



THE BODY SHOP

The Body Shop International Limited Corporate Governance Statement

As a very large private company under the Companies (Miscellaneous Reporting) Regulations 2018, throughout 2019 The Body Shop International Limited has been re-designing its risk and governance structure to sit within the governance structure of the Natura &Co Group. The Company has not formally adopted a Corporate Governance Code for 2019 but it is in the process of aligning its practices to those of Natura &Co which are set out under the Brazilian Corporate Governance Institute (IBGC), the Brazilian Corporate Governance Code (BCGC) and the B3 listing requirements for the New Market segment on the Brazilian Stock Exchange. Furthermore, following the listing of Natura Holding S.A. on the New York Stock Exchange during 2019, the Sarbanes-Oxley Act as well as related rules of the U.S. Securities and Exchange Commission, will require compliance with additional corporate governance practices, as well as the further listing rules in 2020.

The Body Shop Group operates within the Natura &Co Group governance structure. The Board of Directors of the Natura &Co Holding S.A. is the decision-making body responsible for, among other things, determining the strategy and direction for Natura &Co Group which includes The Body Shop. The Board also supervises The Body Shop executive officers and monitors their implementation of the strategy and direction that The Body Shop Board of Directors establishes from time to time. The Board of Natura &Co Holding S.A. is further advised by committees, including the Audit, Risk Management and Finance Committee, the Organisation and People Committee, the Strategy Committee, and the Corporate Governance Committee, which are responsible for assisting the Board in their management activities. The Audit, Risk Management and Finance Committee oversees, amongst other things, the implementation of a robust controls framework including policies and guidelines related to integrity and ethics.

The Natura &Co Executive Chairman leads the definition and implementation of the Group's strategy, conducts supervision and oversight of each company in the Group, supports the business unit Chief Executives in key businesses decisions, and supports the Natura &Co Board in defining and managing the Group's governance, agenda and cadence of meetings. The Natura &Co Board has appointed a Group Operating Committee (or GOC) whose role is to implement the Natura &Co Board vision for the Group, develop a common understanding of each company's performance and drivers, and provide preliminary recommendations to the Natura &Co Board on specific topics.

The Body Shop International's corporate governance sits squarely within the Natura &Co governance structure. The GOC is the primary executive arm of the Natura &Co Board, and all four members of The Body Shop International Board of Directors sit on the GOC, including the Natura &Co Executive Chairman, as well as representatives of key areas of the business in Natura &Co. The Body Shop International Board reviews and approves key "company-level" decisions and reserves the right to analyse and approve any topics from the Company. Execution of the Board's decisions and strategy, as well as day-to-day management of the Company's business is delegated to Company's Executive Leadership Team which comprises key representatives from the Company's businesses and support functions. The management of the Company's subsidiaries also operates through local management committees in each business cluster. These management committees report in to the Executive Leadership Team. The basis for remuneration of The Body Shop executives is set through the Organisation and People Committee of Natura &Co. The Body Shop Group also has an Ethics Committee which manages issues raised by employees and others through the Ethics Portal and hotline.

During 2019, a key development in governance structure for The Body Shop Group was the establishment of the Risk and Governance Committee reporting in to the Company's Board of Directors. This Risk and Governance Committee is working with the Natura &Co Audit, Risk Management and Finance Committee to align policies, controls and risk reporting for the Natura &Co Group. Long term opportunities and risks for the Natura &Co Group are raised at annual strategy sessions held by the GOC and leadership teams. These opportunities and risks are then documented using an enterprise-wide risk management approach. The Board of Directors of The Body Shop engaged with employees, customers and suppliers, and has had regard to stakeholder interests, through a variety of mechanisms which are described in the Strategic Report of its Annual Report.

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