



THE BODY SHOP

MODERN SLAVERY STATEMENT

For the financial year
1 January to 31 December 2020



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It is our values that will keep us at the forefront in business...This means continually auditing the way we run our business and being transparent in everything we do. We want to build economic growth that respects human rights and sustains communities, cultures, families and the environment. And we also have to measure our success accordingly.”

”

Our Founder, Dame Anita Roddick, *Business as Unusual*, 2000

INTRODUCTION

The Body Shop exists to fight for a fairer and more beautiful world. We want a world where all living things flourish, and where all people are treated fairly and equally.

This report outlines what we did in 2020 to prevent, identify and resolve any kind of labour exploitation throughout our business, including modern slavery. While we found no new direct evidence of modern slavery during the year, we're far from complacent about this.

We take a broad approach to combat modern slavery within our business and with our suppliers. To understand risks, actively support human rights and remedy any issues we identify, we follow the UN Guiding Principles on Business and Human Rights, and the Ethical Trade Initiative (ETI) Human Rights Due Diligence approach.

The Body Shop has endeavoured to provide decent working conditions – the antidote to modern slavery – for over 40 years. These include reasonable working hours, safe workplaces, respect for workers' rights, and acting on any concerns they raise. It also means paying fair

and adequate wages. In 2020 we continued to pay living wage rates to all employees and agency workers at our UK sites. We also began to better stipulate living wage pay rates in our supplier contracts.

We know that modern slavery risks are higher in our supply chains than in our own operations. In 2020 we continued working with experts to identify and prioritise the highest risk areas. We actively reduce those risks through targeted training, policies and better buying practices. We also continued collaborating with other organisations to drive positive change for workers around the world. At The Body Shop, we take this issue seriously throughout our business, not just in one department. In 2020, I and my full leadership team attended modern slavery training to learn more and again participated in our Modern Slavery Stakeholder Panel to review and steer our work in this area. In 2020, COVID-19 disrupted many anti-slavery efforts, including some of ours. But the pandemic increased many people's vulnerability to modern slavery, making this work even more vital. During the year, we continued to address issues that the COVID-19

pandemic has exacerbated, such as low pay, insecure work and inequality. Our increasingly aligned approach to ethical sourcing and human rights across the Natura &Co group will help to maximise our impact in this respect.

I'd like to thank all of our employees, workers and suppliers who worked so hard to respond to changing circumstances during this most challenging year, helping to protect people in multiple ways. We know we have more to do to tackle modern slavery. I'm confident we can – and will – do that.



David Boynton, CEO

This statement has been published in accordance with the UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018 (Cth) (MS Act AU)¹. It sets out the steps taken by The Body Shop International Limited and our subsidiaries², during the year ending 31 December 2020 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 17th June 2021

¹With respect to the MS Act AU, the reporting entity is The Body Shop Australia Pty Ltd ACN 602 683 349 which is a wholly owned subsidiary of The Body Shop International Limited. ²The Body Shop Cosmetics Ireland Limited, The Body Shop Global Travel Retail Limited, GA Holdings (1979) Ltd, GA Holdings (Guernsey) Ltd, The Body Shop Svenska AB, The Body Shop Worldwide Limited, B S Danmark A/S, The Body Shop (France) Sarl, The Body Shop Chile S.A., The Body Shop Monaco Sarl, The Body Shop Portugal, S.A., The Body Shop GmbH (Austria), The Body Shop Beteiligungs GmbH (Germany), The Body Shop Germany GmbH, The Body Shop Benelux BV (Netherlands), The Body Shop Belgium BV (Netherlands), The Body Shop Service BV (Netherlands), The Body Shop Luxembourg Sarl, The Body Shop España, S.A.U, The Body Shop New Zealand Limited, The Body Shop Australia Pty Ltd, The Body Shop (Singapore) Pte Ltd, The Body Shop International (Asia Pacific) Pte Ltd, The Body Shop Hong Kong Ltd, Mighty Ocean Company Limited (Hong Kong), HSB Hair, Skin & Bath Products Company Ltd (Macau), The Body Shop (Malaysia) SDN/BHD, The Body Shop Japan Co., Ltd, The Body Shop Canada Limited, Buth-Na-Bodhaige, Inc., TBS Air III, LLC (USA), TBS at Home US, LLC, Cimarrones S.A. de CV, Aramara S de RL. ³International Labour Office and Walk Free Foundation (2017) Global Estimates of Modern Slavery, p5.



WHAT IS MODERN SLAVERY?

Exploitative situations that a person cannot 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. It affects every country and sector but is most prevalent in Africa, Asia and the Pacific region, and affects women and girls more than boys and men. The International Labour Organization estimates that 40.3 million people are enslaved in some way. The International Labour Organization estimates that 40.3 million people are enslaved in some way.³

OUR 2020 MODERN SLAVERY PROGRAMME IN NUMBERS



Awards received, relating to ethical sourcing, Community Fair Trade partnerships and empowering women.



Community Fair Trade suppliers provided with enhanced preferential payment terms during the pandemic.



High-risk sectors investigated and addressed



Videos produced to share with other businesses, focusing on trade and sourcing responses to COVID-19



Natura &Co brands, including The Body Shop, working more closely together on sustainable sourcing and defending human rights



High-risk supply chains given particular policy focus.



Active members of thematic, sectoral or commodity-based initiatives to drive positive practice.



Executive Leadership Team members trained on modern slavery issues, along with hundreds of other employees and consultants



Audits to assess suppliers' labour standards

The Body Shop only. Natura &Co Commitment to Life targets launched in 2020 to extend to 6 high risk raw materials.

KEY ACHIEVEMENTS IN 2020

Pivoted to focus on high risk areas

Building on the findings of our independent human rights and environmental risk assessment, we focused on areas that pose the greatest potential risk of labour exploitation. We addressed areas identified as potentially high risk, including our warehousing, distribution and shopfit, and our soy and cocoa supply chains. We also commissioned in-depth, independent human rights and environmental risk assessments of other high-risk supply chains to inform our work.

Made Natura &Co⁴ group-wide commitments to human rights, amplifying our impact

We rolled out the Natura &Co Global Supplier Code of Conduct among all new suppliers, to make supplier relationships conditional upon compliance with best practice labour standards. We launched Commitment to Life, the Natura &Co 2030 Sustainability Vision, pledging to develop a robust group-wide human rights policy by 2023 and to have fully traced and/or certified supply chains for six high risk raw materials group-wide by

2025. We also started developing a group-wide human rights and environmental due diligence system.

Decreased vulnerabilities to modern slavery

During the COVID-19 pandemic, we liaised with suppliers to help protect workers' lives and livelihoods and reduce their vulnerabilities, such as by bringing forward production or payment dates. We commissioned a fair pricing tool to ensure that we continue to pay our Community Fair Trade producers appropriately. We also extended living wage rates of pay to our distribution centre staff and agency workers (including temporary workers) from their first day of work.

Applied ethical purchasing practices even at the height of the COVID-19 crisis

During the pandemic we sourced sustainable personal protective equipment (PPE) for our employees, continued our supply chain due diligence processes remotely, upheld our purchase agreements and prices with suppliers, and produced guidance on COVID-specific

responsible behaviour for our buying colleagues. In order to have a positive influence beyond our business, we widely shared our knowledge and practices via vlogs, webinars and academic research.

Modern slavery survivor rehabilitation

Working with the specialist support organisation Hestia,

we co-funded travel passes for 100 London-based modern slavery survivors for three months, to help them attend essential appointments and rebuild their lives. This underpinned University of Nottingham research into the importance of travel in survivors' recovery and rehabilitation, which was shared with government policymakers.

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⁴ Along with Aesop, Avon and Natura, The Body Shop is part of the Natura &Co group. See page 7 or <https://naturaeco.com/en/group/>

OUR MODERN SLAVERY ACHIEVEMENTS SINCE 2016

The complexity and scale of modern slavery means that tackling it is a painstaking, long-term process that cannot be captured easily only via an annual reporting format.

Since 2016, The Body Shop has invested resources to prevent and address all forms of labour exploitation. We have expanded our Responsible and Sustainable Procurement teams, and the scope and scale of our modern slavery work, with some notable results.

Building understanding: From our Executive Leadership Team to our suppliers, key people involved in our decision-making and supply chains clearly understand what modern slavery is and how to tackle it. We have achieved this via tailored training, producing specific policies, codes of conduct, guidance and whistleblowing channels, and by holding company-wide discussions on relevant issues.

Improving governance: Since 2018 we have worked to ensure that risks including those of worker exploitation are more visible right across our business. We established a Risk and Governance Committee, and strengthened quarterly internal

reporting on our ethical trade, Community Fair Trade and raw material sourcing to identify and resolve any issues of concern.

Using knowledge-based, systematic approaches: In 2018 we commissioned a major independent human rights risk assessment. In 2019/20, this led to more in-depth research into high-risk areas, and more transparent reporting and information-sharing to support our work. In 2020, we followed this up by developing specific action plans to resolve areas of concern, working internally, with our suppliers and with coalitions that span regions, sectors and industries.

Taking a holistic view: The risks of modern slavery are intertwined with the low socioeconomic status of women, people with disabilities, informal workers, and other marginalised groups. That's why our modern slavery work goes beyond tackling exploitative forms of labour. Around the world, our employment practices, sourcing activities, advocacy and communications seek to uphold everyone's right to decent work, and challenge the factors that make people vulnerable to exploitation.



KEY CHALLENGES IN 2020

1. COVID-19 (see box on page 6 for more detail)

As well as increasing many individuals' vulnerability to labour exploitation (particularly among women), the pandemic made our work to identify and resolve all forms of modern slavery more challenging. This slowed down our work, as we adapted to new ways of working, prioritised COVID-19 safety and worked with a smaller team as some colleagues were on furlough. While we progressed as much of our planned work as possible, we prioritised high-risk areas and the most urgent needs. We will pick up other workstreams, such as on-site supplier audits and training, as soon as COVID-19 restrictions and business resources allow.

2. The time it takes to resolve modern slavery issues (see achievements since 2016 box on previous page)

After identifying potential risks of labour exploitation or modern slavery risks, it can take years to secure meaningful and lasting improvements for workers among all applicable suppliers. We are strongly committed to remedying all potential issues and we are taking the right steps, both in

our own operations and in our work with suppliers and other organisations. But we need to accelerate our pace and strengthen our systems to address any actual labour exploitation that we uncover. Our increasingly close collaborations with our fellow Natura &Co brands should help in both respects.

3. Raw material extended supply chains

We know that some extreme forms of exploitation exist in the extended supply chains for specific raw materials, such as palm oil. Wherever we identify issues, we work to address them – both directly with relevant suppliers and through industry initiatives such as the Roundtable for Sustainable Palm Oil. Despite members' efforts to make collaborative initiatives as effective as possible, they can be slow, imperfect and face structural challenges such as social and industry norms, leaving many workers vulnerable to exploitation or abuse. However, we believe they have the ability to contribute to positive industry-wide change over time and so continue to actively participate in a range of sectoral initiatives (see Collaborating with Others p24).



COVID 19

Sadly, the pandemic has worsened some causes of modern slavery, such as poverty and restricted movement, making marginalised people more vulnerable to exploitation. In 2020 The Body Shop tried to counteract these increased risks in several ways

Protecting people

When retail stores had to shut because of pandemic restrictions, our distribution centres and production lines became busier as we scaled up online sales and production of hand sanitiser to keep people safe. We quickly purchased protective face masks for our employees, while still implementing robust human rights due diligence related to their manufacture, and ensured that COVID-safe measures were applied in both our sites and our suppliers' workplaces.

We donated over half a million products to medical staff in 14

countries to thank them for working so hard to protect others through the pandemic, and to help them provide self-care.

Supporting businesses and livelihoods

Despite shifts in customer demands, we endeavoured to protect jobs within our business and our supply chains. We did not cancel any existing orders, worked hard to pay suppliers on time and did not impose any penalties for delayed deliveries. In a few exceptional cases where we had to renegotiate payment terms, we only did so with financially secure, high-value suppliers for three months. We supported two Community Fair Trade suppliers through financial difficulties by increasing our down payments and bringing forward final payments.

Throughout 2020, we kept in contact with our suppliers to understand the challenges they faced, including

travel restrictions and reduced orders from other customers. To show our appreciation to workers who helped us operate during the pandemic, we sent thank you posters to some suppliers.

Supporting our employees

We launched a wellbeing programme, Time To Care, to support our employees across the globe. This includes access to support from trained mental health first aiders, tips on maintaining mental health and regular wellbeing activities.

In 2020, we updated our Carers' Leave policy to address the specific needs of our UK-based employees juggling work and home schooling or caring for vulnerable people during the pandemic. This is in addition to their existing ability to negotiate informal flexible working arrangements and use paid or unpaid leave to manage these responsibilities

Sharing knowledge and raising awareness

We held ourselves to high standards during the pandemic and complied with the ETI's enhanced responsible sourcing guidelines. We produced additional guidance for our buyers and suppliers, including how to identify workers that might be vulnerable to labour exploitation. Acknowledging our best practice approach, ETI asked us to produce three videos to share with other businesses, focusing on how we responded to COVID-19 through our trade and sourcing.

Recognising that many people in abusive situations have been more trapped and isolated during the pandemic, all four Natura &Co brands launched a joint campaign to tackle domestic violence. This used our global reach to raise awareness, and help protect women and other at-risk people around the world. Natura &Co donated US\$1 million to support people affected by domestic violence.

OUR STRUCTURE, BUSINESS AND SUPPLY CHAINS

Business structure and operations

The Body Shop is a global retailer of ethical beauty products. We are a certified B Corporation™.

We distribute and sell a range of around 750 products through stores in 77 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, in line with strict agreements.

In 2020, we directly employed 7,594 people in our company markets⁵ (including 6,865 women)⁶. We also employed short-term contract and agency workers when needed. The Body Shop At Home™ grew markedly in 2020, partly as a result of store closures due to COVID-19. Across the UK, Australia and our newly launched US programmes, 76,645 self-employed consultants sell our products and receive a commission for each sale.

Formally incorporated as The Body Shop International Limited, our head office is in London Bridge and we have a global office in Littlehampton. Along with our sister brands Natura, Aesop and AVON, The Body Shop is part of Natura &Co, a global cosmetics group that is committed to generating positive economic, social and environmental impact.

Supply chains

The Body Shop is a retailer, not a manufacturer. Our products are produced by a range of ethically approved suppliers, contract manufacturers and agents⁷. These direct (first tier) suppliers and sub-suppliers (second and third tier) operate in 24 countries and collectively employ 46,889 people – around 45% women.

Our Ethical Trade programme aims to ensure that people throughout our supply chains benefit from decent working conditions. Following best practice, we use a human rights due

diligence approach (see page 13) in our sourcing, paying particular attention to sectors, commodities or regions that pose greater risks of labour exploitation, including modern slavery. In 2020, we had 85 first tier suppliers in product categories where we practise the highest level of due diligence. A further 106 second and third tier suppliers delivered raw materials, finished goods packaging, labels and gifts components to our first tier suppliers or agents in these categories. In addition, we apply enhanced due diligence checks to direct and indirect suppliers of services that are potentially high risk in terms of labour exploitation, such as recruitment agents, and cleaning, catering and security contractors.

We also source product ingredients, packaging materials, gifts and accessories via our long-standing Community Fair Trade Programme, which has extremely high ethical standards. Through this programme, groups of farmers, smallholders and artisans supply us, while contributing to sustainable livelihoods and decent working conditions. As well as providing them with fair prices and trade terms, we support initiatives to benefit producer communities (such as education or healthcare

facilities). In 2020 this programme comprised 19 suppliers in 14 countries across Africa, Asia, Latin America and Europe. These suppliers work with 23,863 people (80% women), often in areas at increased risk of modern slavery. In 2020, around 60% of our expenditure was on sourcing goods and services (not for resale) via third parties, particularly logistics, IT equipment and services, labour and recruitment providers, and cleaning and professional services. Our remaining expenditure went on directly sourcing elements of the goods we sell, primarily from China, the UK, France, Germany and Italy.

Most of our cosmetics are manufactured in Europe by automated businesses with small workforces but we have a growing supplier base in Thailand and China. Our accessory, gift, display material and shopfit suppliers tend to be more labour-intensive businesses in Asia, especially China. In 2020, we used our sister brand Avon's manufacturing facilities in Mexico to fast track production of hand sanitisers to help protect people against COVID-19. From 2021 some of our Body Butters will be produced at Avon facilities, reflecting increasing synergies across Natura &Co.

⁵ Australia is a company market and sells product through stores, e-commerce and the direct selling programme, The Body Shop At Home™

⁶ Franchisee partners employed around 12,000 people in 2019. Franchisee employee numbers for 2020 were not available at the time of publication.

⁷ The Body Shop global supply chain and operation arrangements are often entered into by The Body Shop International Limited and they benefit and they constitute the supply chain of each of its subsidiaries. The Body Shop global supply chain and operation arrangements are often entered into by The Body Shop International Limited and they benefit and they constitute the supply chain of each of its subsidiaries

SUPPLIERS IN OUR HIGHEST DUE DILIGENCE CATEGORY



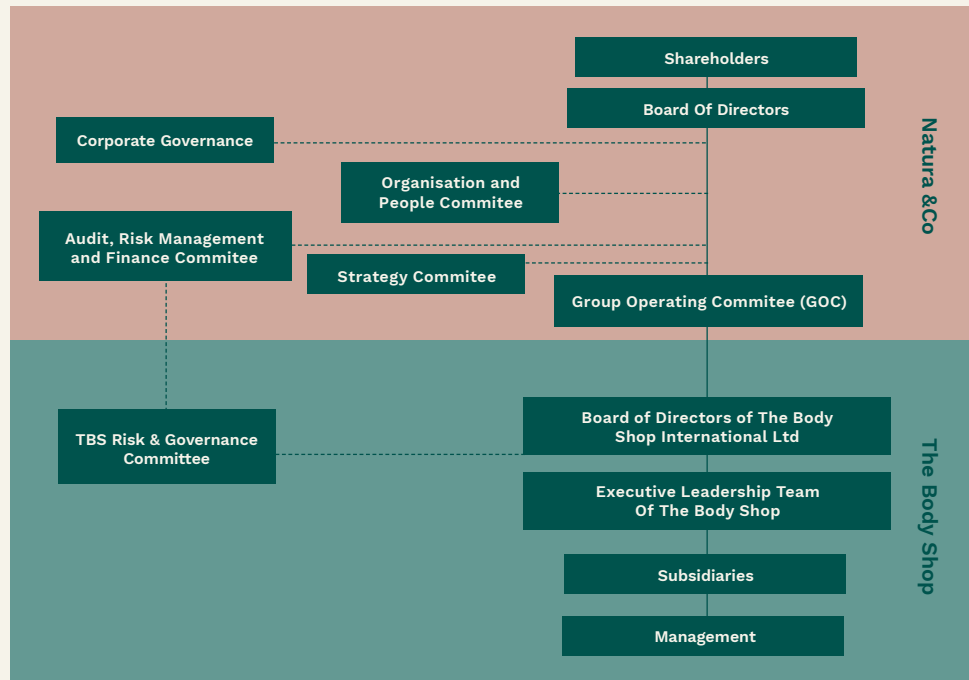
- Number of tradeable goods suppliers/ sites
- Number of non-tradeable goods suppliers/ sites
- Number of workers
- Number of migrant workers
- Men workers vs Women workers
- Permanent workers vs Temporary or agency workers

GOVERNANCE, MANAGEMENT AND REPORTING

The Body Shop International Limited is a certified B Corporation™, which recognises our high standards of social and environmental performance and accountability. Our Articles of Association commit us to benefiting people and the planet, not just shareholders.

The governance structure that underpins our business is integrated with Natura &Co. The Body Shop Board of Directors, comprising our CEO and three members of the Natura &Co Global Operating Committee, is responsible for our financial, social and environmental performance.

Our governance structure



Chaired by our Chief Finance Officer, our business-wide Risk and Governance Committee meets quarterly to support our processes to identify and register potential risks, including those relating to labour exploitation and human rights.

Each month, our International Sourcing Director and Head of Ethical and Sustainable Sourcing report to our Executive Leadership Team on working conditions at the suppliers involved in our Ethical Trade Programme. In turn, they present any issues of concern to our Risk and Governance Committee. Where necessary, the committee escalates risks to our CEO and

the Natura &Co Group Operating Committee to determine a course of action.

Every year, we report to the ETI on all our ethical trade work, including our modern slavery programme, based on the UN Guiding Principles for Business and Human Rights and the ETI's Due Diligence Framework. We publish annual Modern Slavery Statements on our consumer-facing UK website to be open about our approach and impact. We also share these statements with key suppliers and other stakeholders to support their work to tackle modern slavery, and enable them to assess our performance.



Our employees inform significant board decisions using a variety of well-established mechanisms, including:

- CEO vlogs, and town hall meetings led by our Executive Leadership Team, to seek employee feedback
- The Body Shop Matters, a representative body that provides two-way communication between our employees and leaders
- Glint, a platform that surveys employees on key issues every quarter and acts on feedback

MODERN SLAVERY STAKEHOLDER PANEL

Each year, our Modern Slavery Stakeholder Panel appraises our activities to prevent and address all forms of labour exploitation in detail. This panel, comprising experts from a range of specialist organisations, provides us with constructive feedback, support and specific recommendations to guide our work.

Our 2020 panel was held online, enabling us to involve a wider range of stakeholders including representatives from Oxfam, ETI, Anti-Slavery International, Hestia, Action Aid, CAFOD, Mekong Club, Open Society Foundation and Natura &Co. The Body Shop attendees included our CEO, Chief Operating Officer, our whole Sourcing Team and representatives from our Legal, Compliance, Corporate Communications and Sustainability teams.

External stakeholders provided valuable insights on the impact of COVID-19 lockdowns on women, workers in specific

sectors and survivors of modern slavery. Breakout sessions focused on how to embed more gender-responsive due diligence and responsible recruitment processes.

Participants described the event as “inspiring” and “enormously impressive”. Panel recommendations included the need to raise awareness of COVID-exacerbated vulnerabilities and a reminder to focus on ‘basics’ like contracts, pay and trade union rights. This will inform our modern slavery and wider human rights work in 2021 and beyond.

**“The Body Shop/
Natura &Co continues
to lead and inspire.”**

**2020 Modern
Slavery Stakeholder
Panel participant**

OUR POLICIES ON MODERN SLAVERY & HUMAN TRAFFICKING

**“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

The Body Shop has a number of established policies and procedures to ensure that people working for us and our suppliers enjoy fair and decent working conditions. These include The Body Shop Code of Conduct, The Natura &Co Global Supplier Code of Conduct, our Manufacturing Services Agreement, Sustainable Sourcing Charter and Ethics Portal. In line with our policies, we work with our suppliers to resolve any issues of non-compliance. When necessary, we terminate relationships

with any suppliers. We do this in a responsible way, giving considerable advance notice.

We do not have a standalone modern slavery policy but our policies on fair recruitment, employment of young people, hours of work, diversity and inclusion, and working with suppliers include robust provisions to tackle various forms of modern slavery.

In 2020 we commissioned an external consultancy to develop a Natura &Co Group-wide Human Rights policy. This will include specific commitments on modern slavery, in line with the UN Guiding Principles on Business and Human Rights. The consultancy is also devising a human rights and environmental due diligence system, recognising the links between these areas and the need to consider them together.

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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 2020

In 2020 we started to align key systems and approaches across Natura &Co to maximise our impact, notably launching group-wide:

- Global Supplier Code of Conduct
- 2030 Sustainability Vision
- Responsible sourcing policies for high-risk raw materials

We rolled out the **Natura &Co Global Supplier Code of Conduct**⁸ to all new The Body Shop suppliers. With a broader focus than The Body Shop Supplier Code, this outlines the minimum ethical standards we expect on a range of issues, including employment practices, and clearly states our zero tolerance of any forms of forced or child labour. The code aims to go beyond legal compliance, driving positive change by committing our suppliers to constructive actions such as responsible recruitment and paying living wages, not just avoiding poor practices. Any violations of this code will

trigger an immediate review of our business relationship with a supplier.

We launched **Commitment to Life**⁹, our group-wide 2030 Sustainability Vision. One of its three pillars focuses on human rights, committing The Body Shop and our sister brands to:

- Adopt a robust group-wide human rights policy by 2023
- Have fully traced and/or certified supply chains for six critical materials (palm, mica, soy, ethanol, cotton and paper) by 2025.

We developed a Natura &Co Sustainable Operations team, containing sustainability professionals from The Body Shop and our sister brands. This team started embedding human rights and environmental sustainability across all group operations from November 2020, including at The Body Shop. The team launched new responsible sourcing policies and supplier

guidance on palm, mica, soy, cocoa and alcohol/sugarcane, linked to internationally recognised certification standards. These were all shared with our buyers and R&D team, and all relevant suppliers. For example, we committed to sourcing fair trade certified cocoa butter as the best way to help to prevent poverty among cocoa farmers (a key driver of child and forced labour in that sector).

Receiving at least living wages helps people to meet the real costs of living without having to work long hours. In 2019, we began to pay all our UK-based employees and on-site agency workers at living wage rates after 12 weeks of service. In October 2020 we extended this to all new starters from their first day of work.

⁸See: https://static.rede.natura.net/html/home/2020/br_06/codigo_de_conduta/Natura_CO_CoC_Eng.pdf
Existing suppliers remain bound by The Body Shop Supplier Code

⁹See: https://naturaeco.com/en/group/vision/vision_2/



HOW WE IDENTIFY, PREVENT AND MANAGE RISKS OF MODERN SLAVERY

The Body Shop adopts several methods to identify, prevent and resolve various forms of labour exploitation. We:

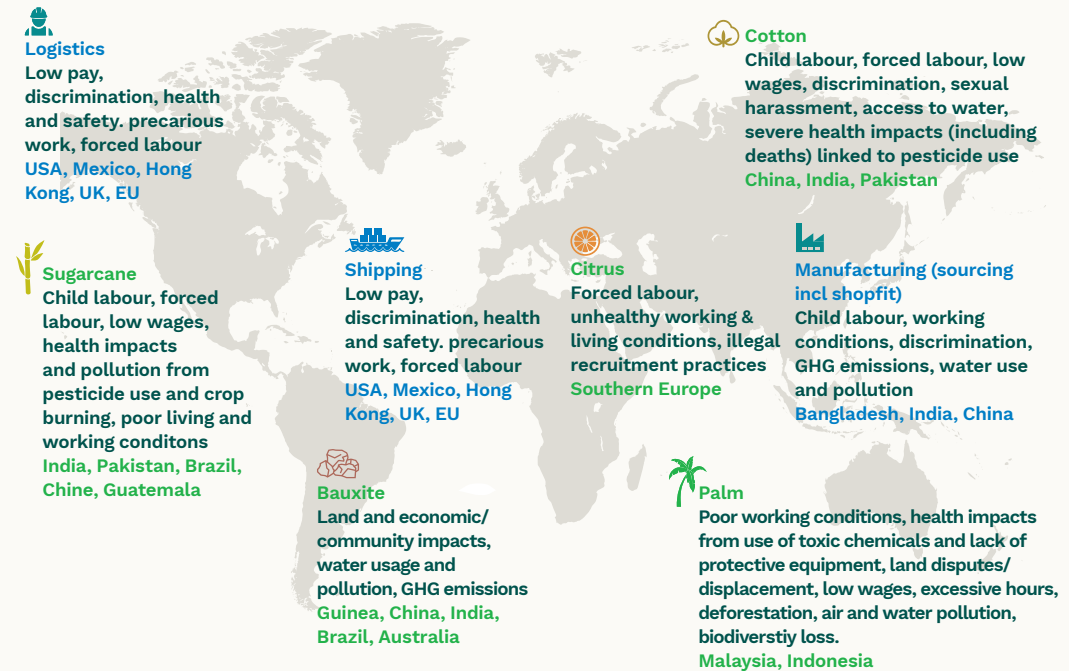
- Use a human rights due diligence approach, prioritising areas where people are most vulnerable to labour exploitation
- Undertake risk assessments to understand high-risk countries and sectors
- Commission independent ethical audits of key suppliers and third-party assessments of our performance and practices
- Regularly review suppliers' social and environmental performance
- Ensure our employees, workers and suppliers understand key issues around modern slavery, and how to report and act on any concerns
- Collaborate with other organisations and coalitions to share knowledge and drive positive change

Our purchasing practices are based on responsible sourcing principles. We use a balanced scorecard approach to review commercial suppliers regularly. And we incorporate social and environmental criteria in our high-value tendering processes.

Our supplier contracts prohibit any forms of modern slavery and human trafficking. As well as complying with applicable modern slavery laws, our suppliers must assess the risk of these practices within their business and take action to ensure they do not exist in their supply chains. Before we enter a commercial relationship, our suppliers must read, sign and commit to our Supplier Code of Conduct (from March 2020 the Natura &Co Global Supplier Code of Conduct). In addition, we require suppliers in higher risk categories to complete an online self-assessment questionnaire (SAQ) on Sedex. Suppliers in the highest risk sectors undergo an ethical audit before we contract them.

IMPLEMENTING A HUMAN RIGHTS DUE DILIGENCE APPROACH

Overview of highest risks: **materials & processes**



In 2020 we pivoted to focus attention on areas that pose the greatest potential risk of labour exploitation, building on the findings of our 2019 independent human rights and environmental risk assessment.

We commissioned Ergon Associates to conduct in-depth research into high-risk areas of our supply chains (bauxite, citrus fruit, cucumber and olives) and our own operations (warehousing & distribution, shipping and shopfit). Key findings and our resulting action are listed in the table below.

We communicated findings and recommendations to relevant colleagues, and developed specific action plans for our Sourcing, Real Estate, Supply Chain and Project teams, integrated into their annual performance objectives.

RISK ASSESSMENT FINDING	THE BODY SHOP RESPONSE
<p>Southern European Agriculture</p> <p>Our products use some citrus fruit, olives and cucumber (and their derivatives) grown in Italy, Spain and Greece</p> <p>Much agriculture in Southern Europe involves informal migrant labourers who may be at risk of labour exploitation yet the region's certification schemes have limited focus on social issues</p>	<p>Worked with suppliers of our ingredients based on citrus fruits, olives and cucumber to understand the assurance systems they use to address labour risks in their supply chains</p> <p>Some supply chains are already certified by third parties against standards that include labour conditions, others are strengthening verification at the producer level</p>
<p>Logistics & Warehousing</p> <p>This sector poses high risks to workers' rights in the US, and medium-high risks in the UK, Mexico and Hong Kong area, with industry competition and outsourcing leading to low pay, long hours and poor safety for some workers. Many workers lack access to PPE, toilets and sanitation</p>	<p>Worked with relevant internal operations teams to agree priorities and develop action plans</p> <p>Commissioned worker-centred audits of our UK and US distribution centres in 2019/20, which highlighted robust policies and processes for our employees but opportunities to strengthen processes for agency workers</p> <p>UK distribution centre pay rates were uplifted to 2020 living wage levels, affecting 66 permanent employees (46 men and 20 women) and over 390 agency workers (229 men and 169 women). Our US distribution centre wages increased by 18%, affecting 33 employees (22 women and 11 men) and 104 agency workers (63 women and 41 men)</p> <p>Participated in a multi-stakeholder event on Tackling Labour Exploitation Supply Chain Risks for Warehousing and Logistics suppliers (see page 19) to learn from and share experiences with experts in business and government</p> <p>Joined the ETI's Logistics Expert Support Network to help us identify and map risks, and establish protocols to monitor and mitigate them</p>
<p>Shipping</p> <p>We have little ability to influence practices in this sector, which spans multiple jurisdictions</p> <p>Key risks for seafarers and port workers include working conditions, health and safety, lack of representation and ability to assert their rights</p>	<p>Joined the ETI's Logistics Expert Support Network (see above)</p> <p>Worked with internal teams to develop a baseline understanding of conditions in our shipping networks and review opportunities to promote good working conditions among suppliers</p>

RISK ASSESSMENT FINDING	THE BODY SHOP RESPONSE
<p>(Continued)</p> <p>The COVID-19 pandemic meant some crews had contracts unilaterally extended or were stuck at sea</p> <p>Many workers with informal contracts who are unable to work do not have access to social security</p>	
<p>Bauxite (source of aluminium)</p> <p>We purchase aluminium in relatively small quantities for shopfit components, packaging, storage vessels and antiperspirants. Bauxite compounds are also used as pigments and thickening agents</p> <p>Key risks include land, economic and social impacts from mining, water use and pollution from mining and refining, and energy consumption from refining</p>	<p>Joined Aluminium Stewardship Initiative in late 2020 to increase our influence through collaboration</p>
<p>Shopfit</p> <p>Many components are manufactured in Asia and assembled at local hubs around the world</p> <p>We have previously experienced persistent non-compliance with our ethical standards among some shopfit suppliers to our franchise markets</p>	<p>Integrated social and environmental criteria into tender process and supplier selection for our new store design, only shortlisting suppliers who demonstrate compliance. Awarded business for global contract</p> <p>Started engaging with our approved vendor to address areas for improvement in their policy and process especially for sub-suppliers</p>

ETHICAL AUDITS OF SUPPLIERS

We monitor conditions at our own and our suppliers' facilities to highlight any risks to decent working conditions and identify appropriate action. We do this via responsible sourcing platform Sedex's online self-assessment questionnaires (SAQs)¹⁰, other risk assessments¹¹, site visits, and sharing knowledge and best practice with our colleagues and suppliers.

We commission independent, specialist firms to conduct ethical audits of our suppliers in locations or sectors identified as high risk for potential labour exploitation. In 2020, 60 audits covered companies who supply us with:

- Finished goods and accessories
- Promotional items
- Branded and glass packaging
- Shopfit and visual merchandising materials
- Uniforms

- Services (including temporary labour providers, cleaning, catering, security and gift assembly).

Our Community Fair Trade audit cycle runs across calendar years. Four Community Fair Trade producer groups were audited in our 2019/20 audit cycle (including full audits of our aloe vera and tea tree oil suppliers which fell in 2020) and we prepared to audit three more in 2021. As noted on page 18, Ecocert's 2020 verification of our Community Fair Trade programme noted a marked improvement since 2019.

Monitoring working conditions and mitigating modern slavery risks in our global supply chains requires a clear understanding of where and how our products and ingredients are produced. In 2019 we achieved 98% visibility to country of origin among our first tier suppliers¹² and 78% among our second tier European packaging suppliers. In 2020, we engaged with these suppliers to address any unresolved non-compliances. In late 2020 we started a two-year project to collect data on our full portfolio of raw materials.



¹⁰ Covering workers' gender, nationality and contract type, this helps us to understand potential vulnerability, not just existing labour exploitation. See: www.sedex.com

¹¹ We combine our own risk assessment with the Sedex RADAR online risk assessment tool that incorporates self-assessment, country and sector risk data and third party audit information

¹² This figure includes some key indirect suppliers such as labour providers.

RESPONDING TO CHANGES ARISING FROM COVID-19

From March–July 2020, we postponed all planned ethical trade audits to remove additional stress and costs for suppliers during the early months of the COVID-19 pandemic. Instead, we encouraged all our suppliers to complete the Sedex COVID-19 impact assessment tool to help us understand any new challenges for their business and employees so we could support them where possible.

From July 2020 we reviewed each supplier situation individually – conducting site visits where possible, or agreeing on a desktop assessment, a virtual third-party assessment or a postponed on-site assessment as appropriate.

Some regions waived various employment laws as part

of COVID-19 business relief measures. We assessed our supply chains to identify suppliers affected by such changes. For example, the government of Uttar Pradesh in India suspended its minimum wage act for three years. We identified one tote bag supplier affected by this change. We immediately informed our buyer and contacted the bag manufacturer to confirm that they would uphold pre-existing labour standards and working conditions. We will monitor this situation via regular factory inspections. We will continue to apply enhanced due diligence in regions with reduced employment law protections. If necessary, we may avoid using suppliers from those regions.

VIRTUAL ASSESSMENTS

Social audits such as SMETA (Sedex Members Ethical Trade Audit) provide a good practice approach to understanding the working conditions in business sites and supply chains, covering labour standards, health and safety, working environments and business ethics. This process usually involves meetings, a document review, a site visit and interviews with workers and managers, and a corrective action plan where necessary.

Virtual assessments are a practical alternative due diligence tool when factors such as COVID-19 travel restrictions prevent on site social audits. These involve an auditor using video conferencing software to gain as much insight as possible into working conditions in order to assess performance. Following a thorough planning stage, auditors take a virtual site tour and examine management systems and documentation.

We used two virtual assessments in 2020 to explore their value and effectiveness. While they provide useful insights, their limitations include a lack of access to one-to-one interviews with workers, which are usually a key part



of our audits. We will continue to use virtual assessments when necessary, while exploring other ways to assess our suppliers' labour standards and identify any labour exploitation.

COMMUNITY FAIR TRADE

Our close relationships with our Community Fair Trade partners around the world give us exceptional traceability and transparency for the many natural ingredients and gifts and accessories that we buy through this programme. We have clear insights into the working practices of independent farmers, co-operatives, wild harvesters, home workers and people working in factory settings, as well as the ways they benefit their local communities – such as distributing essential supplies during the COVID-19 pandemic.

Every year, our Community Fair Trade programme is externally verified against the programme's charter by Ecocert, based on audits of our Head Office and several partners. This process assesses 25% of the programme's ingredient, gift and accessory suppliers each year (in our 2019/20 audit cycle, those based in India, Brazil, Russia and Spain). Where necessary, we support suppliers to develop and implement a Collaborative Action Plan to address any identified issues. This process also verifies that we are meeting our commitments to suppliers.

We are proud to have improved our certification score by 17 percentage points since 2019, predominantly as a result of strengthening systems such as how we conduct assessments and create collaborative action plans. Based on 2020 findings, we will continue to consolidate our supply chain information, and further improve our guidance and support to our suppliers. In late 2020, with support from an external consultancy, we developed a Fair Price Standard operating procedure and tool to ensure we continue to pay fair prices and adopt a common approach throughout these supply chains to prevent, identify and remediate any instances of hidden labour.

We also worked with several intermediaries who refine and transport our fairly-traded raw materials to further increase the visibility of working practices in our Community Fair Trade supply chains. We ensured that these intermediaries align with our broader ethical trade policy, such as registering with Sedex.



COMMUNITY FAIR TRADE CASE STUDY: POSITIVE PLASTICS

Waste-picking work poses significant human rights risks to informal workers in many countries.

In India, around 1.5 million waste pickers collect and sort discarded plastic. Most of these workers are Dalits (the lowest social group in India's caste system), who are vulnerable to discrimination, poor working conditions and exploitation.

Since 2019, The Body Shop has sourced Community Fair Trade recycled plastic from waste pickers in Bengaluru. In 2020, our partnership supported 700 waste pickers who collected and recycled 400 metric tonnes of plastic bottles, benefiting both the workers and the environment. Our trade supports these workers by paying them a fair price, improving their working conditions and reducing their vulnerability to exploitation.

Alongside this, we are working with local organisation Plastics for Change Foundation, which has helped 93 waste pickers to acquire identity cards, enabling them to access rights such as social security, healthcare and voting.

In 2020, the Plastics for Change foundation supported thousands of waste pickers and their families to access educational support and safety training, and distributed food to vulnerable families during COVID-19 lockdowns.

Our partnership with Plastics for Change won the 2020 Sedex Responsible Business Award for Best Collaborative Effort, recognising how our partnership solves a responsible sourcing challenge.



PARTICIPATORY AUDITS

The Body Shop is committed to go beyond compliance with good practice in modern slavery programmes, to drive positive practices and secure decent working conditions for all workers associated with our business in any way. This involves conducting worker-centred participatory audits.

In 2020 we continued to assess our Community Fair Trade suppliers against our Sustainable Sourcing Charter through an independent third party, Ecocert (see page 18). These multi-day assessments involve focus group discussions with managers and workers at different levels.

Within our own operations we commissioned an external company to conduct a participatory audit of our Distribution Centre in the US as Ergon's deep dive research findings indicated that the logistics sector in the US features low wages and precarious work. Due to COVID-19 restrictions the assessment was conducted virtually, with thorough planning

to ensure its integrity.

This assessment showed that all workers felt comfortable at work and were generally satisfied with their jobs. It identified areas for improvement in the ways we work with temporary labour agencies, including improving workers' access to pay slips (currently only available electronically) and to encourage agencies to use alternatives to pay cards to distribute wages as some charge a fee to withdraw money.

US HIRING DISTRIBUTION CENTRE CASE STUDY: INCLUSIVE

Are you legal to work in the US?

Can you lift up to 50 lbs?

Can you stand on your feet for eight hours?

In our US distribution centre, these are the only questions we ask job applicants.

This approach is called 'inclusive' (or open) hiring. Based on trust and people's potential rather than their past, it aims to help anyone access employment by removing barriers such as unnecessary job requirements. This supports equality and social mobility by helping to dismantle discrimination and disadvantages. It also helps to make The Body Shop a more diverse organisation.

We have used this approach since 2019, with support from inclusive hiring pioneer Greyston Bakery. This has been a huge success, reducing our peak

season employee turnover by 60% and halving our recruitment costs for seasonal workers. Our seasonal team members are more dedicated and stay with us longer, helping to improve our performance.

More importantly, this approach means that we now employ more people who would otherwise be vulnerable to exploitative labour conditions, because of challenges including limited literacy or criminal convictions. We have publicised the benefits of this approach, hoping to inspire other businesses to follow suit. In 2020, we extended this approach and employed our seasonal consultants in the US and Canada through open hiring. In 2021, we will further expand inclusive hiring to Australia and the UK.

“I've been turned down for jobs multiple times because of my past. Even though they didn't know my work ethic, employers were going by what the computer records told them about me. I never got a chance to prove myself.”

Bob, Seasonal Warehouse Team Member at The Body Shop US

WOMEN WORKERS

Around 71% of people who experience modern slavery are women or girls¹³. Women working in global supply chains often hold the lowest-paid and least secure jobs, which makes them more vulnerable to labour exploitation.

Furthermore, the COVID-19 pandemic has particularly affected sectors that employ women (such as retail and hospitality), threatening many jobs. Women are more likely than men to work in temporary roles, which are at more risk during times of financial crisis. Women also tend to take on the majority of caring responsibilities for children, making them more likely to sacrifice their jobs during school closures, leading to less financial independence and greater vulnerability to various forms of exploitation.

Recognising this, The Body Shop continued to make a particular effort to secure decent working conditions and prevent labour exploitation among women. In 2020, as part of the Sedex Gender Working Group, we supported the development of tools to collect better gender disaggregated supply chain data to improve understanding of the gender balance at supplier sites. Alongside

this, we continued to assess the effectiveness for women of policies and practices designed to tackle labour exploitation.

We participated in research by Manchester University into the impact of the pandemic on women and how companies can support women workers. And we supported modern slavery survivors (80% women) and research into their rehabilitation needs (see case study on page 31). We were proud to win the Vogue Lifetime Achievement Award For Empowering Women, in recognition of our long history of working with, and supporting, female supplier groups around the world.

In 2020 we partnered with our Community Fair Trade supplier Tungteiya Women's Association and the Lorna Young Foundation to produce twice weekly radio programmes reaching 3,000 women working in the shea supply chain in Ghana, among many others. Kpihi Saha (Shea Time) aims to empower these women by covering issues that affect them, including how our fair prices make it possible to send their daughters to school, a key factor in reducing early child marriage (a form of modern slavery).

¹³ International Labour Office and Walk Free Foundation (2017) Global Estimates of Modern Slavery: p5



EMPOWERING WOMEN CASE STUDY: WORK AND OPPORTUNITIES FOR WOMEN

For decades, supporting women's economic empowerment has been a key focus of our approach to ethical trade. Our ingredient, accessory and component supply chains provide decent work for thousands of women in poor rural communities who have few other employment opportunities.

Women are more vulnerable to labour exploitation than men – particularly in times of crisis such as the COVID-19 pandemic. Economically independent women are less at risk of various forms of gender-based discrimination and abuse, and have more say in household and community decisions.

In 2020 our Community Fair Trade Programme continued to be involved in the Work and Opportunities for Women (WOW) project funded by the UK Department for International Development. The project aims to strengthen the incomes of 300,000 women working in global value chains, by supporting positive changes in business practice and global

policies. It is designed to scale up the pioneering approach we use in Nicaragua, where our sesame oil pricing model recognises the previously hidden and unpaid contributions of women involved in the supply chain, including caring responsibilities.

As part of the project, we analysed a number of our supply chains to understand key issues affecting women. We also collaborated with Sedex to include sex-disaggregated data collection in its responsible sourcing platform to help identify gendered issues, and have improved our sex-disaggregated reporting internally and in this Modern Slavery Statement.

In 2020, we worked with our Community Fair Trade supplier of Hemp Hand Mitts in Bangladesh to act on the research findings. We also started incorporating the WOW assessment tool, which seeks out hidden labour and women's unpaid caring responsibilities, into our sustainable sourcing standards and assessment process.

Alongside this, we are encouraging our suppliers, industry bodies and other companies to base their pricing on paying women for all of their contributions. For example, in July 2020 we held an online workshop to highlight key steps that businesses can take. Addressed by the UK Minister for International Development, the 230 participants from around the world included representatives from government, businesses with global supply chains and NGOs.



TRAINING, AWARENESS AND COLLABORATION TO INCREASE OUR IMPACT

The Body Shop trains our employees, workers and suppliers to drive continuous improvement in labour standards in our operations and supply chains. As well as promoting decent working conditions, we help them to recognise and resolve any concerns. We also work with others to increase our reach and impact in tackling modern slavery.

BUILDING AWARENESS AND CAPACITY INTERNALLY AND AMONG SUPPLIERS

Despite COVID-19 travel restrictions during 2020, The Body Shop continued to build understanding of modern slavery issues among our colleagues around the world, with our franchisees and direct sales consultants, with our suppliers, and among our customers. We particularly focused on regions, sectors or supply chains where people faced greater modern slavery risks such as palm oil producers in South East Asia, and

new or worsening risks arising from the pandemic.

We ran bespoke training on modern slavery for our CEO, Executive Leadership Team and Senior Leadership Teams to ensure all our leaders have a clear understanding of key issues.

Training our store colleagues and The Body Shop at Home™ consultants

on decent work and human rights helps to increase awareness and understanding among our global customer base. We ran training on these issues for retail employees, our franchise holders and The Body Shop At Home™ Ambassadors (who cascade information to other direct sales consultants and customers). Representatives from our Community Fair Trade shea and Brazil nut oil suppliers gave talks to educate our direct sales consultants and UK employees on the community-wide benefits of our trade, and shared resources such as videos to help them spread the message more widely.

We made our buyers aware of any groups of vulnerable workers who face increased risks as a result of the pandemic, and created guidance on responsible business behaviour to help them support our suppliers.

During the year we also increased understanding of potential human rights risks among our suppliers, to facilitate decent work in both our

direct and indirect supply chains. Although COVID-19 restrictions meant we had to postpone many site visits, we kept in regular touch with our tier 1 suppliers, including Community Fair Trade producer groups (see table), to understand the new challenges they faced and shared COVID-safe guidelines. We endeavoured to maintain our trade levels with suppliers to help keep them in business and protects thousands of jobs. Working with ETI, Sedex and their members, we provided suppliers with free tools and guidance to address potential human rights impacts linked to COVID-19.

The Body Shop is proud to be an activist brand that fights for positive change. Working with Hestia and the University of Nottingham, we helped to increase policymakers' awareness of the needs of modern slavery survivors to influence UK government policy. We also joined calls for EU mandatory human rights and environmental due diligence supply chain legislation.

COVID-19 CHALLENGES FACED BY COMMUNITY FAIR TRADE PRODUCER GROUPS

ISSUES IDENTIFIED	OUR RESPONSE
Extended government lockdowns affecting their ability to work because of movement restrictions	Regular communication to understand how their people were affected, so we could tailor support where possible Kept trade routes operating wherever possible
The most vulnerable workers faced increased risks of exploitation such as bonded labour and human trafficking because of concerns about being able to earn an income	Honoured our trade commitments and did not cancel orders to ensure producer groups had some work and income, and could plan ahead
Daily wage labourers do not get paid and cannot eat if there is no work	Honoured and enhanced our payment terms

COLLABORATING WITH OTHERS

We cannot tackle modern slavery alone. The Body Shop works with a number of alliances and organisations, from multiple sectors and regions, to mitigate various forms of labour exploitation. In 2020 we were active members of 10 thematic, sectoral or commodity-based initiatives, as summarised in this table.

GROUP/FORUM	THE BODY SHOP INVOLVEMENT IN 2020	IMPACT OF COLLABORATION IN 2020
<p>Ethical Trading Initiative (ETI) – a global alliance of companies, trades unions and NGOs that promotes human rights at work</p>	<ul style="list-style-type: none"> • Joined Logistics Expert Support to help us identify and map risks in this sector • As a founder member of ETI, we remained active in several working groups and initiatives, including gender due diligence workstreams and working groups on: <ul style="list-style-type: none"> • Modern Slavery • Cosmetics • Food, Farming and Fisheries • General Merchandise 	<ul style="list-style-type: none"> • Improved understanding of UK government strategy and corporate engagement on issues such as mandatory human rights due diligence • Shared insights and resources to facilitate rapid support to employees, suppliers and workers during the COVID-19 pandemic, including responsible procurement practices, labour shortages and securing PPE
<p>Sedex – a global ethical trading membership organisation and online auditing platform</p>	<ul style="list-style-type: none"> • Active member of Forced Labour and Gender Working Groups • Rolled out Sedex and COVID-19 self-assessments among our suppliers • Moved to a Natura &Co Group account 	<ul style="list-style-type: none"> • Increased responsible sourcing and supply chain capacity to address labour exploitation • Improved data to understand gender differences within supply chains • Identified increased worker vulnerabilities as a result of COVID-19 • Improved supplier visibility across Avon, Aesop, Natura and The Body Shop reducing duplication of effort for shared suppliers and enabling increased Group influence to resolve issues

COLLABORATING WITH OTHERS

GROUP/FORUM	THE BODY SHOP INVOLVEMENT IN 2020	IMPACT OF COLLABORATION IN 2020
<p>World Fair Trade Organization (WFTO) – the global community and verifier of fair trade enterprises</p>	<ul style="list-style-type: none"> • Became an associate member (some of our Community Fair Trade suppliers are full members in their own right) • Shared WFTO’s #stayhomelivefair pandemic campaign on our social media channels • The head of our Community Fair Trade programme was a guest speaker at WFTO’s Asia conference, outlining how fair trade can help big businesses meet their sustainability targets 	<ul style="list-style-type: none"> • Strengthened our relationships with like-minded businesses, to support future learning and performance improvements • Raised awareness of the value of fair trade among consumers, suppliers and business people
<p>The Indirect Procurement Human Rights (IPHR) Forum – a group of UK retailers, brands and manufacturers with a common vision to protect and respect human rights in supply chains (for goods and services not for resale) and address shared risks</p>	<ul style="list-style-type: none"> • As a Steering Group member, actively participated in event on Tackling Labour Exploitation Supply Chain Risks for Warehousing and Logistics suppliers, co-hosted by IPHR, Stronger Together and the Food Network for Ethical Trade • Helped launch and expand the Waste & Recycling Working Group a cross-sector network of over 20 organisations • Raised awareness of modern slavery and human rights risks in the waste sector, including via trade press coverage and joining a webinar panel 	<p>Improved participants’ understanding of:</p> <ul style="list-style-type: none"> • Forced labour risks in warehousing and logistics • How labour shortages and legal changes will affect labour exploitation risks • Ways to remediate labour exploitation risks, including through joint working • Mechanisms to identify, assess and raise awareness of labour rights issues for the waste and recycling sector
<p>Mekong Club – a membership organisation for the retail, banking, manufacturing and hospitality sectors to eradicate modern slavery in Asia</p>	<ul style="list-style-type: none"> • Invited CEO to our 2020 Modern Slavery Stakeholder Panel • Conducted peer learning and information sharing with on internment and modern slavery risks in Asia 	<ul style="list-style-type: none"> • Improved understanding of the impact of COVID-19 on migrant and vulnerable workers in Asia • Provided best practice expertise and resources on modern slavery and state-imposed forced labour

COLLABORATING WITH OTHERS

GROUP/FORUM	THE BODY SHOP INVOLVEMENT IN 2020	IMPACT OF COLLABORATION IN 2020
<p>Responsible Mica Initiative (RMI) – a coalition working to establish responsible and sustainable mica supply chains in India and secure decent working conditions in the industry</p>	<ul style="list-style-type: none"> • Annual reporting on the volume and origins of the mica we use • Participated in the AGM and working groups • Input into public consultation on the RMI Global Workplace Standard for Mica Processors • Helped set up and participated in RMI Strategy Revision Taskforce 	<ul style="list-style-type: none"> • Provided community empowerment programme to 80 mica workers’ villages, to benefit 5,890 households via initiatives such as a health and insurance programme • More than 45% of children in these villages returned to school • 536 marginalized families received financial & technical support to earn livelihood; 1166 household accessed alternate source of income • Reacted to COVID-19 pandemic by adapting Community Empowerment Project, by setting up of community kitchen & by going 100% virtual • Drafted and submitted the Sustainable Mica Policy Framework & Vision to Jharkhand government representatives
<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"> • 51% of The Body Shop’s palm derivative use was offset through purchase of RSPO Credits¹⁴ • The Body Shop purchased RSPO Credits from independent smallholders in Indonesia, and participated in regional smallholder outreach and engagement activities on invitation from the RSPO • Active member of the Market Development Standing Committee, which aims to increase uptake of RSPO-certified palm oil 	<ul style="list-style-type: none"> • Updated guidance for members, requiring them to increase their proportion of certified palm oil each year • Increased transparency – all members must now publish an annual list of mills that supply palm oil

¹⁴ Separate figures for The Body Shop not available at time of publication

COLLABORATING WITH OTHERS

GROUP/FORUM	THE BODY SHOP INVOLVEMENT IN 2020	IMPACT OF COLLABORATION IN 2020
<p>Action for Sustainable Derivatives – A collaboration to increase the transparency of the global derivatives supply chain, collectively monitor risks and activities along the supply chain, and implement collective action projects to address social and environmental issues on the ground</p>	<ul style="list-style-type: none"> • Regularly participated in working groups and steering committee • Commissioned supply chain transparency and deforestation risk analysis for The Body Shop’s palm derivative 	<ul style="list-style-type: none"> • Conducted traceability analysis and provided full list of supplier mills • Over 80% of volumes traceable to mill level • Made key recommendations to engage suppliers • Analysed sourcing at sub-national level, to highlight which regions present the highest risk for deforestation in order to target due diligence and investments
<p>Global Shea Alliance – a multi-stakeholder initiative 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"> • Active member of Sustainability Working Group • Participated in online conferences 	<ul style="list-style-type: none"> • Constructed 4 warehouses for collector communities to enable joint working and better bargaining, resulting in women increasing their income by 30–47% • Completed training for women cooperative members on business and cooperative development and warehouse management, with improved health and safety coverage • Undertook parkland protection and conservation activities • Engaged with West African governments on effective development, conservation, promotion and regulation of the industry
<p>Aluminium Stewardship Initiative – a global initiative to foster responsible sourcing and production of aluminium</p>	<ul style="list-style-type: none"> • Became a member to increase our influence in supply chains 	<ul style="list-style-type: none"> • Joined late 2020 so no impact from The Body Shop involvement yet

HOW WE RESOLVE CASES OF LABOUR EXPLOITATION

Our checks and assessments in 2020 found no new direct evidence of modern slavery in The Body Shop operations. But we recognise that modern slavery is usually hidden so this may not tell the whole story.

We continued to work with our suppliers on areas of concern identified through our audits and assessments, and in specific regions or supply chains identified as high risk. If we identify any problematic working conditions in our operations or supply chains, we follow the clear steps outlined in our Ethical Trade Policy and Sustainable Sourcing Charter to mitigate them, working closely with our suppliers and independent specialists to resolve any issues of concern.

These issues may span multiple indirect suppliers so addressing them is complex process that can take years. Our mica work (see case study below) is a good example of the considerable time and resources we invest in achieving lasting improvements for workers. When necessary, if a supplier fails to remedy non-compliance with our standards

despite our interventions and support, we terminate that supplier relationship. We take care to do this responsibly. This is not a decision we take lightly and we do not rush this process.

Rather than just resolving existing problems in our operations and supply chains, we aim to prevent all forms of exploitation and ensure that all workers benefit from decent working conditions. This involves raising leaders' and workers' awareness of issues relating to modern slavery, strengthening policies, and highlighting internal and external reporting channels. We also take care when selecting new suppliers. For example, we applied sustainable sourcing due diligence when selecting an avocado supplier in 2020. Mindful of drug cartel involvement and growing violence, forced and child labour in some Mexican avocado farming, we sourced avocado oil from avocados grown in South Africa.



REMEDICATION CASE STUDY: SERICITE MICA

Our higher levels of due diligence in high risk supply chains include mandatory traceability and sustainability checks. Our approach to improving labour standards in our sericite mica supply chain highlights our long-term and in-depth approach.

In 2017, a third-party assessment of a tier 4 Malaysian supplier of mica identified various health and safety risks and employers retaining the identity documents of some migrant workers (indicating a possible risk of forced labour). In 2019 we visited the supplier to verify agreed improvements, confirming that it no longer retained workers' documents, that workers received above the minimum wage and had a rest day every week. However, we identified further health and safety concerns and found that several migrant workers owed the company money for renewing work visas/permits (a possible risk of bonded labour).

In 2020, we worked with the supplier to secure continuous improvements in its working practices, overcoming their

initial reluctance. We worked with an influential distributor, a fellow customer of this supplier, to engage the supplier in a corrective action plan to ensure that migrant workers are directly employed by the company and do not have to pay recruitment fees.

We also supported the supplier to conduct an in-depth environmental, health and safety assessment to confirm that all issues identified by our previous audits have been resolved. In 2021 we will continue this process to help the supplier develop an environmental, health and safety management system in partnership with its workers.



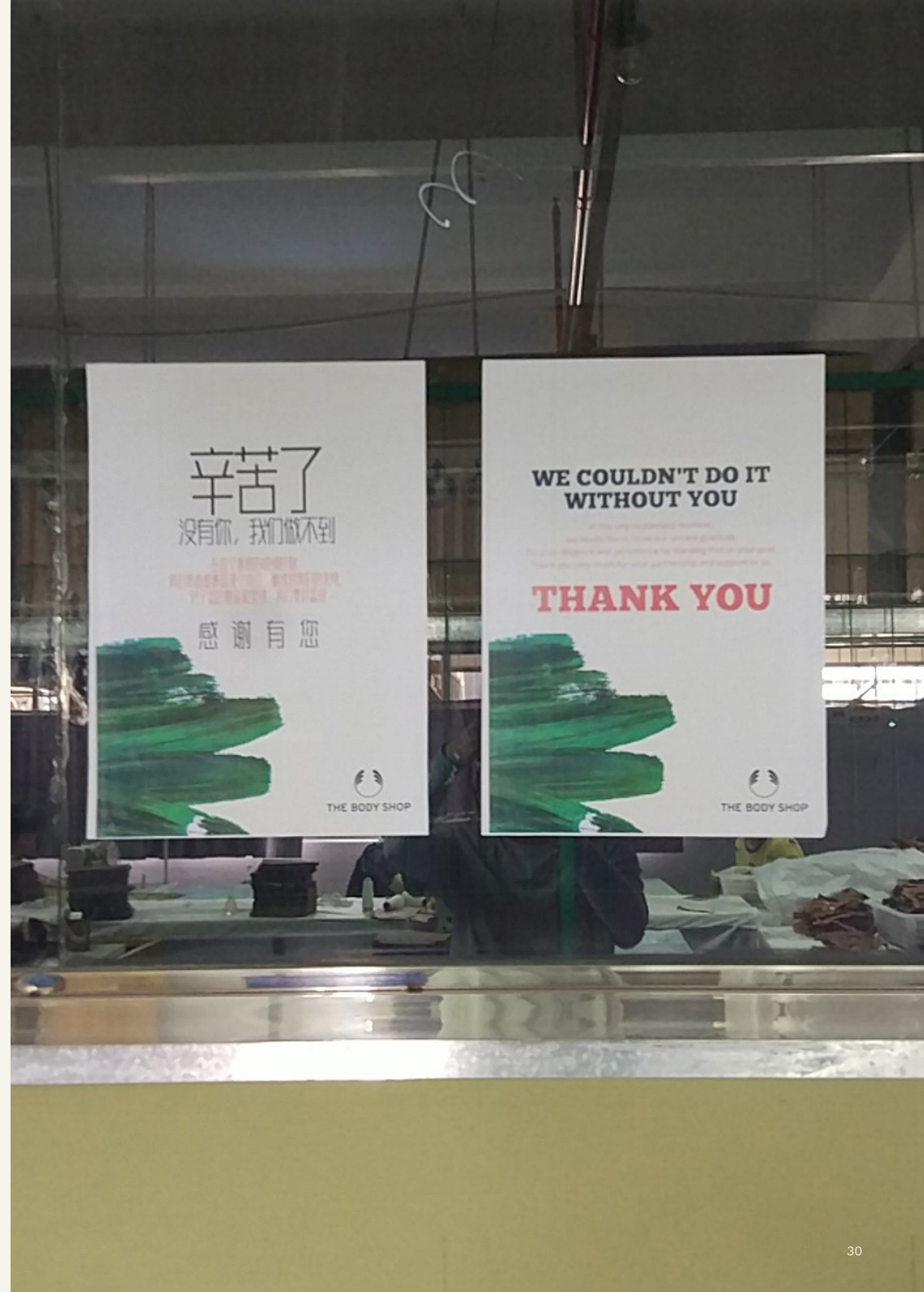
TOOLS FOR OUR EMPLOYEES

The Natura &Co Ethics Line enables The Body Shop employees – and anyone working in our supply chains – to report any suspected breach of The Body Shop or Natura &Co codes of conduct. They can do this anonymously online or via a 24/7 confidential telephone hotline available in 14 languages. Reported cases are referred to compliance professionals for independent investigation.

As modern slavery can be an issue in every country, we strive to make sure our employees are aware of specific local risks relating to modern slavery as well as more generally.

Our responsibilities as a decent employer start with how we treat our employees. In 2020, we took several steps to support our employees through the COVID-19 pandemic, including provisions to negotiate informal flexible working arrangements, use paid or unpaid leave as well as updates to our Carers' Leave policy for UK based employees. In addition to pandemic-related problems in their personal lives, many of our employees' working lives were severely disrupted

for months by the need to work from home, by being on furlough (government-subsidised paid leave) or because they were busier than ever due to the nature of their role. We launched Time To Care, a wellbeing programme available all of our employees around the world, which includes support from trained mental health first aiders to look after their mental wellbeing.



SUPPORTING SURVIVORS

In 2020 we continued to be a member of the Bright Future programme, a UK-based scheme to provide work opportunities for survivors of modern slavery initiated by the Co-operative Group and the charity City Hearts. We had a planned pilot work placements in our retail stores alongside our existing

offer of placements in our distribution centres via our labour provider Single Resource. Unfortunately, we were unable to offer any retail placements to modern slavery survivors as our stores were closed for several months because of COVID-19 restrictions. We will continue to support Bright Future in 2021.



SUPPORTING SURVIVORS CASE STUDY: INCREASING INDEPENDENCE

Hestia is the leading provider of support to survivors of modern slavery in London and the South East of England. It believes that transport costs can prevent modern slavery survivors from accessing training, work and essential appointments.

In 2019–2020, The Body Shop and Hestia co-funded an innovative study to explore this issue. From December 2019 to February 2020, we supported 100 London-based modern slavery survivors (80% women) by topping up their travel passes.

The Rights Lab team at the University of Nottingham examined how this support benefited modern slavery survivors. Researchers found that travel plays a vital role in recovery and rehabilitation. Our support enabled 13,806 journeys and had a significant positive impact on both modern slavery survivors and their children. Being able to travel reduced their stress and anxiety, increased their independence, and enabled them to

take their children to school, participate in new activities and attend medical appointments. Not having to pay travel fares also meant they were no longer limited to the cheapest, slowest forms of transport and could afford to buy previously unaffordable items such as winter coats and toys for their children.

The research report, ‘Going Places: Journeys to Recovery’, demonstrates why all survivors who enter the UK’s victim care scheme should receive funded travel as part of their basic support package. Its analysis included:

“A key benefit of the funded transport was the improvement of survivors’ mental health through being able to afford to build, maintain and expand social networks For survivors who may have been cut off from social support networks during their trafficking experience, such connections are central to recovery.”

“With no one asking them to provide receipts and less reliance on Hestia staff, they also did not feel so observed and monitored. The small amount of financial freedom helped the survivors to feel more independent and more empowered to make decisions about their lives.”

We will continue to support positive changes to government policy in this area.

TRACKING PROGRESS AND KEY PERFORMANCE INDICATORS

We use key performance indicators to measure how effective we have been in combating modern slavery and in our business and supply chains. Here are the KPIs and the measurement of our progress in 2020:

KEY:

■ We met our 2020 KPI targets ■ We made progress towards our 2020 KPI targets but didn't fully meet them ■ We fell short of our 2020 KPI targets

KPI TARGETS	PROGRESS IN 2020
<p>1. Extend our application of the Human Rights Due Diligence Framework across our operations and supply chains, and act on risk assessment findings</p>	<ul style="list-style-type: none"> • Developed and activated action plans and sourcing policies on high-risk raw materials and business processes, incorporating policy terms into supplier tenders and contracts • Maintained mandatory traceability and sustainability checks for natural and high-risk materials, updated with country of origin so we can change suppliers if any irresolvable risks are identified • Commissioned deep dives into precise human rights risks in specific areas such as Southern European agriculture and shipping
<p>2. Revise our Ethical and Sustainable Sourcing policies to include management systems that address issues related to modern slavery</p>	<ul style="list-style-type: none"> • Launched Natura &Co Global Supplier Code of Conduct, with broader requirements on responsible recruitment (including agency workers) throughout our suppliers' supply chains • Began work on a Natura &Co Human Rights Policy • Commissioned draft group-wide policy and implementation plan on grievance and remedy in supply chains • Started developing new sourcing policy for five high-risk materials/ingredients

OUR OBJECTIVES & KPIS

KPI TARGETS	PROGRESS IN 2020
<p>3. Increase the number of participatory audits to better understand and address the most salient issues faced by workers, including the most vulnerable</p>	<ul style="list-style-type: none"> • Despite COVID-19 restrictions, we conducted some virtual assessments and on-site audits in certain countries • 4 Community Fair Trade suppliers were assessed by Ecocert (2 of these participatory audits took place in 2020) • Conducted 1 virtual participatory audit at our US distribution centre • Carried out 60 ethical trade audits involving worker interviews
<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"> • Met all our existing commitments and continued our involvement in collaborative projects and coalitions despite the pandemic, in areas such as empowering women, specific high-risk sectors and supply chains and supporting modern slavery survivors • Provided additional support and guidance to suppliers struggling as a result of the pandemic • Expanded our sourcing of Community Fair Trade recycled plastic from waste pickers in India, securing better pay and conditions for more workers • Used RSPO Credit purchases to support Indonesian smallholder farmers investing in environmental and social improvements, including masks and sanitiser to protect community members
<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"> • Trained our Executive Leadership Team on modern slavery via a virtual, interactive workshop • Continued to report all labour condition concerns to our Risk and Governance Committee • Two Community Fair Trade producers presented to staff and The Body Shop at Home™ consultants and produced social media videos to highlight the positive impact of our sustainable trade

OUR OBJECTIVES & KPIS

KPI TARGETS	PROGRESS IN 2020
	<p>(Continued)</p> <ul style="list-style-type: none"> • Enabled 280 The Body Shop at Home™ Community Fair Trade Ambassadors in the UK and Australia to tell their customers how our work supports vulnerable people and marginalised communities • Conducted training and awareness-raising on modern slavery for buyers, retail store managers and franchisees • Shared lessons on our modern slavery activity, and freedom and human rights in supply chains, at 9 in-person or virtual events
6. Increase the capacity of our Ethical and Sustainable Sourcing teams and recruit people with expertise in modern slavery	<ul style="list-style-type: none"> • We completed our expanded team in 2019 and did not conduct any recruitment in 2020.
7. Benchmark our activity relating to modern slavery against best practice	<ul style="list-style-type: none"> • We did not benchmark our activity in 2020 due to COVID-19 disruptions. We plan to do this in 2021
8. Convene a stakeholder panel to review our initiatives and reporting relating to modern slavery and act on feedback	<ul style="list-style-type: none"> • Incorporated feedback from the 2019 panel into 2020 activities, including a greater focus on gender, more advocacy, and starting to address endemic issue • We have more work to do on worker representation, procedures to respond to any reported incidences of modern slavery and to develop new key performance indicators • Our third Modern Slavery Stakeholder Panel brought together external experts and cross-functional internal colleagues to deepen our knowledge, review our progress and identify priority areas
Act on our 2020 priorities	<ul style="list-style-type: none"> • COVID-19 curtailed some planned activities such as closer work with agents, implementing grievance processes and benchmarking our work • Commissioned a draft grievance and remedy policy and process for our business and suppliers, which we plan to incorporate into revised group-wide framework in 2021 • Continued our core activity to promote decent work, source responsibly and address known risks of poor practice despite significant business disruption

OUR PRIORITIES FOR 2021

In 2021 The Body Shop will benchmark our activity and reporting, and further align all our responsible sourcing systems with Natura &Co. This will include a focus on increased transparency (including among our suppliers), and clearer governance and accountability.

We will continue to use independent human rights risk assessments, and implement enhanced due diligence in areas with known risks of forced labour. As in recent years, this will involve working closely with our suppliers and agents to trace our supply chains, ensure that our teams follow our policies and procedures, and that our direct and indirect suppliers follow our codes of conduct on responsible sourcing and labour conditions

Specifically, we will:

- Finalise and begin to implement a robust, group-wide human rights policy in line with the UN Guiding Principles on Business and Human Rights, including promoting decent work and addressing the links between the climate crisis and human rights risks.

- Finalise and implement our sourcing policies and guidance on raw materials identified as potentially high risk for labour exploitation and environmental degradation (palm oil, mica, paper, alcohol, soy and cotton).
- Review our specific modern slavery activity to date and seek recommendations for key improvements such as developing meaningful, measurable indicators of progress and impact.
- Address worsened vulnerability as a result of COVID-19 by working to uphold fair employment contracts, freedom of association, fair pay and good purchasing practices throughout our supply chains.
- Be vigilant in looking for and remediating potentially new or worsening forms of exploitation, such as child labour, workplace gender-based violence and state-imposed forced labour.
- Use our activist voice to support legislation to protect and improve workers' rights around the world.



THANK YOU