devise any necessary solutions together.

Overall, both Ethical Trade Programme assessments confirmed the presence of good systems and processes. While we uncovered no indications of forced or bonded labour, we remain committed to ensuring that we and our suppliers continue to practise responsible recruitment.

Our UK labour provider demonstrated excellent systems and capacity to manage good working conditions. Most agency workers reported ‘very high’ levels of workplace satisfaction and all workers reported being treated fairly. We collaborated with the labour provider on opportunities for improvement, such as criteria for any use of second-tier agencies during peak periods, communication with agency workers on policies and grievance mechanisms (especially for non-native English speakers), and clarifying some processes with second tier agencies (see the Participatory audit case study for details of the other audit).

Findings in our CFT participatory audits were variable per supplier, with some demonstrating excellent performance against our criteria whilst others required improvements in areas linked to worker accommodation and health and safety. As previously detailed these form part of our ongoing collaborative action and improvement plans.

CASE STUDY: PARTICIPATORY AUDIT IN THAILAND

In November 2019 we conducted a participatory audit at a second-tier supplier in Thailand, as a follow up to a SMETA audit which identified excessive working hours. The working hours were permissible in Thai labour law but exceeded our policy of a maximum 60-hour working week, including overtime, in line with the ETI Base Code.

Overall, the participatory audit highlighted a factory that compared favourably to others locally, but this collaborative approach helped to identify issues that were not discovered through a traditional audit.

Excessive working hours is a common form of problematic working conditions found in ethical audits of our Asian suppliers, where there can

be a misperception that all workers welcome overtime as a chance to earn more. Through our consultant team, we worked with the factory management and workers to help the supplier identify solutions to reduce working hours while maintaining productivity and wage rates.

Challenges for workers, specifically migrant workers from Myanmar, included poor communication (such as insufficient translation into a language they could understand) and a lack of representation on relevant committees.

The consultants concluded that a poorly managed clock-in and clock-out process could be over-representing the hours worked. However, they also found that poor incentive initiatives and a misalignment between production planning and recruitment led to unnecessarily long working hours. Further action to address these issues will take place in 2020 with our first-tier supplier taking the lead and supported by us.

BUILDING CAPACITY TO TACKLE MODERN SLAVERY AND HUMAN TRAFFICKING

To reduce, manage and monitor risks relating to modern slavery, people need to have a clear understanding of the issue.

The Body Shop is committed to helping our employees, other workers and suppliers build their capacity to recognise and resolve ethical trade issues in the workplace, including modern slavery and human trafficking. We aim to identify areas of concern in our supply chains and take steps to not only mitigate the risk of modern slavery but also drive continuous improvement through raising awareness and delivering training

Building internal awareness and capacity

In 2019 we regularly presented on issues relating to modern slavery at our Global Town Hall updates to our worldwide staff, which are available as live broadcasts and

post-event recordings to increase their reach. One session covered how to spot and report signs of modern slavery. Another focused on proactive approaches to help prevent labour exploitation by addressing root causes, such as our long-term investment in education in Ghanaian shea-producing communities and empowering women to stand up for their rights.

Similarly, we hosted hour-long The Body Shop Talks events for our employees on topics relating to modern slavery, which were broadcast via our intranet. Talks included real-life stories and practical guidance from survivor support charity Hestia and the police as well as our Human Resources team.

We provided in-depth training for our Sourcing teams on our Ethical Trade Programme, including modern slavery considerations.

Our global franchisees, and our direct sales consultants based in UK and Australia, operate outside of our standard procedures and don't have access to all of our internal communications. In 2019 we made a conscious effort to raise these groups' awareness of issues relating to modern slavery.

We integrated ethical trade content into training workshops for around 100 UK The Body Shop At Home consultants who are acting as 'Community Fair Trade Ambassadors' and ran online video training sessions with consultants based in Australia. This outlined our Ethical Trade Programme, our work to address modern slavery and how our Community Fair Trade Programme contributes to this.

Our Ethical Trade team visited our Asia Pacific Head Office in Singapore. During the visit, they raised awareness of how our Ethical Trade Programme applies to our franchisees, and explored opportunities for franchisees to further embed ethical sourcing and initiatives to tackle social inequality, including modern slavery and human trafficking, in their own programmes.



BUILDING AWARENESS AND CAPACITY AMONG OUR SUPPLIERS

In 2019, we organised two online webinars for our suppliers in China. Our practical webinar on responsible recruitment was facilitated by the ETI, specifically in relation to migrants. Among the 49 participants, 91% rated the content good or excellent and indicated they would implement some of the suggested approaches. After our separate webinar on improving worker wellbeing through greater worker participation for 29 Chinese suppliers, 85% rated the content good or excellent.

We ran a workshop for 6 supplier companies in Thailand on the requirements of our Ethical Trade Programme, featuring interactive case studies on employing migrant workers and identifying potential modern slavery risks, enabling participants to develop their own solutions.

We visited suppliers' factories in China (2), Thailand (2), Singapore (1) and India (1) to understand their ethical

trade and sourcing practices. These visits revealed that using temporary workers and subcontractors might present risks of undocumented labour, unfair treatment and hinder supply chain visibility. We worked with the factories to understand their labour provider and subcontractor management processes, and discuss ways to reduce labour exploitation risks and implement responsible recruitment practices.

As part of our Community Fair Trade Programme, employees visit several community partners each year to determine individual business needs. This involves evaluating and monitoring worker-related risks, including risks of modern slavery. In 2019, we visited groups producing Babassu Oil in Brazil, Tea Tree Oil in Kenya, Moringa Oil in Rwanda, Shea Butter in Ghana, recycled plastic in India, Almond Oil in Spain and paper products in Nepal.

COLLABORATION WITH OTHERS TO IMPROVE OUR IMPACT

The Body Shop is committed to working with other organisations and alliances to increase our collective effectiveness in tackling modern slavery. We were active members of 9 thematic, sectoral or commodity-based consortia and initiatives, working with governmental and non-governmental organisations to address issues linked to modern slavery and labour exploitation. This is summarised in the table below.



COLLABORATION WITH OTHERS TO IMPROVE OUR IMPACT

GROUP/FORUM	THE BODY SHOP INVOLVEMENT IN 2019	WHAT DID COLLABORATION ACHIEVE IN 2019?
<p>Ethical Trading Initiative (ETI) – a global alliance of companies, trades unions and non-governmental organisations that promotes human rights at work</p>	<p>As a founder member, we're active in several working groups and initiatives, including:</p> <ul style="list-style-type: none"> • Modern Slavery Working Group • Cosmetics Working Group • Food, Farming and Fisheries Working Group • General Merchandise Working Group • Gender due diligence workstreams 	<ul style="list-style-type: none"> • Improving understanding of UK government strategy, corporate engagement and global direction on issues such as mandatory human rights due diligence • Facilitating mapping to identify collective areas of influence and risk, such as palm oil, cocoa butter, mica and shea, with groups of common suppliers • Providing expertise on best practice
<p>The Indirect Procurement Human Rights (IPHR) Forum is a group of UK retailers, brands and manufacturers with a common vision to protect and respect human rights in our goods and services not for resale supply chains and facilitate collaborative responses to shared risks.</p>	<ul style="list-style-type: none"> • Supported the Labour Providers Working Group in developing new standards for labour providers • Conducted ethical trade audit of our on-site facilities management provider to support Facilities Management Working Group • Mapped waste types and providers of our UK office locations for Waste & Recycling Working Group • Co-led Membership, Communication and Stakeholder Engagement Working Group 	<ul style="list-style-type: none"> • Reduced duplication of initiatives and increased impact • Helped to set Steering Group Vision and Working Group activity • Two awareness-raising sessions conducted by Waste & Recycling Working Group members at RWM, the leading waste and recycling services conference • Creating aligned messaging and communications materials • Identified strategic stakeholders who can support our objectives
<p>Mekong Club, a membership-based organisation comprising members from the banking, manufacturing, hospitality and retail sectors to identify potential risks and eradicate modern slavery in Asia</p>	<ul style="list-style-type: none"> • We became a member of the Retail Working Group and shared our approach to responsible sourcing 	<ul style="list-style-type: none"> • Opportunity for best practice sharing and learning between different businesses and sectors in Asia
<p>Responsible Mica Initiative (RMI), a coalition working to establish fair, responsible and sustainable mica supply chains in India and secure decent working conditions in the industry</p>	<ul style="list-style-type: none"> • Participated in the Traceability and Specifications Working Group and the 2019 Annual General Meeting, our first direct participation as part of Natura & Co 	<ul style="list-style-type: none"> • The initiative's multi-stakeholder approach was recognised as best practice at the UN Forum on Business and Human Rights • Extended community empowerment programme to 80 villages, bringing 8 organisations together to benefit 5,890 households. • More than 30% of children in these villages returned to school • 47 managers and 19 processing units were trained on RMI Workplace Standards • Around 5,500 households have been linked to a health and insurance programme

COLLABORATION WITH OTHERS TO IMPROVE OUR IMPACT

GROUP/FORUM	THE BODY SHOP INVOLVEMENT IN 2019	WHAT DID COLLABORATION ACHIEVE IN 2019?
<p>Sedex, a global ethical trading membership organisation and online auditing platform</p>	<ul style="list-style-type: none"> • Member of Forced Labour and Gender working groups, collaborating on initiatives to support and scale up responsible sourcing and supply chain capacity to address labour exploitation • Worked with other members to identify data points and Sedex tools to scale up collection of sex-disaggregated data, with a focus on measuring outcomes for workers rather than just policies and processes 	<p>Forced Labour Working Group:</p> <ul style="list-style-type: none"> • Developed draft protocol to support raising and handling sensitive issues relating to forced labour where conclusive findings may not exist • Devised protocol to identify vulnerable workers, including suspected victims of labour exploitation <p>Gender Working Group:</p> <ul style="list-style-type: none"> • Advocated for the creation of the Gender Working Group to address the lack of sex-disaggregated data in supply chains
<p>Sussex Modern Slavery Partnership, a multi-sectoral group involving law enforcement and Sussex-based businesses</p>	<ul style="list-style-type: none"> • Worked with Sussex Police to increase understanding of the changing risks and face of modern slavery in the region, including individual meetings with its Modern Slavery Manager and attendance at annual partnership meeting 	<ul style="list-style-type: none"> • Increasing knowledge of organised crime infiltration into business • Greater opportunities for vigilance between businesses • Supporting improved reporting to law enforcement • Sussex Police's Modern Slavery Manager spoke at The Body Shop Talks event to raise awareness among our employees and attended our Modern Slavery Stakeholder Panel to feed back on our approach
<p>Roundtable for Sustainable Palm Oil (RSPO), a global, multi-stakeholder initiative to improve standards in palm oil supply chains</p>	<ul style="list-style-type: none"> • 100% of our palm oil purchases are certified as meeting the RSPO standard • Selected to join the Market Development Standing Committee, which aims to increase uptake of RSPO-certified palm oil • Actively participated in the RSPO Annual Roundtable and AGM 	<ul style="list-style-type: none"> • Launched first guidance on decent living wages for the palm oil industry to help purchasers assess suppliers' policies

COLLABORATION WITH OTHERS TO IMPROVE OUR IMPACT

GROUP/FORUM	THE BODY SHOP INVOLVEMENT IN 2019	WHAT DID COLLABORATION ACHIEVE IN 2019?
<p>Action for Sustainable Derivatives, an initiative that promotes responsible sourcing and collective action to increase sustainable production of palm oil and ingredients made from palm oil</p>	<ul style="list-style-type: none"> • Joined as founding members • Participated in working groups to increase harmonisation and discuss future workstreams, collaboration and impact across the industry, specifically by increasing engagement with suppliers 	<ul style="list-style-type: none"> • Created group, recruited members, finalised goals and objectives
<p>Global Shea Alliance, a global multi-stakeholder initiative aiming to promote a competitive and sustainable shea industry and improve the livelihoods of rural African women and their communities</p>	<ul style="list-style-type: none"> • Continued to sponsor GSA activity, membership of Sustainability Working Group and support for Sustainable Shea Initiative • GSA staff attended Ghana press launch of The Body Shop 2019 commercial shea promotion campaign • Hosted a UK meeting with senior GSA staff to discuss GSA membership expansion. 	<p>Continued progress of sustainability activities and impact including:</p> <ul style="list-style-type: none"> • 45% average increased income for participating women by aggregation and collective trading • Business development training for women • Warehouse construction to enable aggregation and better bargaining • Cooperative development training • Improved health and safety via training and equipment • Parkland protection and conservation activities. • Engagement with West African governments on effective development, conservation, promotion and regulation of shea industry.

HOW WE RESOLVE CASES OF MODERN SLAVERY AND HUMAN TRAFFICKING

Our 2019 checks and assessments found no new direct evidence of modern slavery in our operations. But modern slavery is usually hidden so we can't be complacent. We continued to work with our suppliers on areas for improvement identified through our assessment programme, and in specific regions or supply chains highlighted as having a higher risk of modern slavery.

When we identify any problems relating to any form of labour exploitation or human trafficking in our own operations or supply chains, we follow protocols outlined in our Ethical Trade Policy and Sustainable Sourcing Charter to address them, working closely with appropriate suppliers and experts. However, gaining a full understanding of the situation and achieving sustained improvements for workers across multiple suppliers takes significant time – sometimes years.

Our mica work outlined in the Tackling challenges section is a good example of this. Much of our focus goes beyond resolution, aiming to prevent all forms of labour exploitation and ensure that workers benefit from decent working conditions. This involves raising awareness of issues relating to modern slavery, strengthening policies, and highlighting internal and external reporting channels.

Tools for our employees

In November 2019, the Natura & Co Ethics Line launched, enabling our employees – or others working in our supply chains – to report any suspected breach of The Body Shop Code of Conduct as an alternative to raising concerns with their manager or HR representative. Concerns can be raised anonymously online or via a 24/7 confidential telephone hotline available in 14 languages.

Reported cases are independently investigated by compliance professionals or referred to others for investigation.

Recognising that modern slavery can be an issue in the UK as well as overseas, our work with Sussex Police helped us raise our employees' awareness of the complexities of the topic, including in the area around our head offices.

Tackling challenges

Following a prior audit finding that, among other concerns on health and safety, migrant workers' identity documents were being retained, presenting a risk of bonded labour, we visited a third-tier mica supplier in Southeast Asia to check on agreed improvements in working conditions. The employer no longer retained workers' identity documents, workers were being paid above the minimum wage and they had a rest day every week.

However, some migrant workers owed the company money for renewing their work permits and visas – equivalent to 2–3 months' salary. We're liaising with the supplier to address this. In 2020, we will continue to work with this supplier and some of its other customers to achieve positive impacts for workers. While it may be necessary in future, in the short term we believe that ceasing to work with this supplier is

unlikely to benefit workers.

Supporting survivors

The Body Shop is part of a growing network of UK charities and businesses supporting survivors of modern slavery in a system that is largely reliant on third-sector organisations. Along with our UK labour agency for our distribution centre, we're a member of the Bright Future programme, an initiative created by the The Co-operative Group and the charity City Hearts to provide work opportunities for survivors of modern slavery.

Having previously focused on placement opportunities in our UK Distribution Centre, in 2019 we extended the scheme to our retail operations and identified two urban hub pilot stores close to survivor organisations. We worked with The Co-operative Group to learn from their experience on how to best support store managers and potential job candidates. With City Hearts, we established appropriate criteria for candidate referrals (including feeling comfortable in a small customer-facing environment) to help us provide a pathway to permanent employment. We assessed three potential candidates but two took other roles and the third did not have a right to work in the UK. We will continue to support Bright Future in 2020.

We also worked with Hestia, the leading provider of support to survivors of modern slavery in London and the South East of the UK to understand the impact of funded travel to support people's rehabilitation, as transport costs can be a barrier to accessing training, work and essential appointments. In 2019 we supported a 12-week project to help 100 survivors of modern slavery in London by topping up their travel passes. In 2020, the Rights Lab team at the University of Nottingham aims to analyse data to understand impacts and build a case to support the development of government policy. In addition, through Giving Tree, a Christmas gift donation programme, our employees donated 595 gifts to Hestia beneficiaries in 2019.

HOW WE REPORT AND COMMUNICATE ON MODERN SLAVERY

Reporting

Our Ethical Trade and Sustainable Sourcing Team produces monthly reports on working conditions at the suppliers involved in our Ethical Trade Programme. If we find any labour exploitation in our supply chains, we will clearly highlight it in these reports, which are shared with our Executive Leadership Team.

We report annually to the ETI on all our ethical trade work, including that on modern slavery, based on the UN Guiding

Principles for Business and Human Rights and the ETI's Due Diligence Framework.

We publish our annual Modern Slavery statements on our consumer-facing UK website and share them with key suppliers and other stakeholders, including our Community Fair Trade suppliers.

Communication

The Body Shop prides itself on being an activist brand that faces up to difficult issues.

In 2019, we increased internal and external communications on responsible sourcing issues. We communicated about modern slavery topics extensively and in-depth, within our organisation with head office colleagues and retail staff, with our franchisees and direct sales consultants, with our suppliers and more broadly. As detailed in the 'Building capacity' section, this included raising general awareness of issues relating to modern slavery and also processes to address it. We communicated about modern slavery topics extensively and in-depth, within our organisation with head office.

In 2019 we shared our knowledge and used our voice to advocate for progressive change at a number of industry and government events in multiple countries, often with audiences for whom modern slavery is a little-known topic. These events included Innovation Forum's conference on How business can tackle modern slavery in the UK, meetings organised by the Union for Ethical BioTrade in France, Business Fights Poverty in the UK, and at an international sustainability conference organised by the Shenzhen Institute for Sustainable Development in China. This last event was attended by government representatives from the UK, the Netherlands, New Zealand, Norway and Sweden. At a UK Foreign Office event in Bulgaria, our Head of

Ethical and Sustainable Sourcing emphasised the need for businesses to understand and investigate human trafficking and forced labour risks, and highlighted different approaches to this. Attendees included local and national government representatives, manufacturers, business leaders, trades unions, employer organisations and civil society representatives.

Overall, the Ethical and Sustainable Sourcing Team alone has reached over 4,000 event attendees through external event speaking slots where we delivered training on modern slavery and related issues.

We regularly use our social media channels to engage with customers on topics around modern slavery and responsible sourcing. We also provide free resources for school students on curriculum-linked ethical trade issues to raise awareness of issues including labour exploitation.

In 2019 we facilitated two press trips to our Community Fair Trade producers, taking over 40 members of the media and social influencers to visit our Community Fair Trade shea producer communities in Ghana and our Community Fair Trade recycled plastic supply chain in India. The visits helped to raise more awareness of how direct trade can help to eliminate labour exploitation and the importance of decent work and how business can drive positive change.

OUR OBJECTIVES AND KEY PERFORMANCE INDICATORS

In 2019 we continued broadening, deepening and improving our modern slavery programme to increase its impact. The following table summarises our progress against our modern slavery objectives.

KEY

Green: We met our 2019 targets.

Amber: We made progress towards our 2019 targets but didn't fully meet them.

Red: We fell far short of our 2019 targets.

Blue text: New targets for 2019

TARGETS	PROGRESS IN 2019
1. Extend our application of the Human Rights Due Diligence Framework across our operations and supply chains, and act on risk assessment findings	<ul style="list-style-type: none"> • Extended our application of this approach across our operations, direct and indirect supply chains (at multiple tiers) • Identified salient risks and prioritised areas for action, including specific ingredient supply chains and operational processes • Introduced mandatory traceability and sustainability checks for natural and high-risk materials • Reviewed 248 of our natural or naturally-derived ingredients, fully tracing 83% to all countries of origin, and partially tracing 92%
2. Revise our Ethical and Sustainable Sourcing policies to include management systems that address issues related to modern slavery	<ul style="list-style-type: none"> • Updated our Ethical Trade Programme requiring in-scope suppliers to be Sedex members to improve supply chain transparency, monitoring, reporting and their capacity to address labour issues • Started paying 2019 Real Living Wage rates to staff and contracted workers in the UK • Finalised Natura &Co Global Supplier Code of Conduct, with broader requirements on responsible recruitment policies (including for agency workers) throughout our suppliers' supply chains • Launched a Natura &Co group-wide Ethics Portal for workers (and suppliers) to raise concerns about any breach of our policies or Employee Code of Conduct • Contributed to Natura &Co Sustainability Network of Excellence on Human Rights as well as ethical and sustainable procurement • Created a process involving senior sign off to manage any supplier refusal or deviation from our Ethical Trade Programme requirements • Developed new sourcing policies for the highest risk raw materials, including palm, mica, cocoa and sugarcane
3. Increase the number of participatory audits to better understand and address the most salient issues faced by workers, including the most vulnerable	<ul style="list-style-type: none"> • 8 Community Fair Trade suppliers underwent participatory audits • Conducted participatory audits at a second-tier supplier in Thailand and of agency workers in our UK Distribution Centre • 80 ethical trade audits conducted in 2019, all involving worker interviews

OUR OBJECTIVES AND KEY PERFORMANCE INDICATORS

TARGETS	PROGRESS IN 2019
<p>4. Expand the number of projects that we engage in at individual supplier, sector and policy levels to address the root causes of poor working conditions and modern slavery</p>	<ul style="list-style-type: none"> • Piloted extending the Bright Future programme to two UK stores to offer work placements to survivors of modern slavery • Supported Hestia/University of Nottingham research into the impact of funding transport to support the rehabilitation and recovery of modern slavery survivors • Participated in Responsible Mica Initiative working groups • Launched award-winning Community Fair Trade recycled plastic scheme sourcing from waste pickers in India, securing better pay and conditions for them • Worked on UK Government-funded Work and Opportunities for Women initiative to improve women's economic empowerment in marginalised communities • Conducted individual, workshop and online training with key suppliers in the UK, China and Thailand on responsible business and decent working conditions
<p>5. Increase internal and external communications on modern slavery to raise awareness among our staff and customers. Participate in events where we can learn from others and share our lessons with other cosmetics companies and key stakeholders</p>	<ul style="list-style-type: none"> • New Risk and Governance Committee increased understanding and priority areas for action among senior staff and Executive Leadership Team • Live-streamed global employee events featuring experts discussing modern slavery initiatives and updates on related issues from internal colleagues • Organised press trips to our Community Fair Trade shea producer communities in Ghana and Plastics for Change recycled plastic operations in India to raise wider awareness of the issues we're addressing • Hosted an educational visit to our shea producer communities in Ghana for 12 The Body Shop at Home™ consultants from the UK and Australia • Over 2,000 UK The Body Shop at Home™ consultants received updates on how our programmes are supporting vulnerable people and marginalised communities • Ongoing training for our buyers and franchisees highlighting our policies and programmes on human rights, including the impact of company purchasing practices on suppliers • Worked with other stakeholders to increase our collective effectiveness in tackling modern slavery • Spoke on modern slavery issues and The Body Shop approach at a range of events in the UK, Europe and China • Collaborated with Sussex Police and other businesses near our global office to better understand, identify, mitigate and report extreme forms of labour exploitation

OUR OBJECTIVES AND KEY PERFORMANCE INDICATORS

TARGETS	PROGRESS IN 2019
<p>6. Increase the capacity of our Ethical and Sustainable Sourcing teams and recruit people with expertise in modern slavery</p>	<ul style="list-style-type: none"> • Recruited Ethical Trade Manager based in Asia to increase our on-the-ground presence and supplier engagement opportunities • Recruited additional Sustainable Assurance Officer with particular expertise on environmental and social issues in commodity agriculture • Created an overall Community Fair Trade Manager post and recruited an additional Community Fair Trade Specialist to enhance management of our Community Fair Trade Programme, including on working conditions • Significantly improved our ability to capture, monitor and manage our data and act on areas to improve, including at worker level
<p>7. Benchmark our activity relating to modern slavery against best practice</p>	<ul style="list-style-type: none"> • Used 2018 benchmarking to continue to inform our activities (we will update our benchmarking in 2020) • Commissioned external consultancy to help identify potential human rights risks in our operations and supply chains
<p>8. Convene a stakeholder panel to review our initiatives and reporting relating to modern slavery and act on feedback</p>	<ul style="list-style-type: none"> • Incorporated feedback from the 2018 panel into 2019 activities, including formalising senior risk and governance committee, using our activist voice to influence and work with peers, actively seeking modern slavery, taking a more holistic approach to tackling exploitation, and influencing strategy development • Second Modern Slavery Stakeholder Panel brought together external experts and cross-functional internal colleagues to deepen our knowledge, review our progress and identify priority areas for 2020

OUR PRIORITIES FOR 2020

Increases in both our staff capacity and activity in 2019 enabled us to meet our overall targets to prevent and address modern slavery and other forms of labour exploitation. In 2020, we plan to build on those results, set ourselves updated targets and achieve more.

During 2020 we will pursue suggestions for future objectives arising from our 2019 Modern Slavery Stakeholder Panel meeting. We will benchmark our policies and actions against best practice, incorporate stakeholder feedback and create new objectives for 2020–23. We will ensure we include our response to COVID-19 and clearer focus on gender and results-reporting.

In more detail, our objectives in 2020 will include:

- Work towards building a common Natura&Co approach to promote decent work and identify and address modern slavery
- Tightening up how we report our progress using measurable indicators, results and impact, showing progress against a 2020 baseline

- Reviewing our activity to see where we could take a more worker-centred approach, including areas of our supply chain with identified low levels of freedom of association, and improving our grievance processes to increase workers' access to remedy
- Having a more explicit focus and detailed reporting on gender, in order to understand and tackle women's and men's differing vulnerabilities to modern slavery in our supply chains and operations
- To more closely involve agents and brokers that we buy through on identifying and addressing modern slavery
- Continuing to take an activist stance to promote decent work and address all forms of labour exploitation
- Considering the impact of COVID19 and its potential to worsen labour conditions for vulnerable people, including possible employer coercion if there are labour shortages.

