



THE BODY SHOP

GENDER PAY GAP REPORT

2020



FACE

CHARCOAL

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ENRICHED WITH OILS
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TEA TREE

SPR BODY BUTTER

VANILLA PUMPKIN
DISCOVER SPECIAL EDITION
BUILT FOR PUMPKIN

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ABOUT THE BODY SHOP

Founded in 1976 in Brighton by Dame Anita Roddick, The Body Shop is a global beauty brand and a certified B Corp™. We seek to make positive change in the world by offering high-quality, naturally-inspired skincare, body care, hair care and make-up produced ethically and sustainably.

WE EXIST TO FIGHT FOR A FAIRER AND MORE BEAUTIFUL WORLD.

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. This is our purpose, and it drives everything we do.

At The Body Shop, we recognise the structural barriers that some people

face in life and at work. We strive to be inclusive and equitable in every area of our business. We welcome employees and customers of all gender identities and expressions, ethnicities, sexual orientations, religious beliefs, ability levels and ages.



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We work to promote self-esteem, cultural and physical diversity, and encourage the celebration of the unique qualities that make each of us what we are.

”

Our Founder Dame Anita Roddick, 2000

FOREWORD: FIGHTING FOR EQUALITY IS IN OUR DNA

At The Body Shop, we have a long and proud history of championing equality and advocating for under-represented communities. Today, we believe that the fight for equality is more urgent than ever.

The two greatest challenges currently facing our world – Covid-19 and the climate crisis – have a particularly devastating impact on women, people of colour and marginalised communities. So, we're even more determined to use our business to empower women and girls all over the world.

Whether we're sourcing ingredients from our Community Fair Trade suppliers, using our stores and digital platforms to fight for social and environmental justice, or simply creating a workplace where everyone can be at their best every day, we know we can always do better, but we're proud of the progress we're making.

In 2020, we appointed a Global Inclusion and Belonging Manager, and set up Race & Ethnicity and Disability colleague network groups—because we know that when our colleagues' voices are heard, they change our business for the better. At the same time, our UK-

based Senior and Executive Leadership Teams remained 57% female, and we continued to pay all UK employees the Real Living Wage or more.

In general, the data in this report should of course be viewed in the context of Covid-19 and the huge impact it continues to have on the way we live. With so many of our store colleagues on furlough, and many of those colleagues being female, our results look different this year. So, to help give a more rounded picture, we've included additional data from 1 March 2020

We continue to be proud of our global collective in stores, offices and distribution centres across the world – for their commitment to our business in unprecedented times, and for their dedication to fighting for positive change. I'm looking forward to continuing that fight together in 2021 and beyond.



David Boynton, CEO



INTRODUCTION

This report explains why The Body Shop has gender pay gaps, shows that we're steadily reducing them and outlines the steps we're taking to accelerate this.

All people matter to us at The Body Shop. We're a trans-inclusive business. We know that gender isn't binary, and we strive to make employees and customers of all genders feel welcomed and supported. In future, we aim to make our reporting fully inclusive. However, for this report, UK government regulations require us to report our gender pay gaps in terms of men and women.

This report meets the requirements of The Gender Pay Gap Information Regulations 2017 and accurately reflects gender pay gaps at The Body Shop by comparing the hourly pay and annual bonuses received by our UK-based female and male employees.

In March 2020, our stores and offices were closed due to Covid-19 regulations and we took the difficult decision to place 71% of our employees on furlough, on less than full pay. Following government reporting guidance, the pay data in this report is only based on employees who were on full pay on 5 April 2020.

Excluding these furloughed colleagues from calculations makes our 2020 gender pay gaps appear smaller than they really are. For greater accuracy and transparency, we've chosen to include March 2020 data and highlight differentials between our store-based and non-store employees.

We know that gender is not the only barrier that some people face at work. That's why this report also includes information on our wider work to make The Body Shop inclusive and equitable for everyone.



THE BODY SHOP IN NUMBERS

GLOBAL EMPLOYEES

(The Body Shop Group & franchise holders)

20,000

(in >60 Countries)

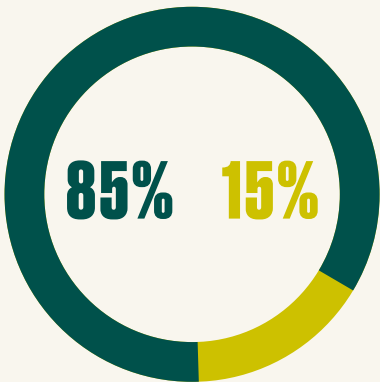
UK-BASED EMPLOYEES

(On 5 April 2020)

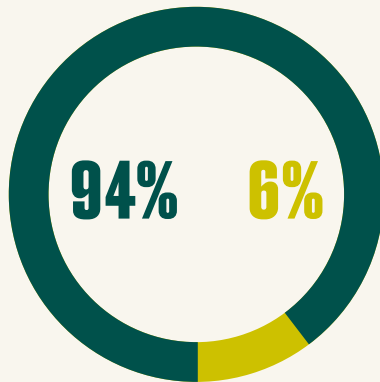
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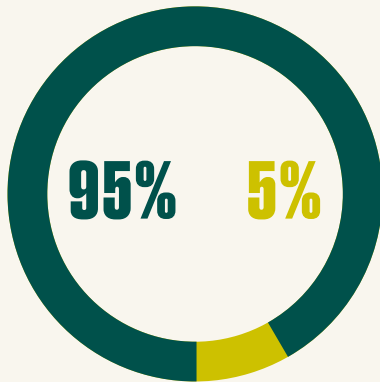
UK based employees



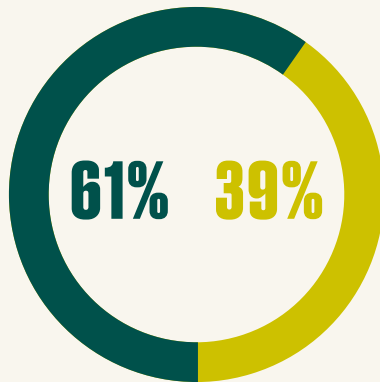
UK-based employees on 5 April 2020



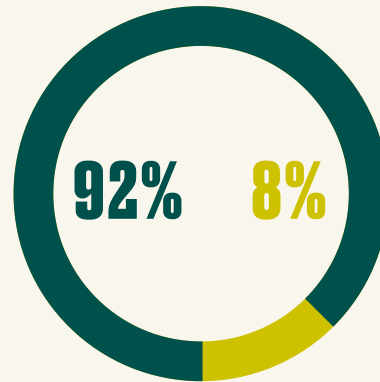
Full-time store-based



Part-time store-based



Full-time non-store



Part-time non-store

■ Women ■ Men

**ALL OF OUR EMPLOYEES
RECEIVE EQUAL PAY FOR
WORK OF EQUAL VALUE
IN THE SAME LOCATION.**

UNDERSTANDING OUR GENDER PAY GAPS

In the UK, 85% of our employees are women. We're proud to employ thousands of women in flexible positions that work for various lifestyles. Most of our female colleagues work in our stores, in part-time roles that give them flexibility.

All of our employees receive equal pay for work of equal value in the same location. However, the different roles performed by many women and men at The Body Shop mean that, overall, there are more women in our lower paid roles than men. This raw gender pay gap is not unique to us – it's common in our sector, across the UK and worldwide.

Our gender pay gaps exist because:

- Our store-based roles have the lowest levels of pay and bonus eligibility. Almost all of our store colleagues are women.
- Most of the men we employ work full-time as managers in our Global Headquarters, in roles that are eligible for annual bonuses.
- The majority of our part-time employees are women, which inflates our gender bonus pay gap.

The section on page 14 explains the action we're taking to close our gender pay gaps and be as equitable as possible.



“

Deciding what work to go back to after my second child was difficult. What I really wanted was to work for a brand I was passionate about, doing what I love and am good at. Flexible working at The Body Shop makes it possible for parents to thrive in their careers and be present for their children.

”

Charlotte Emmerson, Global Head of Campaigns

OUR GENDER PAY GAPS

Our April 2020 data suggests that our mean and median gender pay gaps have dramatically reduced. However, this data covers only 29% of our employees. At that time, we had placed our store-based employees (95% women) on furlough on 80% pay under the Coronavirus Job Retention Scheme, so they do not appear in these figures.

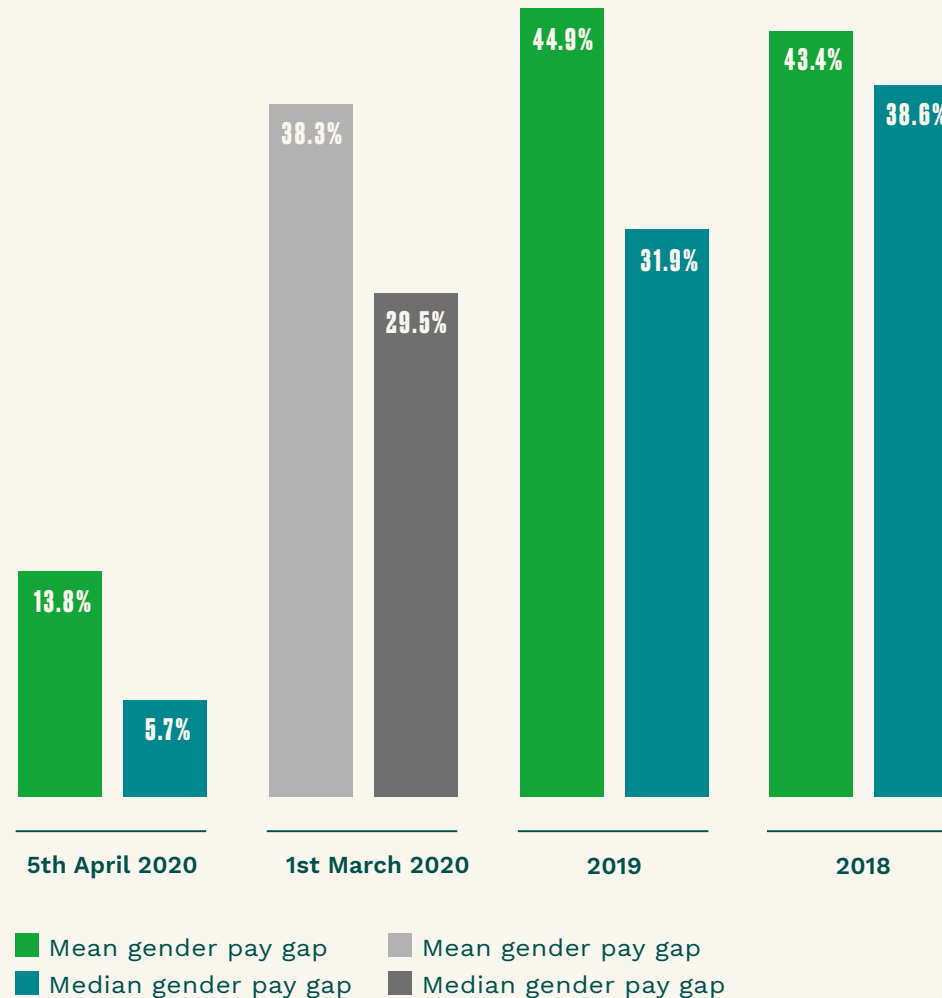
In reality, as shown by our March 2020 data, our gender pay gaps continue to reduce steadily and our mean gender pay gap has reduced markedly since 2019.

Mean gender pay gap

Difference in the *average* pay of all women and all men¹ we employ, based on all roles, salary levels and bonuses.

Median gender pay gap

Difference between the *middle* pay rate of all women and men we employ (excluding bonuses).



¹ Based on how our employees describe their gender to us.

OUR GENDER BONUS GAPS

Overall, more of our male employees receive annual bonuses because of the nature of their roles. The requirement to report part-time employees' bonuses as if they're full-time heightens our gender bonus gap, as most of our part-time employees are women. Also, our store incentive plans reward monthly sales achievements, so the opportunity to receive bonuses depends on monthly results.

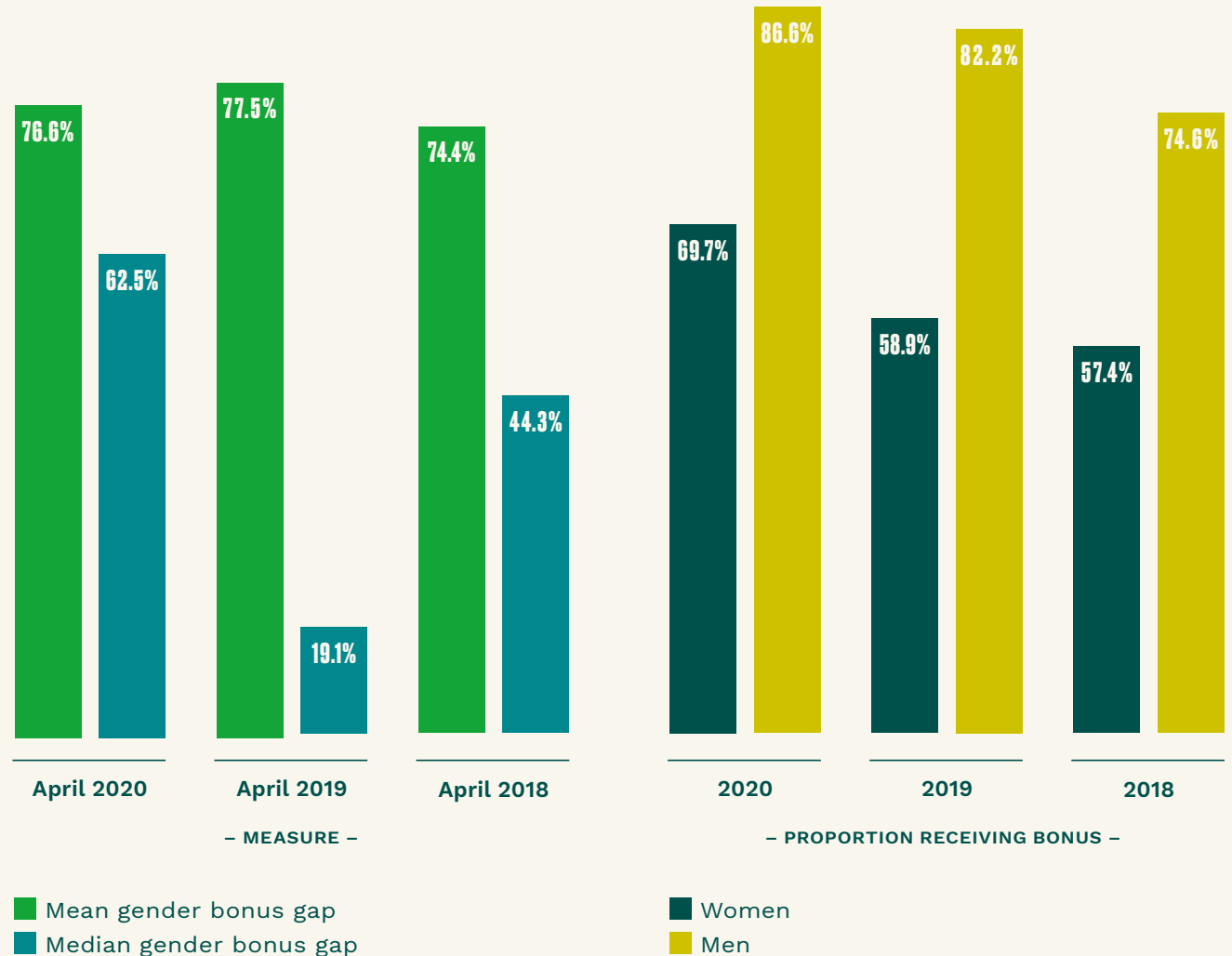
Our median bonus gap has significantly increased because the 2020 male midpoint was a manager in our corporate headquarters with a relatively high bonus, and our 2020 female bonus midpoint was a non-manager with a lower bonus amount.

Mean gender bonus gap

Difference between the *average* bonuses we pay to women and men.

Median gender bonus gap

Difference between the *middle* bonus rate we pay to women and men.



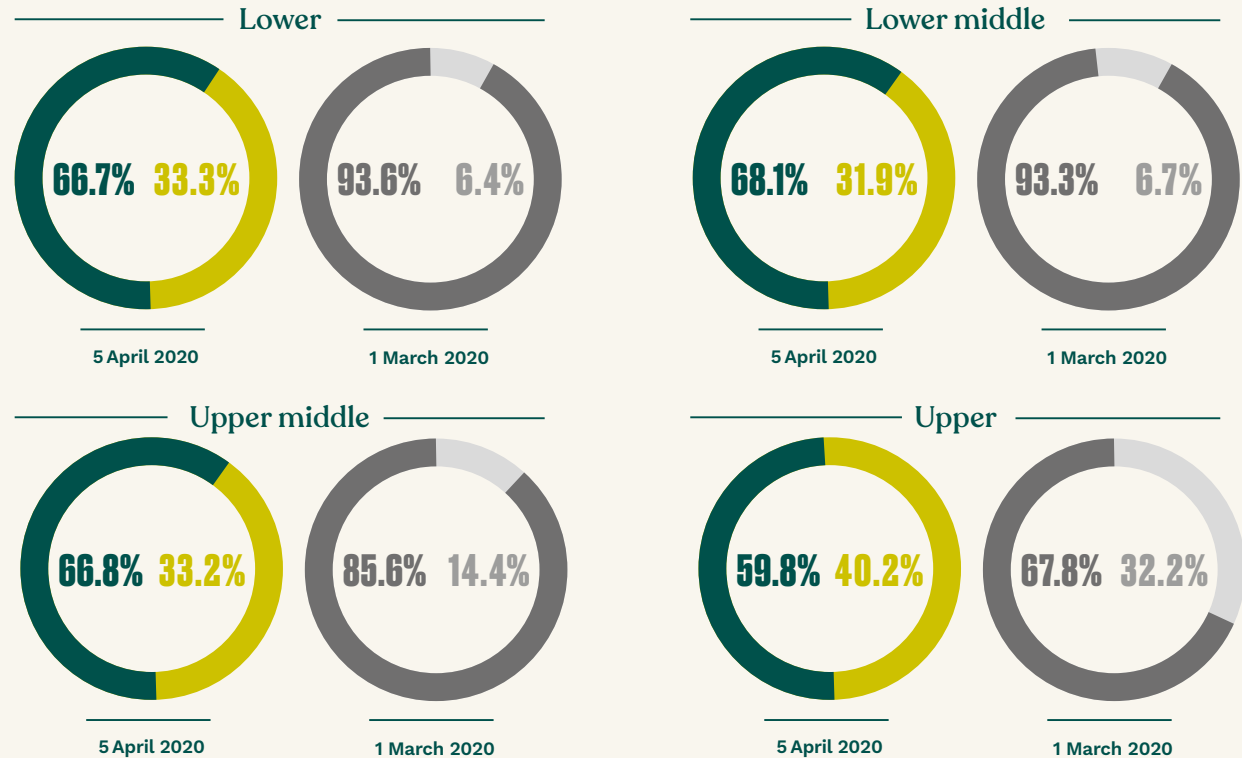
OUR GENDER PAY QUANTILES

We've always been a female-dominated business. Women form the majority of our employees at every level but particularly in the lowest pay bands (mostly store-based roles).

Again, the April 2020 figures suggest dramatic changes since 2019 because they exclude our colleagues who were on furlough. The March 2020 figures are more representative. We're glad that the proportion of women in our upper pay bands is gradually increasing, meaning there are more women earning at higher levels and the proportion of women in our lower pay bands is slowly decreasing.

Quartile pay bands:

Percentage of our female and male employees in the lower, lower middle, upper middle and upper quarters of our pay scale.



Pay quartile	Date/year	Women	Men
Lower	2019	95.5%	4.5%
	2018	94.0%	6.0%

Pay quartile	Date/year	Women	Men
Upper middle	2019	82.3%	17.7%
	2018	80.0%	20.0%

Pay quartile	Date/year	Women	Men
Lower middle	2019	93.7%	6.3%
	2018	94.0%	6.0%

Pay quartile	Date/year	Women	Men
Upper	2019	66.4%	33.6%
	2018	65.0%	35.0%

■ Women
 ■ Men
 ■ Women
 ■ Men

THE PICTURE IN OUR STORES

As before, March 2020 data most accurately represents the real gaps among our store-based colleagues. All gender pay and bonus gaps among this group are considerably lower than our overall gender gaps. Even so, our male store-based employees receive slightly more pay and bonuses than their female colleagues. This is because many of our male colleagues are based in London and receive at least London Living Wage rates of pay, which are higher than in the rest of the UK.

Our median store gender pay gap of 0% is where we'd like to be across all measures – favouring neither women nor men.

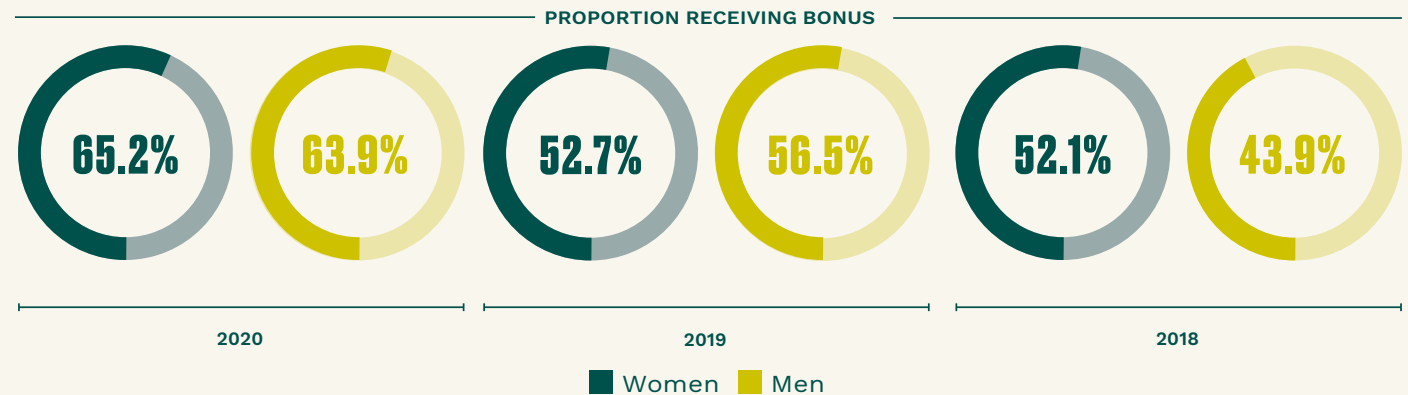
Our store-based bonus gaps have shifted from slightly favouring women to slightly favouring men. While 95% of our employees who receive a bonus are female, in general our male employees receive higher average and midpoint bonuses. This is because they are more likely to work full-time in managerial roles.

We're pleased to report that almost equal proportions of our female and male store colleagues received bonuses in 2020, and that 15% more of our store employees received bonuses than in 2019.

Gender pay and bonus gaps in our stores:

Measure	5 April 2020	1 March 2020	2019	2018
Mean gender pay gap	-16.3%	3.6%	2.5%	3.7%
Median gender pay gap	-0.3	0%	3.0%	4.6%

Measure	5 April 2020	2019	2018
Mean gender bonus gap	2.5%	-1.9%	-4.8%
Median gender bonus gap	6.6%	-1.4%	-11.5%



“

The Body Shop has allowed me to pursue my ambitions. Nine years ago, I started working a few hours a week in-store. My first Regional Manager supported me in moving to Head Office. Since then, I have had so many different people support me in my career.”

”

Sophie Peaty, Global Leadership Development Manager

THE PICTURE OUTSIDE OUR STORES

All our gender pay and bonus gaps for our non-store employees are significantly lower than our overall figures and are most accurately represented by the March 2020 data.

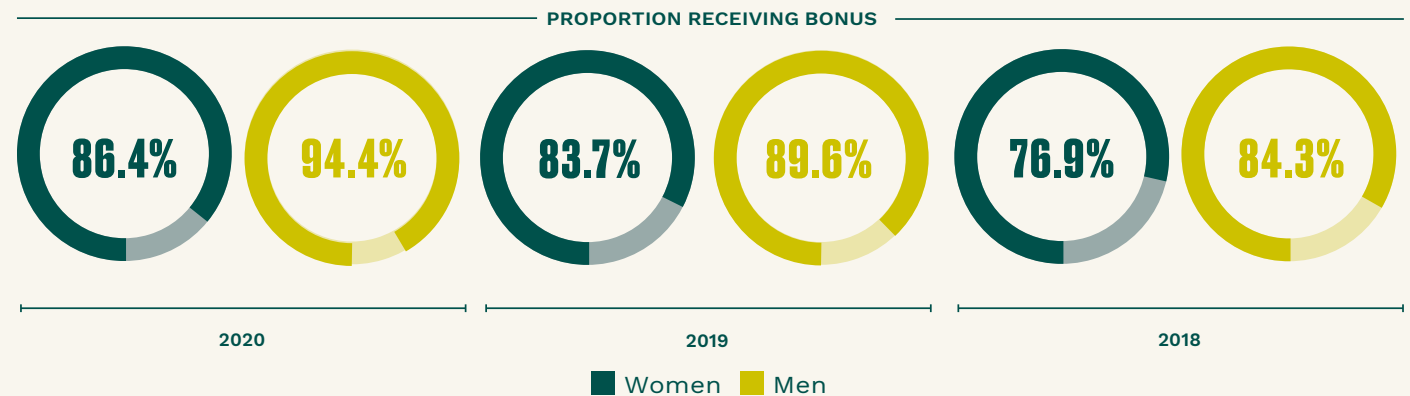
These measures have all moved in the right direction since 2019 – particularly our gender pay gaps and median gender bonus gap.

Overall much higher proportions of our non-store colleagues receive bonuses. This means men are more likely to receive them, because they tend to hold more managerial and leadership roles. This is a key driver of our gender bonus gaps, and something we're actively working to address (see page 8 for detail).

Gender pay and bonus gaps outside our stores:

Measure	5 April 2020	1 March 2020	2019	2018
Mean gender pay gap	6.9%	8.6%	13.5%	9.1%
Median gender pay gap	-2.1%	-1.8%	-7.8%	-3.3%

Measure	5 April 2020	2019	2018
Mean gender bonus gap	42.5%	48.9%	34.1%
Median gender bonus gap	-1.5%	-10.2%	-12.3%



“

I've had a wonderful career journey with The Body Shop. I started in the Singapore office and the business supported my move to London to be part of the global HQ team. I've had a number of mentors and female role models who have helped me flourish.

”

Sanjani Shah, Global Head of PR

MAKING THE BODY SHOP MORE EQUITABLE AND INCLUSIVE

At The Body Shop, we want to be as diverse and inclusive as possible.

We've committed to addressing four areas that contribute to our gender pay gaps and other potential inequalities.

1. Pay all of our employees at least the Real Living Wage

- We're proud to pay our UK-based employees The Real Living Wage or more. Most of our employees work part-time, and we're delighted to offer them this flexibility. Paying the Real Living Wage (substantially more than the National Minimum Wage) allows people to retain flexibility and enjoy a decent standard of living.
- By the end of 2023 we plan to pay all of our employees worldwide at least the Real Living Wage.

2. Increase access to senior level positions for all employees who are women, people of colour, LGBTQIA+, people with disabilities or from other under-represented groups

- Since 2019 our Senior and Executive Leadership Teams have been at least 50% female. We're determined to maintain that balance, while ensuring that by 2030 at least 30% of people in management come from under-represented groups.
- Our family-friendly policies, including flexible hours, remote working and an onsite nursery, help our employees to manage their work-life balance.

- We've restructured GoFar, our Employee Resource Group that focuses on gender equity, to include employees from across the world, at all seniority levels and from all our departments and functions.
- In 2021 we will launch our Women in Leadership mentoring programme for all our women employees. This will put our colleagues in contact with internal and external role models, and will also support non-traditional career paths.
- From 2021, we will host a series of workshops addressing the common barriers that women face in career progression.

3. Increase inclusion practices to promote equitable outcomes for people throughout The Body Shop

- From May 2021, all our office-based employees and retail senior managers will receive training on unconscious bias, racial awareness and inclusive leadership.
 - We're developing a more comprehensive Inclusive Talent Strategy to ensure that we actively encourage career development opportunities to people from under-represented groups.
- ## 4. Understand the impact of Covid-19 on women's work and careers
- We're researching and identifying patterns in the ways that Covid-19 is harming women's working lives. We are developing a strategy and monitoring this over the next 18 months.

NATURA & CO'S EQUITABLE PAY RESEARCH

Our parent company, Natura & Co, has also invested in research to understand factors driving gender pay gaps in order to help us tackle them effectively. Their work, with a leading global HR consultancy, dives deeper into the underlying root causes of any gaps to help us identify factors we can change, as well as highlighting any unexplained gap that exists. A recent multi-country gender pay equity review covering Aesop, Avon International, Natura & Co LATAM and The Body Shop, resulted in an analysis of the raw gap and the unexplained gap. The raw gap is calculated by taking the pure average pay difference between women's and men's pay—like the gaps reported in this report. The unexplained gap is any residual gap that cannot be explained by variances that may cause the raw gap (different roles, experience, performance, location). The Body Shop's global raw gap was 33.6% and our unexplained gap was 0.5%.

This means that we know why our gender pay gaps exist, which is the first step to reducing them effectively.

“

Within The Body Shop, we're continuing to create an internal reality in which any person is supported and valued, and has the tools, to reach their potential. Externally, we want any person to see themselves reflected in our stores, our people, our marketing images and our products.

”

Nykeba King, Global Inclusion and Belonging Manager

PROMOTING EQUITY AND INCLUSION IN OTHER WAYS

Since the 1980s, our Community Fair Trade programmes have sourced ethical ingredients and accessories from small-scale producers – often rural women or minority groups with limited opportunities. We pay fair prices, develop long-term partnerships and invest in community projects, benefiting hundreds of thousands of people.

We don't trade on people's insecurities. For decades, we've promoted self-esteem among women and girls. We embrace all forms of beauty and never retouch images of our models. Our 2021 Rise Up With Self-Love Campaign= promotes self-acceptance among us all, whoever we are, to give us the power to fight for change.



We've been an activist brand since the start. Our activism has inspired millions and we've used our voice to create lasting, positive change on issues ranging from human trafficking to rainforest protection and ending animal testing.

Having pioneered the philosophy that business can be a force for good, this ethos is still our driving force today.



THANK YOU