



THE BODY SHOP

2020 SUSTAINABILITY REPORT

May 2021

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INTRODUCTION

We are facing compelling evidence that the world is in trouble. It is our view that there has never been a greater need for businesses to step up to help protect our planet and its people.

This report summarises The Body Shop's efforts to improve our performance as a sustainable business during 2020.

For millions of people across the world, 2020 was the most challenging year ever – personally, professionally, individually and collectively. The pandemic highlighted the importance of respecting and protecting wild species and their habitats. The changes in our day-to-day lives reinforced the value of community. And the growth in global inequalities reinforced the need for businesses to take an active role in finding solutions and supporting communities.

As a business, we faced huge challenges, but our priorities were to keep our colleagues and customers safe, comply with new government regulations, meet changing customer needs, and protect jobs in our company and supply chains.

These difficulties all strengthened our resolve to be bolder and more ambitious in our efforts for positive social and environmental impact. Business depends on a healthy functioning society, and we all depend on a healthy planet.

The Body Shop has been a leader in sustainability for more than 40 years. In 2020 we developed our new 2030 Sustainability Strategy to engage and energise our teams to do more.

This strategy has three pillars: to drive our progress towards Natura &Co's Commitment to Life Sustainability Vision; amplify The Body Shop's impact as a certified B Corp; and develop pioneering stores that are truly sustainable. This harnesses our power as part of the Natura &Co group, a member of the influential B Corporation™ community and as a leading ethical global retailer in our own right.

My warm thanks to everyone who has helped us to continually improve our sustainability efforts despite the difficulties of the pandemic. The commitment and determination of our people at The Body Shop is our greatest asset in our fight for positive change. Together, we're unstoppable.



David Boynton, CEO



**"THE BODY SHOP EXISTS
TO FIGHT FOR A FAIRER
AND MORE BEAUTIFUL WORLD"**

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Social and environmental dimensions are woven into the fabric of the company itself. They are neither first nor last among our objectives, but an ongoing part of everything we do.

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Our Founder, Dame Anita Roddick



ABOUT THE BODY SHOP

Founded in 1976, The Body Shop is a global beauty brand and a certified B Corporation™. We operate 2,576 retail locations in 70 countries¹. Along with Natura, Aesop and Avon, we're part of the Natura &Co group of socially conscious beauty brands.

We seek to make positive change in the world. We offer high-quality, naturally-inspired skincare, body care, haircare and makeup that is produced ethically and sustainably. We see our community of employees and customers as a collective of activists who use our brand voice as a platform to drive social and environmental justice issues around the world.

We exist to fight for a fairer and more beautiful world.

This is our purpose and it drives everything we do. A more beautiful world is one where human activity works in harmony with the natural world, and where all living things can flourish. A fairer world is one that is just and inclusive, where all people are treated equally, without prejudice.

To stabilise the planet, protect people and be a company that's really fit for the future, we need to go further than ever before. We need to be a force for good.

The Body Shop has always done this, but we've recently upped our game.

We're proud to be part of Natura &Co, working with Aesop, Avon and Natura to enhance our social and environmental impact. Together, we're creating not just the best beauty group in the world, but the best beauty group for the world.

As a certified B Corporation™, we balance profit and purpose and we meet the highest standards of social and environmental performance and accountability. We're part of a growing and influential global community of businesses who use our power and influence in positive ways.

¹As of May 2021, comprising 1,019 company run stores and 1,557 operated by franchise holders.



THE BODY SHOP 2030 SUSTAINABILITY STRATEGY

Throughout 2020, we conducted a comprehensive and rigorous sustainability review across all The Body Shop activities, measuring and benchmarking our performance against objective criteria.

We used knowledge and insights from this process, from Natura &Co and from external sustainability experts to inform The Body Shop 2030 Sustainability Strategy. From 2021–2030 this strategy will embed social and environmental progress in everything The Body Shop does, in order to fulfil our purpose.

Our 2030 Sustainability Strategy has three complementary pillars:

- 1. Commitment to Life: Meeting ambitious targets as part of Natura &Co's 2030 Sustainability Vision, accelerating progress where we can.**
- 2. Be the best B Corporation™ we can: Drive our performance in each recertification round and add our voice to the work of the wider business community.**
- 3. Sustainable stores: Evolve our global stores into a retail model that is truly sustainable.**



²Designing out waste and pollution, keeping products and materials in use and regenerating natural systems.

³For full details, see: https://naturaeco.com/press_release_20200615_vision_EN.pdf

1. COMMITMENT TO LIFE

Natura &Co's ambition is to be the best beauty group for the world. This means actively working to benefit people and planet.

In 2020, Natura &Co launched our group-wide Sustainability Vision for 2030 – Commitment to Life. United under this vision, The Body Shop and our sister brands are coordinating our resources and innovating throughout our businesses to help tackle some of the world's more pressing problems. Together, we're achieving more.

Commitment to Life has three pillars:

- Address the climate crisis and protect the Amazon – by reducing our greenhouse gas emissions to net zero by 2030, and working to protect the rainforest and support its people.
- Defend human rights and be human-kind – to support our employees, consultants, representatives and sourcing communities, and those within our supply chains.
- Embrace circularity and regeneration² – in our packaging, formulas and by investing in regenerative solutions.

As part of Natura &Co we and our sister brands have signed up to clear commitments and actions under each pillar, linked to global agreements and frameworks.³ The Body Shop is proud to have helped shape this ambitious vision. And we're excited about our role in achieving it within the next 10 years.

This vision is hugely ambitious in speed, scope and scale, requiring significant investment and radical changes in how we work, as individual brands and as a Group. For example, it commits The Body Shop to net zero greenhouse gas emissions by 2030,

that's 20 years ahead of the deadline set by the UN, to do everything we can to limit the rise in global temperatures.

Our commitments to support our people include paying all our employees at least the living wage by 2023. To defend human rights, we will fully trace or externally certify our supply chains for commodities associated with poor labour practices, such as palm oil, by 2025.

To embrace circularity, we're investing in packaging innovations and eliminating unnecessary plastic packaging. By 2025, our target is that 100% of our packaging will be reusable, recyclable or compostable.

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Our commitments to support our people include paying all our employees at least the living wage by 2023.
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2. BE THE BEST B CORPORATION™ WE CAN

Being a certified B Corporation™ is a huge opportunity for The Body Shop family, including our franchise partners. We have power both as The Body Shop collective and as part of the B Corp community.

To harness this power, we want to be the best B Corporation™ we can – in terms of our own performance but also how we influence positive business practices elsewhere. In our 2023 B Corporation™ recertification, we're aiming for an ambitious target of 100 points (18 points higher than in 2019).

From 2021, we'll invest in systems and resources to help our franchise partners to use the B Impact Assessment tool to drive their own performance and become B Corporations in their own right, wherever possible.

3. SUSTAINABLE STORES

As a global retail business, the way we run The Body Shop stores has an impact on the world and its people – both directly and by influencing our customers and other companies.

Building on Commitment to Life and being the best B Corporation™ we can, the final pillar of our strategy is evolving our global stores to a truly sustainable retail model by 2030. This pillar embraces circularity and regeneration in how we design, procure, use and dispose of everything that moves through our stores. This extends beyond the physical elements of our stores, to how we manage them, how they influence customer behaviour, how they support the communities they serve, and other ways we can deliver positive impact through our retail presence.

In 2020, we continued our engagement with sustainable business experts the Future Fit Foundation to support this pillar. We started to develop our approach and metrics to measure continual progress in every element of our stores.

GOVERNANCE AND REPORTING

Our International Sustainability Team will lead on strategy delivery throughout The Body Shop. Since early 2020, our dedicated Sustainability Champions in each company market and international function have driven sustainability systems, practice, monitoring and evaluation in every area of our business.

From 2021, we will report on our performance against our sustainability strategy in the same way as we report on our financial performance, via quarterly internal management reports, and annual external reports in collaboration with Natura &Co.



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The Body Shop is proud to be one of the world's largest certified B Corporations, joining a community of leaders who use business as a force for good.

”

Christopher Davis, International Director of Sustainability

2020 ACTIVITIES: COMMITMENT TO LIFE

As part of Natura &Co, The Body Shop will do everything we can to achieve the Commitment to Life targets.

This report covers The Body Shop activities in the first six months of this 10-year Sustainability Vision. This forms part of the picture in 2020 as our sister brands Aesop, Avon and Natura worked alongside us to meet these goals. Furthermore, it will take several years to make significant progress against some of the more ambitious targets.⁴

TO ADDRESS THE CLIMATE CRISIS AND PROTECT THE AMAZON

The Body Shop, as part of Natura &Co, will:

- **Reduce our greenhouse gas emissions to net zero by 2030.**
- **Foster collective efforts towards zero Amazon deforestation by 2025.**
- **Help create Science Based Targets for Biodiversity to enforce the Nagoya Protocol on Access and Benefit Sharing.⁵**



In 2020 The Body Shop updated our global energy policy, requiring the purchase of renewable energy across all company controlled stores, distribution centres and offices – offsetting non-renewable energy is no longer enough.

Accurately measuring our emissions is the first step to reducing them. To strengthen our data collection, we developed a system to track company and leased vehicle mileage, installed automatic meter readers (AMRs) in 28%⁶ of our stores and are expanding AMRs across all company sites. These will help us to tackle any high energy or fuel use, and verify the benefits of initiatives such as behavioural adjustments and energy-efficient technology.

At our largest UK site in Littlehampton, West Sussex, we're installing 'smart impulse' technology to monitor the energy used by specific types of equipment, so we can target any areas of high energy use. Our Wake Forest distribution centre in the United States is adopting LED lighting throughout all warehouse and office spaces, to reduce energy consumption in this area by up to 70%.

We started working with the Carbon Trust, world leading experts on the low carbon economy, to establish our greenhouse gas emissions baseline for the Science Based Targets initiative. Our targets include scope 3 (value chain) emissions as well as scopes 1 and 2 (those from sources owned or controlled by us, our energy consumption and supplier activities).

TO DEFEND HUMAN RIGHTS AND TO BE HUMAN-KIND

The Body Shop, as part of Natura &Co, will:

Our people

- **Ensure a 50% gender balance at our senior and board levels and equitable pay by 2023.**

- **Work towards 30% representation of under-represented groups in our management.**

- **Pay all employees globally the living wage by 2023.**

Our networks

- **Achieve measured increases in earnings, education and health for our consultants, representatives and sourcing communities.**

Our supply chains

- **Adopt a robust, group-wide human rights policy in line with UN Guiding Principles on Business and Human Rights by 2023, with zero tolerance to human rights infringement.**

- **Have fully traced and/or certified palm oil, mica, paper, alcohol, soy and cotton supply chains by 2025.⁷**

⁴This report includes the headline targets for each Commitment to Life pillar. For the full targets and projected timescales to achieve them, see: https://naturaeco.com/press_release_20200615_vision_EN.pdf

⁵An international agreement designed to share the benefits from the use of genetic resources in a fair and equitable way, as part of the UN Convention on Biological Diversity. See: <https://www.cbd.int/abs/>

⁶295 out of 1069 stores.

⁷These commodities have been independently assessed as potentially high risk in terms of poor labour rights and human rights concerns.

Our people

Our people are what make The Body Shop so amazing. We want to support them and treat them fairly, all of the time, everywhere. We recognise that women, people of colour, LGBTQ+ people, people with disabilities and/or those from low socio-economic backgrounds face particular barriers in the workplace. We're taking action to redress the balance.

Our UK-based Senior and Executive Leadership Teams remained 50% female in 2020. We're determined to maintain that, while ensuring that our board becomes more gender balanced. To help us achieve this, we invested in a mentoring programme for all our women employees and those from under-represented groups, which will launch in 2021. Reflecting our broader and more long-term work to empower women through our business practices and activism, in 2020 we received the Vogue Lifetime Achievement Award for Empowering Women.

In 2020, we prioritised inclusion and diversity in both our business and the wider world. These areas are a specific focus in our B Corporation™ recertification preparations (see page 13). In 2020 we appointed a global leader to drive our inclusion and belonging strategy and established SEEN, our global employee network with a specific focus on race and ethnicity.

In the US, our 2020 inclusion and diversity initiatives included racial awareness training and a six-month anti-racism course for our leaders, including our retail managers. We donated \$25,000 to the Black Lives Matter Foundation and enabled our customers to convert their loyalty points to benefit the foundation.

Living wage rates of pay, certified by the Global Living Wage Coalition, are key to reducing social inequalities.

They enable people working a standard working week to afford a decent standard of living for their family. In 2020, the Fair Wage Network confirmed that we already pay a living wage to all of our payroll employees in two-thirds of our markets (including seasonal employees). We're on track to pay all of our employees worldwide at least the living wage by 2023.

Our networks

For more than 30 years, our bespoke fair trade programme has benefitted smallholder, artisan and harvesting groups around the world through long-term, sustainable trade, and investments in community initiatives such as health and education facilities. In 2020, this programme helped to support the livelihoods of over 23,000 people across 14 countries. We commissioned an independent fair pricing tool to ensure that we continue to pay our Community Fair Trade producer groups appropriately. We made larger down payments and earlier final payments to two Community Fair Trade suppliers to help them overcome pandemic-induced cashflow problems.

In 2020 our direct sales channel, The Body Shop At Home, grew markedly in the UK and Australia and launched in the US. As well as helping to support our business during periods of enforced store closures, this gave 76,645 self-employed consultants flexible ways to supplement their income – something that is particularly useful in times of financial uncertainty such as the current pandemic.

Our supply chains

As a global retailer, The Body Shop is concerned with much more than the price of the product ingredients, raw materials, accessories, components and services we buy from suppliers. We strive to ensure that our buying power drives up labour standards and workers' incomes.



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Our people are what make The Body Shop so amazing. We want to support them and treat them fairly, all of the time, everywhere.

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Katrina Wright, Global People Director

We have a strong track record in ethical and sustainable sourcing, particularly through our Community Fair Trade programme which involves 19 suppliers in 14 countries, supporting the incomes of 23,863 people. But we want to do more to ensure that people are treated well throughout our supply chains.

In March 2020 we rolled out the Natura &Co Global Supplier Code of Conduct⁸ to all new The Body Shop suppliers. This outlines the minimum ethical standards we expect, including in employment practices. It goes beyond legal compliance, driving positive change throughout our direct and indirect supply chains. For example, it commits our suppliers to responsible recruitment and paying living wages.

In 2020 Natura &Co commissioned an external consultant to develop a group-wide Human Rights policy in line with UN Guiding Principles on Business and Human Rights. This robust policy will apply to all businesses and suppliers across Natura &Co, including at The Body Shop.

During the year, The Body Shop developed and started implementing policies on the ethical and sustainable sourcing of five of our target ingredients (palm oil, soy, mica, cocoa and sugarcane/ethanol). This is a key step in ensuring traceability.

TO EMBRACE CIRCULARITY AND REGENERATION

The Body Shop, as part of Natura &Co, will ensure that:

- **100% of all our packaging material is reusable, recyclable or compostable by 2030.**
- **95%+ renewable or natural ingredients in our products by 2030.**
- **95%+ biodegradable formulas in our products by 2030.**

- **We collaborate and collectively invest at least US\$100 million in regenerative solutions such as biotechnology by 2030.**

For years, the global economy has been based on increasing consumption, which generates increasing amounts of waste. This can't continue.

The Body Shop wants to live in a world where the air, land and waterways aren't polluted. We want to use fewer natural resources and ensure that the things we produce can be reused and repurposed or naturally break down into compost.

In recent years, embracing circularity and regeneration has been a significant investment area for The Body Shop. It's one of the most challenging targets for our business, which is why developing a global model for sustainable retail is a pillar of our 2030 Sustainability Strategy (see page 14 for achievements in this area). In 2020 we continued to review our product ingredients and formulas to help us reduce their ecological footprint. Implementing changes takes time because of the complexity of our supply chains and the numerous tests required to meet essential cosmetic safety standards around the world.

During the year, we continued investing in redesigning our product packaging to use fewer materials, and more recycled and recyclable materials, to reduce the energy required to manufacture and ship our packaging, and any related waste and pollution. This includes using less plastic overall, and lighter weight and more recyclable PET plastic where necessary. We also started testing Community Fair Trade polypropylene for future packaging.

In the 1990s we pioneered an in-store refill scheme that was ahead of its time. The world wasn't ready then, but it is now. In 2020 we prepared an ambitious refill programme and trialled it in a flagship store in London.

By making it easy and convenient to reuse our shower gel, shampoo, conditioner and handwash packaging multiple times, this scheme will help our customers to reduce their – and our – environmental footprint. In 2021 and 2022 we will roll out refill stations

in 400 stores per year, which could reduce plastic waste by more than 25 tonnes per year from 2023. By April 2026, we aim to have refill stations in the majority of our stores across the world.

Our groundbreaking partnership with Plastics for Change is a good example of how we source goods in ways that protect people and the planet alike. This Community Fair Trade scheme employs 701 marginalised waste pickers in India to source recycled plastic for our product packaging. In 2020, 30% of the plastic in our packaging came from this source. This scheme collected over 400 tonnes of plastic bottles for

repurposing (2019: 75 tonnes), saving 725 tonnes of CO2 and preventing significant amounts of waste. The initiative also benefited waste pickers and their families via educational support, and food distribution during the COVID-19 lockdown. In 2020 our partnership with Plastics for Change won the Sedex Responsible Business Award for Best Collaborative Effort to solve a responsible sourcing challenge.



⁸Natura &Co COC: https://static.rede.natura.net/html/home/2020/br_06/codigo_de_conduta/Natura_CO_CoC_Eng.pdf

2020 ACTIVITIES: BE THE BEST B CORPORATION™ WE CAN

The Body Shop is proud to be one of the world's largest certified B Corporations, joining a community of leaders who use business as a force for good.

Being part of this community allows us to collectively amplify our voices and the positive impact of our businesses. It also gives us the opportunity to learn from others across many sectors about how to tackle common challenges.

The rigorous B Corporation™ certification process, requiring specific data and high standards relating to our governance, environmental impact, working practices, and community and customer engagement, helped us improve our data gathering and understand our strengths and weaknesses. A raised bar at each three-year B Corporation™ recertification cycle will challenge us to make continual improvements in all areas.

Embedding B Corporation™ approaches into our everyday practices

In 2020 we developed a recertification strategy designed not only to drive our performance, but also to fully embrace B Corporation™ guiding principles, by:

- **Equipping all areas of our business to drive their own improvements.**
- **Involving our employees in the recertification process.**
- **Finding ways to collect and use consistent, well-organised non-financial data throughout our business.**
- **Integrating sustainability performance into employee objectives.**

We trained 25 Sustainability Champions (at least one in every international function and every company market) to coordinate the recertification process in their specific business area. This will ensure that sustainability thinking and practice is embedded throughout our business, every day, at every level. We also started developing processes to support our franchise partners to become certified B Corporations.

Our 2019 certification process identified specific opportunities to reduce our environmental footprint and improve our environmental data. In 2020 we acted on these findings by planning to expand our in-store recycling scheme significantly and starting to install automatic meter readers in all company sites (see page 9).

Maximising our positive impact

Our recertification strategy aims to use the B Impact Assessment process to continually increase our positive impact in everything we do, from the way we source our product ingredients to building a more inclusive and representative global workforce and supporting local communities near our company sites.

In 2020 we established or restructured our global employee networks to actively challenge existing norms and help ensure that all our workplaces are inclusive and non-discriminatory. We also took specific steps to support the career development of women, people of colour and under-represented groups. This matters to us as a business, but it's also important for us to role model positive practices for other businesses and for our customers around the world.

Our market-based teams are best placed to take the initiative in actions to support communities, provide decent work and job opportunities at local levels. That's why our recertification strategy empowers market-based actions to ensure we actively widen the scope of our positive impact, as well as improving our global performance.

For example, our US distribution centre piloted inclusive hiring practices to provide access to employment for any legal workers with the right skills, no matter what their background or experience. This was hugely successful in benefiting marginalised people, including people with criminal convictions and low educational levels. It also improved employee satisfaction, reduced employee turnover and diversified our workforce. In 2020, we extended this approach and employed seasonal consultants in the US and Canada through open hiring. In 2021, we will further expand inclusive hiring to Australia and the UK.

We're also providing our Market teams with tools and training to engage in local, national and global activism as part of The Body Shop collective. In 2020 we developed a work plan to equip these teams to design and roll out effective campaigns to fight for social and environmental justice, starting from 2021.

We continue to support communities in small-scale, localised ways as well as via our global business practices and campaigns. For example, in 2020 our UK head office joined a scheme to donate repurposed smartphones and laptops to people who need them. Working with the electronic refurbishing specialist Reconome, we donated phones to the Community Calling scheme. This initiative provides people with refurbished phones, a year's data and digital skills training for free, while also tackling e-waste. In early 2021 we plan to extend this support by donating laptops to local schools.



2020 ACTIVITIES: SUSTAINABLE STORES

The Body Shop stores are the frontline of our business. Most of our employees are store-based, and our stores remain important points of contact for many of our customers. Despite the challenges we faced in 2020, we remain committed to ensuring our stores remain a cornerstone of our company.

The way we work in our stores has a huge impact on our environmental footprint and our customers' behaviour.

That's why developing a truly sustainable model for global stores is the third pillar of our 2030 Sustainability Strategy. In 2020, we laid the groundwork for several ambitious initiatives to help us get there.

Reducing waste

In 2019, we launched Return, Recycle, Repeat, our in-store recycling scheme in partnership with TerraCycle. The scheme makes it easier for customers in five countries to recycle our empty tubs and tubes in-store. In 2020 we made the difficult decision to temporarily pause this service because of the global pandemic but this didn't affect our commitment. By the end of 2021, all of our company markets will participate in the scheme.

In 2020, we invested in systems to help to reduce paper receipts in our stores. By 2022 all our company markets will offer e-receipts, which could save over 4,800km of till roll each year.

Redesigning our stores

Creating truly sustainable stores requires us to consider every aspect of our stores and their impact on people and planet. In 2020 our Global Shopfit Team started working with external experts to develop an approach that considers the total impact of our store materials throughout their lifespan. This will inform our cyclical process of designing, procuring and disposing of the materials and fixtures used in our stores.

Our new stores will use sustainable materials throughout, produced in factories that demonstrate ethical and environmental standards in Sedex⁹ audits:

- No virgin plastic (and less plastic overall).
- Materials and fixings that can be broken down at the end of their life.
- FSC certified or recycled wood.
- LED lighting (and only when needed).
- FSC certified paper/card and water-based inks.

This is a huge step in the right direction but we also continue to work with the Future Fit Foundation on a way to monitor and evaluate continual progress.

⁹Sedex is a membership organisation that provides online platforms for companies to manage and improve working conditions in global supply chains.

2021 PRIORITIES

In 2021, The Body Shop will build on the foundations laid and progress made in our sustainability work during 2020. While we will remain vigilant and compliant in keeping all of our workplaces COVID-safe, we aim to restart some initiatives that we had to pause during pandemic restrictions.

We will devise specific targets for each pillar of our 2030 Sustainability Strategy and will align all internal and external sustainability reporting with this strategy.

Commitment to Life

We will help to accelerate, measure and report progress towards Commitment to Life targets as part of Natura &Co. To support this, we will coordinate systems and ways of working with our sister brands.

To help address the climate crisis, we will install automatic (energy) meter readers in all remaining company stores and sites, to help us identify where and how we can use less energy.

To help defend human rights and be human-kind, we will continue to focus on inclusion and diversity in our global workforce. We will extend open hiring beyond the US and into other business areas. We will also launch a mentoring programme for all our women employees and those from under-represented groups.

To help embrace circularity and regeneration, we will roll out refill stations in 400 stores and will ensure that all of our company markets participate in our Return, Recycle, Repeat scheme. Our new, more recycled and recyclable Body Butter packaging (made from aluminum and 100% recycled PET) will be available in all stores.

Be the best B Corporation™ we can

In 2021 we will implement our new B Corporation™ recertification strategy to prepare every area of the business to join our collective mission to be a force for good. Every international function and every market will produce a detailed action plan to embed B Corporation™ approaches in everyday business practices, maximise our impact and hit our ambitious target.

Alongside this, we will develop tools to help our franchise partners around the world become B Corporations. And we will start to leverage our voice and influence to drive positive social and environmental change by engaging in more considered and coordinated local, national and global activism.

Sustainable stores

In 2021 we will finalise the strategy, operational plan and targets for our new pioneering store concept. To support this pioneering initiative and inspire positive trends among other retailers and in customer behaviour, we will engage in publicity and information sharing on this topic.





THE BODY SHOP





THE BODY SHOP

**2020 SUSTAINABILITY
REPORT:**

Further Information

July 2021

ABOUT THIS DOCUMENT

This document supplements The Body Shop 2020 Sustainability Report. It provides additional data, transparency and accountability on our economic, environmental and social sustainability performance from 1 January 2020 to 31 December 2020, in line with global reporting frameworks. Unless otherwise stated, the data relates to our global performance.

ECONOMIC IMPACT

Policy Influence

A 2019–2020 overview and then a 2020 breakdown of The Body Shop contributions to UK-based trade associations are shown in the following tables.

Organisation Type	2019 Contribution	2020 Contribution
Trade associations or tax-exempt groups (e.g. think tanks)	£25,503	£49,176

Organisation	2020 Contribution	Organisation activities/area of influence
British Retail Consortium	£13,738	A trade association for retail businesses in the UK
Cosmetic Toiletry and Perfumery Association	£10,958	An organisation that represents companies involved in making, supplying and selling cosmetic and personal care products
Direct Selling Association	£24,480	An incorporated association that represents businesses that directly sell consumer goods

Privacy Protection Systems

The Body Shop implements company-wide privacy notices and policies, which are embedded in our Ethics & Compliance structure, including risk and compliance management. The Natura &Co Group Global Data Privacy team oversees privacy issues at The Body Shop and our sister brands.

The Body Shop Global Privacy Policy applies to privacy in our operations and among our employees and workers. The Group-wide Natura &Co Code of Conduct covers privacy in relationship to The Body Shop suppliers.

Any breaches of our Global Privacy Policy, the Natura &Co Code of Conduct or local The Body Shop human resources procedures relating to privacy can result in disciplinary action. Anyone who works at The Body Shop, including supply chain workers, can report any Code of Conduct or policy violation to the free and confidential Natura &Co Ethics Line that is available 24/7 in 14 languages. All reports are appropriately investigated and remediated in accordance with our policies and local labour laws.

The Body Shop undergoes audits carried out by the Natura &Co Internal Audit function, which can include privacy reviews. The Natura &Co Ethics & Compliance Team's monitoring programme reviews implementation of The Body Shop privacy programme.

Product Quality and Recall Management

The Body Shop had no product recalls between 2018 and 2020.

Customer Satisfaction

The Body Shop monitors customer satisfaction using a survey with a 1% margin of error. The results for 2018–2020 are outlined in the following table.

Satisfaction measurement	Unit	2018	2019	2020
Satisfied respondents	% of satisfied respondents out of total respondents	89%	91%	77%

ENVIRONMENTAL IMPACT

Operational Eco-efficiency

The Carbon Trust worked with Natura &Co to produce data on The Body Shop direct and indirect greenhouse gas emissions, as outlined in the following tables.

Direct Greenhouse Gas Emissions (Scope 1) ¹	Unit	2020
Total emissions	Tonnes of CO2 equivalent	1,161
Data coverage		100% when extrapolated

¹ Scope 1 covers direct emissions from company owned or controlled sources, based on the Greenhouse Gas Protocol criteria.

Indirect Greenhouse Gas Emissions (Scope 2) ²	Unit	2020
Total emissions	Tonnes of CO2 equivalent	8,335 using market-based emissions
Data coverage		100% when extrapolated

Energy Consumption

During 2020, The Body Shop total energy consumption was 9,401 megawatt hours (MWh). This comprised 5,631 MWh of renewable energy (60% of our total energy consumption) and 3,770 MWh of purchased non-renewable electricity (40% of the total). This data covers 46% of our stores,³ 100% of our main offices, and 67% of our distribution centres.

Water Consumption

The following table shows the fresh water consumption at The Body Shop London and Watersmead sites in the UK, excluding stores.

Fresh Water Consumption	2018	2019	2020
From municipal water supplies/other water utilities (in cubic metres)	6,077	5,241	3,525

Waste Disposal

The total solid waste disposed at The Body Shop London and Watersmead sites in the UK, excluding stores, is shown in the following table.

Solid Waste Disposed (in tonnes)	2018	2019	2020
a) Total waste generated	822.67	749.18	576.01
b) Total waste used/recycled/sold	618.94	516.60	347.48
Total waste disposed (a - b)	203.73	232.58	228.53

Environmental Violations

In 2019 and 2020, The Body Shop received no fines or penalties for legal obligations or violations relating to environmental or ecological regulations. In 2018, we paid penalties totalling £12,000 arising from two regulatory breaches related to store procedures.

² Scope 2 covers indirect emissions from generating energy purchased and consumed by a company, based on the Greenhouse Gas Protocol criteria.

³ Stores include company stores and exclude franchisee stores.

Revenues from Hazardous Substances

All (100%) of The Body Shop products have undergone risk assessment for their potential impact on human health. By revenue, none (0%) of our products in 2020 contained restricted substances in Annex XVII of REACH Regulation⁴ and 0.56% of our products contained substances on the Candidate List of Substances of Very High Concern for Authorisation⁵ (above 0.1% by weight). Going beyond legal compliance, we regularly review restricted ingredients in order to avoid using them in our new product formulations.

Food Loss & Waste

The Body Shop has a strategy to address food loss and waste. We contract a specialist provider to manage and report on our waste figures every month.

Food loss & waste	2018	2019	2020
Total weight of all food loss & waste (UK Watersmead site)	19,890KG	27,950KG	13,357KG

Packaging Materials

At The Body Shop, we continually review the quantity and composition of our product packaging to reduce our environmental footprint. The following table summarises the content and weight of our non-plastic packaging in 2020.

2020 Packaging Materials	Coverage (% of cost of goods sold)	Total Weight (metric tonnes)	Recycled/Certified Material (% of total weight)	2020 Recycled Target (% of total weight)
Wood/paper fibre	96.8%	1,944**	100%	100%
Metal (e.g. aluminium or steel)	96.8%*	116	n/a	n/a
Glass	96.8%*	1,850	21.5%	n/a

* Coverage of units sold

** Excluding wooden pallets (3,370 including wooden pallets)

⁴ New rules from the European Union Chemicals Agency ECHA on the marketing and use of various dangerous substances, mixtures and items.

⁵ Under Article 59(10) of ECHA's REACH Regulation.

We specifically measure our progress towards reducing our plastic packaging, and increasing the percentage of our plastic packaging that is recyclable and/or recycled plastic. This is shown in the following table.

Type of plastic packaging	2018	2019	2020
Total weight (tonnes) of all plastic packaging	3,824	3,643	3,253*
Percentage of recyclable plastic packaging (% of total weight of all plastic packaging)	89.0%	88.6%	80.1%**
Percentage of compostable plastic packaging (% of total weight of all plastic packaging)	0%	0%	0%
Percentage of recycled content within plastic packaging (% of total weight of all plastic packaging)	8.0%	8.3%	29.4%
Coverage (% of cost of goods sold)	Not available	Not available	96.8%

* Including tertiary/transport packaging

** The percentage has dropped because we are now working to a higher standard

SOCIAL IMPACT

Corporate Citizenship and Philanthropy

The value of The Body Shop corporate citizenship and philanthropic contributions in 2020 is outlined in the following table.

Type of Contribution	2020 Total
Cash	£1,500,000
Time: employee volunteering during paid working hours	£4,918 (UK only)
In-kind giving: product or service donations, projects/partnerships or similar	£450,000
Management overheads	£137,000
Total value	£2,091,918

All workforce data in the following sections relates to The Body Shop payroll employees, including short-term and seasonal employees. It excludes franchisee employees, third-party agency workers and contractors.

Workforce Breakdown: Gender

The Body Shop monitors a number of gender indicators in our global workforce, as outlined in the following table.

Diversity Indicator	2018	2019	2020	2020 Actual Numbers
Share of women in total workforce (% of total workforce)	89.06%	90.37%	89.9%	7,317 women 8,140 total
Share of women in all management positions, including junior, middle and top management (% of total management positions)	66.50%	84.60%	74.8%	615 women 822 total
Share of women in junior (first level) management positions (% of total junior management positions)	72.85%	88.71%	80.0%	487 women 609 total
Share of women in top management positions, at most two levels away from the CEO (% of total top management positions)	46.58%	55.88%	40%	4 women 10 total
Share of women in management positions in revenue-generating functions (e.g. sales) (% of all such managers, excluding support functions such as Human Resources, IT, Legal)	77.99%	90.35%	93.8%	1,342 women 1,431 total
Share of women in STEM-related positions (% of total STEM positions)	Not available	Not available	47.6%	80 women 168 total

Workforce Breakdown: Race/Ethnicity & Nationality

The racial, ethnic and nationality breakdown of The Body Shop workforce in Canada and Australia is outlined in the following table. This self-reported data represents less than 10% of our workforce in the two markets as reporting was optional.

We are unable to report ethnicity data relating to our employees in our other markets for legal reasons.

Race/Ethnicity	2020 (% of total workforce) ⁶
White	66%
South East Asian	5%
European	4%
Prefer to self-describe	4%
Chinese	3%
Latin American	3%
Filipino	2%
Southern and Central Asian	2%
Black	1%
South Asian	1%
South East Asian	1%
First Nations	1%
Metis	1%
Pacific Islander/Polynesian	1%
Prefer not to disclose	0.1%
Arab	0.05%
Japanese	0.05%
Korean	0.05%
Aboriginal/Torres Strait Islander	0.05%
South American	0.05%
Latino/Hispanic	0.05%
Do not know	0.05%
Inuit	0%
West Asian	0%

Workforce Breakdown: Other Minorities

In 2020, 0.13% of The Body Shop workforce (full-time equivalent roles) in Canada and Australia comprised people living with a disability.

We are unable to report disability data relating to our employees in our other markets for legal reasons.

⁶ All figures above 1 have been rounded to the nearest whole number.

Gender Pay Indicators

All The Body Shop employees receive equal pay for work of equal value in the same location. Details of our equal pay analysis for 2020 are in the following table⁷.

Employee Level	2020 Average Ratio Women: Men
Executive level (base salary only)	80.6:100
Executive level (base salary & other cash incentives)	80.2:100
Management level (base salary only)	90.7:100
Management level (base salary & other cash incentives)	89.3:100
Non-management level	92.1:100

Freedom of Association

In 2018, 11.43% of The Body Shop global employees were represented by an independent trade union or covered by collective bargaining agreements. In 2019, this figure was 11.29%, and in 2020 it was 10.4%.

Training and Development

In 2020, The Body Shop invested an average of £197 per full time equivalent post⁸ on employee training and development globally.

Talent Attraction and Retention

The Body Shop employee hiring data in the following table relates to the UK only. Some 76% of these new employees are women and 24% are men.

Indicators	2018	2019	2020
Total number of new employees	143	116	125
Average hiring cost (per full-time equivalent new hire role)	£4,006	£3,249	£2,485

The following table highlights The Body Shop global employee turnover between 2018 and 2020. Some 89.47% of the employees who left us in 2020 were women and 10.52% were men, which reflects the overall gender balance of our employees.

Employee Turnover Rate	2018	2019	2020
Total turnover rate (% of total employees)	47.83%	40.5%	45.0%
Voluntary rate (% of total employees)	36.25%	30.53%	20.0%

⁷ For further details, see our 2020 Gender Pay Gap Report:
<https://thebodyshop.a.bigcontent.io/v1/static/GENDER-PAY-GAP-REPORT-2020>

⁸ Based on 5,058 full time equivalent posts.

Employee Engagement

Engagement levels among The Body Shop global employees over the past two years, based on our scaled employee engagement surveys, are shown in the following table.

Indicator	2019	2020	2020 Target
Employee engagement level (% of actively engaged employees)	76%	78%	78%
Data coverage (% of total employees)	70%	72%	Not available

Occupational Health, Safety and Wellbeing

At The Body Shop, we value our employees highly. We have a number of initiatives to support and enhance their health and well-being, as outlined below.

Flexible working hours

We offer a range of flexible working options to our employees around the world to help them work in ways that best suit them. For example, in Singapore, our employees can request flexible working hours including maintaining a full working week but with earlier or later start and finish times, or a reduction in their working days or working hours each week.

In Australia, in addition to the above we also offer job share arrangements, and casual work hours in our stores. In Hong Kong & Macao, our employees can request occasional changes in their working hours.

Working from home arrangements

As a result of COVID-19, the majority of our office-based employees have been working from home most or all of the time since March 2020. We are currently assessing the best approach for the future, which is likely to be a hybrid of office and home working.

Since 2019, our UK-based employees in our Watersmead and London Bridge offices have had the freedom to choose how and when to work as long as they achieve what needs to be done. In Singapore, our office-based employees can work from home up to one day a week. In Australia, all of our Head Office employees have the option to work from home, once we have clarified that their work environment is safe. They may take some company equipment home for this purpose.

Childcare facilities and support

Our Watersmead site in the UK, the location of our Global Office and UK Distribution Centre, has had an onsite nursery for many years. We also allow specific flexibility for employees with caring responsibilities, so they can take paid/unpaid leave at short notice to help them balance their needs. In Singapore, our childcare leave and extended childcare leave exceed the legal minimum by being open to the children of foreign citizens.

Paid parental leave

Our maternity, paternity and parental leave offering exceeds the legal minimum in a number of countries.

For example, after at least one year of continuous employment with us, our UK-based employees are entitled to 26 weeks' maternity leave at 100% of their normal salary, in addition to 13 weeks of statutory maternity pay. After 12 months of continuous service, our UK-based employees who are responsible for a child's upbringing, including new adoptive parents, and biological fathers or partners of a new mother, are eligible for paternity/adoption leave at 100% of their normal weekly earnings. Paternity leave must be completed within 56 days of the date the child was born or placed with the adopter.

In Singapore, if an employee has worked for us for at least 90 days before giving birth, we pay for the entire 16 weeks of their maternity leave regardless of whether the employee is a citizen of Singapore, while statutory maternity leave only covers citizens of Singapore. In Hong Kong and Macao, we pay our office-based employees on maternity leave 100% of their salary – 20% more than the legal entitlement. Our maternity leave in Japan is 2 weeks longer than the statutory level for single births. In Australia, we offer 6 weeks' paid parental leave in addition to the government scheme for the primary carer and 1 week for the secondary carer. This is open to all our permanent Head Office and store employees, whether they work full time or part time, once they have worked for us for at least 12 months.

Work-related fatalities and injuries

Between 2018 and 2020, The Body Shop employees and contractors experienced no work-related fatalities.

Our lost-time injury frequency rate between 2018 and 2020 is outlined in the following table, based on all employees and contractors.

Lost-time injury frequency rate	2018	2019	2020
Employees (per million hours worked)	2.86	2.48	1.30
Contractors (per million hours worked)	3.79	2.67	6.6

Living Wage Commitments

At The Body Shop, we are committed to paying all employees involved in our operations at least a living wage⁹ by 2023, starting with our direct employees.

In early 2021, we assessed our progress towards this commitment based on the Wage Indicator Methodology and the Fair Wage Network's rates, or more robust national living wage organisations' approved rates where available. In the UK, for example, we are committed to paying at least the Real Living Wage to both our direct employees and third party contractors who meet the UK Living Wage Foundation scope. In the Republic of Ireland we have opted to pay the rates defined by the Irish Living Wage Technical Group.

⁹ Higher than the minimum wage, a living wage is a base salary for a standard work week that enables a worker to afford a decent standard of living for them and their family, covering all food, housing and clothing costs, and provision for additional expenses such as healthcare, transport, childcare and education.

The Fair Wage Network confirmed that we already pay a living wage to all of our payroll employees in two-thirds of our company markets (including seasonal employees) in 2020. This data is based on more than 75% of our operations, and less than 25% of our suppliers, contractors and franchisees.