



THE BODY SHOP

# MODERN SLAVERY STATEMENT

For the financial year  
1 January to 31 December 2021



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**To be part of the solution means bearing responsibility for the total impact of business operations – for the way in which employees are treated... and for the effect of the business on the social, physical and political environment in which it operates.**

”

Our Founder, Anita Roddick

# INTRODUCTION

This report outlines steps The Body Shop took in 2021 to prevent, identify and remedy any kind of labour exploitation, including modern slavery, throughout our operations and supply chains.

We take a holistic approach to eradicating all forms of exploitation, continuously reviewing potential risks and our response to reflect global best practice. When the pandemic hindered our usual ways of doing this, we adapted to new approaches to reflect the critical importance of this issue – it can't wait.

**We found no new direct evidence of modern slavery in our business during the year, but we aren't complacent about this.**

Decent working conditions, including fair wages, reasonable hours and respecting workers' rights, are the opposite of modern slavery. Since 1976, The Body Shop has aimed to provide such conditions throughout our business. These actions protect our people, and make other businesses up their game.

In 2021, we continued to pay living wage rates to all our UK-based employees and agency workers, and encourage our suppliers to do the same. We also started applying more comprehensive fair pricing criteria in our pioneering Community Fair Trade programme, leading best practice.

Throughout the world, modern slavery is complex, widespread and largely hidden. And events such as armed conflict and COVID-19 lockdowns increase people's vulnerability to it. No business can tackle modern slavery alone. So we work with internal and external experts to identify and address the highest risk areas in targeted ways. We also collaborate with other organisations to drive up standards, particularly for vulnerable workers.

Our initiatives to combat modern slavery are increasingly aligned across our parent group Natura &Co, strengthening our impact. Our shared 2030 sustainability vision Commitment to Life requires us to actively defend human rights and eliminate labour exploitation. In 2021, we made a significant step towards this by finalising a comprehensive group-wide human rights policy framework and creating a new directorship to lead this work.

I thank our employees, workers, suppliers, colleagues and partners around the world for helping to ensure that The Body Shop, our sister brands and our suppliers are great places to work. Together, we're supporting workers' rights in multiple ways. As our Founder Anita Roddick put it, we're determined to be part of the solution.



**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). It sets out the steps taken by The Body Shop International Limited and our subsidiaries, during the year ending 31 December 2021, to prevent modern slavery and human trafficking in our business and supply chains. References to 'The Body Shop' or 'our' throughout this statement are therefore references to the global business operations of The Body Shop. References to The Body Shop Risk and Governance Committee and The Body Shop Executive Leadership Team contained herein are references to bodies that operate at a global level of oversight for The Body Shop. This statement was approved and signed by David Boynton, CEO and Director, and approved by the Board of The Body Shop International Limited on 13<sup>th</sup> June 2022.



## 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.

# OUR 2021 MODERN SLAVERY PROGRAMME IN NUMBERS

**16,000+**

people in 15 countries earn an income through trade via our Community Fair Trade programme



**100+**



suppliers in China attended training sessions we ran with the Co-op to raise awareness around responsible recruitment and supply chain risks

**86%**



our overall score from Ecocert Environnement based on participatory audits of 4 of our Community Fair Trade suppliers

**84**



direct suppliers in our highest due diligence category

**73**



supplier companies audited for compliance with our standards

**11**



alliances and organisations worked with to prevent and mitigate all forms of labour exploitation

**4**



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

**0**



no new direct evidence of modern slavery in our operations or supply chains

# KEY ACHIEVEMENTS IN 2021

**Finalised a robust, group-wide Human Rights Statement (policy framework)** in line with [the UN Guiding Principles on Business and Human Rights](#), including promoting decent work, one year ahead of schedule. More proactive than our previous approach, this also extends beyond our employees and suppliers to all workers, contractors, franchisees and business partners.

**Began developing policies and action plans on raw materials identified as high risk** for labour exploitation and/or environmental risks (palm oil, cotton, mica, soy, paper and ethanol), and established baseline traceability/certification data for them.

**Commissioned an independent review of our modern slavery activity and reporting**, to drive future improvements.

**Started to apply a consistent and forward-thinking Fair Price approach with our Community Fair Trade producer groups**, to support sustainable incomes by ensuring that all contributions to making our product ingredients/materials are rewarded fairly and help to achieve a living income/living wage.

**Expanded the scope of our responsible procurement** to all significant tenders for services and goods not for resale, to drive up respect for workers' rights and reduce vulnerability to labour exploitation.

**Aligned our responsible sourcing approach within Natura &Co**, focusing on increased supply chain transparency, and clearer governance and accountability.

# KEY CHALLENGES IN 2021

The **COVID-19 pandemic** remained a significant challenge in 2021, heightening some workers' vulnerability to labour exploitation and hindering some of our risk assessment and due diligence practices.

We supported our Community Fair Trade partners to continue working as far as possible, while respecting pandemic restrictions and worker safety. Based on mutual trust rooted in our long-term relationships, we adopted **tailored approaches to address specific challenges faced by each Community Fair Trade supplier**. We honoured orders and agreed payment schedules even when enforced closures or worker illness delayed their deliveries.

COVID-19 border **travel restrictions prevented us from conducting some on-site assessments of our suppliers'** compliance with our strict standards on labour rights. We addressed this in several ways, such as conducting virtual site tours and online documentation reviews.

Transitioning The Body Shop sourcing to a Natura &Co Responsible Procurement Team presented some **technical challenges in aligning policies, processes and IT systems**. While this will deliver greater efficiency and transparency for us and our suppliers, it has been a complex and demanding process for our team members.

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**We supported our Community Fair Trade partners to continue working as far as possible, while respecting pandemic restrictions and worker safety.**

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# OUR STRUCTURE, BUSINESS AND SUPPLY CHAINS

## WHO WE ARE AND WHAT WE DO

Founded in 1976, The Body Shop is a certified [B Corp™](#). The Body Shop seeks to make positive change in the world by offering high-quality, naturally-inspired products produced ethically and sustainably, and campaigning for social and environmental justice around the world.

Having pioneered the philosophy that business can be a force for good, this ethos is still the brand's driving force. For example, our Community Fair Trade programme helps small-scale producers by developing long-term relationships with them and purchasing ingredients at a fair price, contributing to decent work, and economically and environmentally sustainable business practices.

Our product portfolio includes:

1. Body care
2. Bath and shower
3. Haircare
4. Skincare
5. Make-up
6. Fragrance
7. Gifts and accessories, including gift boxes

## OUR SCALE AND STRUCTURE

Formally incorporated as The Body Shop International Limited, our head office is in London and we have a global office in Littlehampton, UK. Along with 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.

The Body Shop has a presence in 81 countries. Our 997 directly owned and 674 franchised stores make up our largest sales channel. Most of our franchise holders have robust direct franchising agreements. In some territories, head franchisees run operations on our behalf.

We also have 58 e-commerce platforms and approximately 57,700 self-employed The Body Shop at Home™ (direct sales) consultants in the UK, US and Australia.

In 2021, we directly employed 7,594 people,<sup>1</sup> and some short-term contract and agency workers when needed.

Eight regional distribution centres deliver our products around the world: two in the UK, and one each in the US, Germany, Singapore, Hong Kong, Japan and Australia. We operate our UK and US distribution centres – local, third-party providers run the others.<sup>2</sup>

<sup>1</sup> Franchisee employee numbers for 2021 were not available at the time of publication.

<sup>2</sup> For the purposes of TBSA's reporting under the MS Act AU, the operations of the global business of The Body Shop as set out in this statement (including but not limited to the supply chain operations, risk identification and steps taken to reduce/mitigate risks) apply to TBSA by virtue of the fact that TBSA operates under the mandate and control of The Body Shop, and all supply chain and manufacturing operations applicable to TBSA are controlled and undertaken at an enterprise level by The Body Shop.



# OVERVIEW OF OUR SUPPLY CHAINS

At The Body Shop, we believe that our trade can help to improve working conditions, and enhance the lives of people, in our supply chains.

Our supplier relationships are guided by several policies based on internationally recognised best practice standards and frameworks relating to ethical trade, human rights and decent working practices (for more detail, (see page 12).

Globally, over 3,902 suppliers provide us with goods for retail, non-retail goods and services, ingredients and packaging, or Community Fair Trade ingredients/materials. The global Natura &Co procurement function has a team for each of these areas, working under common procurement policies, and increasingly under shared tenders.

In 2021, around 60% of our expenditure was on sourcing non-retail goods and services via third parties, particularly logistics, IT equipment and services, labour and recruitment providers, and cleaning and professional services.

We have no manufacturing facilities. In 2021, most of our goods for retail were purchased from 29 ethically approved third-party manufacturers around the world.<sup>3</sup> Our sister company Avon Operations Polska produced 10% of our product portfolio in Poland.

We have robust manufacturing agreements with our suppliers – we stipulate product formulation criteria, specify Community Fair Trade suppliers, the use of sustainable mica and palm oil, and zero tolerance of animal testing. We also conduct supplier due diligence, focusing on social and environmental considerations. We manage key suppliers of our goods for retail, and our top 20 non-retail goods and services, through a strategic supplier relationship management programme.

Our direct (tier 1) suppliers and sub-suppliers (tiers 2 and 3) that fall under our highest level of due diligence operate in 27 countries and collectively employ more than 52,000 people. Following best practice, we use a human rights due diligence approach, paying

particular attention to sectors, commodities or regions that pose greater risks of any form of labour exploitation (see page 20).

We also source product ingredients, packaging materials, gifts and accessories via our Community Fair Trade programme, which has extremely high ethical standards. Groups of farmers, smallholders and artisans supply us, in return for fair prices and favourable trading terms. In 2021, this programme comprised 19 suppliers in 15 countries across Africa, Asia, Latin America and Europe, providing incomes for over 16,000 people (see page 17).

<sup>3</sup> As of 31 December 2021, compared to 34 in 2020 and 51 in 2019.

# OUR SUBSIDIARIES

As a global company, we have subsidiary companies to manage our operations in specific locations:

The Body Shop GA Holdings (Guernsey) Limited, GA Holdings (1979) Ltd, B S Danmark A/S, The Body Shop Svenska AB, The Body Shop Portugal, S.A., The Body Shop España, S.A.U., The Body Shop Germany GmbH, The Body Shop GmbH (Austria), The Body Shop Benelux BV (Netherlands), The Body Shop Belgium BV (Netherlands), The Body Shop Service BV (Netherlands), The Body Shop Luxembourg Sarl, The Body Shop (France) Sarl, The Body Shop Monaco Sarl, The Body Shop Canada Limited, The Body Shop Air III, LLC (USA), Buth-Na-Bodhaige, Inc., The Body Shop Australia Pty Ltd (TBSA), 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 Chile S.A., Cimarrones S.A. de CV, The Body Shop Cosmetics Ireland Limited, The Body Shop New Zealand Limited, The Body Shop Japan Co., Ltd, The Body Shop At Home US, LLC.

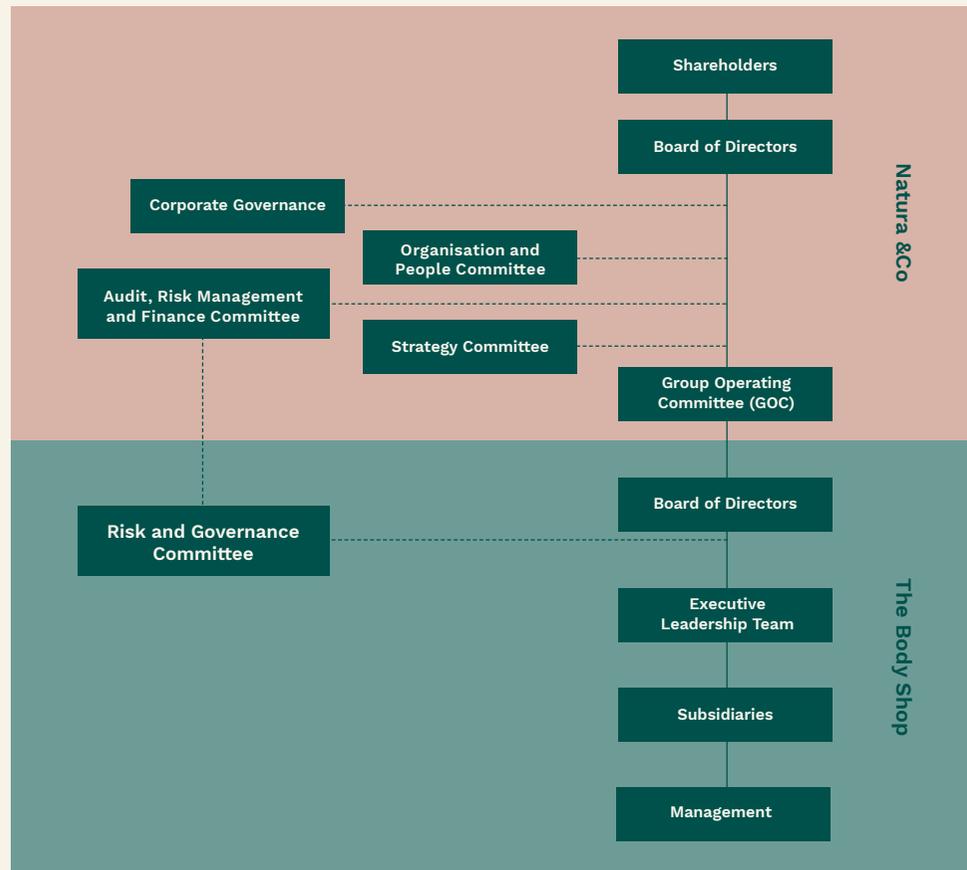
These companies comply with local employment and human rights laws and regulations, as well as The Body Shop global standards in these areas.

# OUR GOVERNANCE, MANAGEMENT AND REPORTING

## OUR GOVERNANCE

As a certified B Corp™, The Body Shop International Limited Articles of Association commit us to benefiting people and the planet, not just shareholders.

### Our governance structure



The Body Shop governance structure is integrated with Natura &Co (see diagram opposite). The Body Shop International Limited 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.

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

Each quarter, our Sustainable Operations Team presents any issues of concern relating to human rights or labour exploitation risks to The Body Shop Risk and Governance Committee. Where necessary, the committee escalates risks to The Body Shop Executive Leadership Team and the Natura &Co Group Operating Committee, which communicates decisions via The Body Shop CEO (see diagram below).

### Our risk register



## OUR MANAGEMENT OF MODERN SLAVERY ISSUES

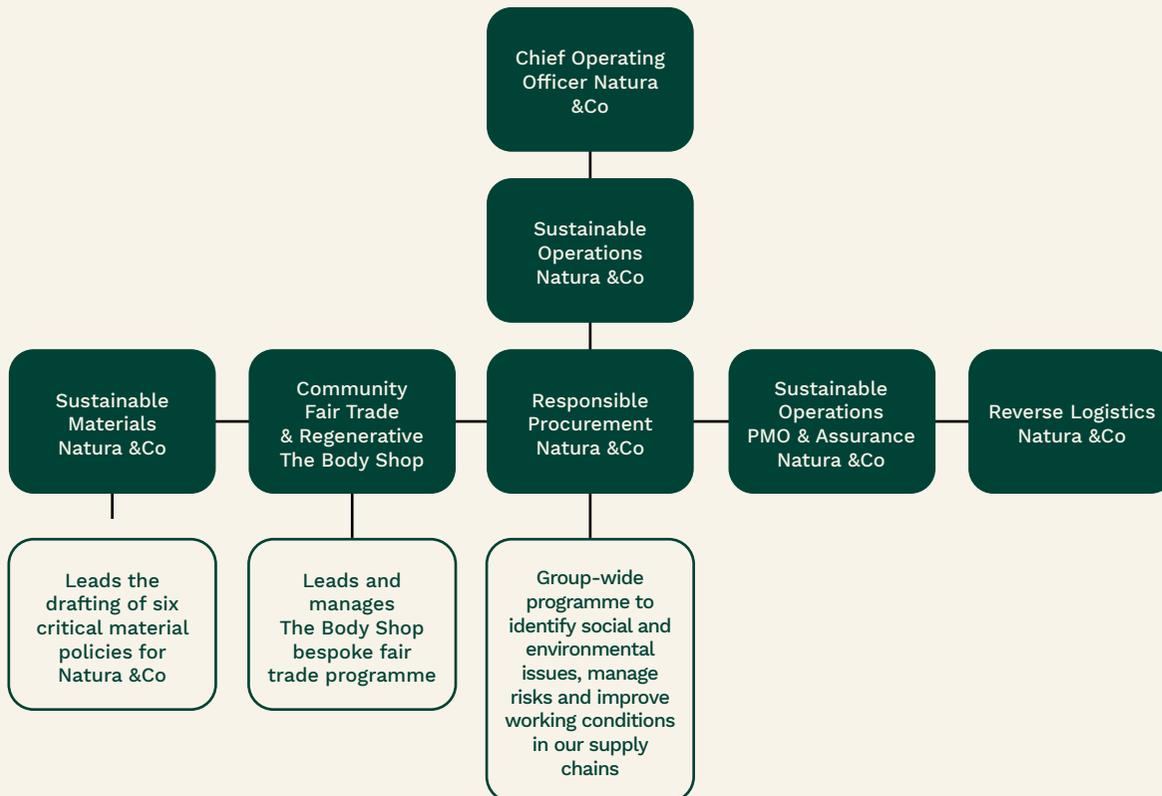
In November 2020, The Body Shop Sustainable Operations, Legal and Procurement teams became group-wide functions within Natura &Co. The Sustainable Operations Department is led by the Global Director of Sustainable Operations, who reports to the Group Chief Operating Officer, who is in turn responsible for group-wide sustainable sourcing initiatives.

Under the new team structure, the Ethical Trade Team of The Body Shop and its sister brand Avon's Social Responsibility Team moved to a group-wide function to become the Natura &Co Responsible Procurement Team. This team is developing a group-wide supplier management system, including audit management, and industry risk and supplier risk profiling. By 2023, this will be finalised and we expect all sourcing and procurement policies, processes and systems to be fully aligned across Natura &Co. This will use our resources more effectively and give us greater influence over our supply chains.

Our employees inform significant board decisions on all topics, including labour rights, via town hall meetings to seek employee feedback, The Body Shop Matters, a representative body that provides two-way communication between our employees and leaders, and quarterly employee surveys on key issues. The Natura &Co Ethics hotline also provides a channel for any employee to report concerns and grievances.

We continue to engage external stakeholders in our modern slavery work development and practice, including specialist consultancies, our partners in working groups and coalitions focusing on specific sectors or commodities (see page 26), and fellow members of ethical trade and responsible sourcing frameworks.

### Our Group Sustainable Operations structure



## OUR REPORTING ON MODERN SLAVERY ISSUES

The Body Shop complies with all reporting requirements around modern slavery issues, and publishes [annual Modern Slavery Statements](#) on our consumer-facing UK and Australian websites to be open about our approach and impact. We also share these statements with key suppliers and other stakeholders to help them tackle modern slavery, and enable them to assess our performance.

In 2021, The Body Shop commissioned the specialist consultancy [Ardea International](#) to benchmark Natura &Co modern slavery activity and reporting, to influence this work across all four brands from 2022.

# OUR MODERN SLAVERY POLICY FRAMEWORKS

The Body Shop does not have a standalone modern slavery policy. Instead, several policies and frameworks guide our efforts to provide decent work, and prevent and mitigate any form of labour exploitation, in our operations and supply chains. These mainstream modern slavery concerns in our employment, purchasing and sourcing practices, and are increasingly aligned across Natura &Co.

We develop new policies based on consultation with selected internal stakeholders. In some cases, as with the Natura &Co Human Rights Statement (see page 14), this process includes workshops and focus groups to gain in-depth inputs.

## **Commitment to Life**

This is Natura &Co's 2030 Sustainability Vision, which guides operations and value chains throughout our group. One of its three pillars is to defend human rights and be human-kind, reflecting the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the ILO Declaration on Multinational Enterprises.

This commits 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 high-risk raw materials (palm oil, mica, soy, paper, ethanol and cotton) by 2025.

It also incorporates specific, measurable targets for how we treat our employees and our wider networks. These include pay equity and paying all employees globally at least a living wage by 2023, increasing senior-level representation of under-represented groups by 2025, and zero tolerance of any human rights infringements in our supply chains.



### **The Natura &Co Global Supplier Code of Conduct**

All new The Body Shop suppliers must commit to this code of conduct before we start a commercial relationship with them. This Natura &Co supplier code of conduct<sup>4</sup> is based on internationally recognised standards and frameworks, such as the [Universal Declaration of Human Rights](#), the [UN Guiding Principles on Business and Human Rights](#), the [UN Global Compact](#), the [ILO Declaration on Fundamental Principles and Rights at Work](#), and the [Ethical Trading Initiative \(ETI\) Base Code](#).

The code of conduct outlines the high, global standards we expect of all direct suppliers and their own supply chains in relation to human rights and employment practices, prohibiting any form of modern slavery. It goes beyond legal compliance by committing our suppliers to positive actions such as responsible recruitment and paying living wages, not just avoiding poor practices. We immediately work with our suppliers to resolve any non-compliance. When necessary, we terminate relationships in a responsible way.

From May 2022, an enhanced version of this code of conduct will come into effect, with broader human rights expectations and explicit grievance mechanisms. For details of additional policies we apply to suppliers in high-risk sectors for labour exploitation, see page 22.

### **The Natura &Co Responsible Procurement Programme**

This group-wide programme enables us to identify issues, manage risks and improve working conditions in our supply chains by collaborating with stakeholders including the [ETI](#) and the [Sedex](#) responsible sourcing data-sharing platform.

Through this programme, we embed human rights and environmental sustainability across all group operations, implementing responsible sourcing policies and supplier guidance. We require varying levels of human rights and environmental due diligence from our suppliers, depending on the level of risk presented by their location, sector and supply chains.

### **Natura &Co Critical Materials Policies**

Six supply chains were identified by Natura &Co as high risk for potential labour and/or environmental exploitation (palm oil, cotton, mica, soy, paper and ethanol). In 2021, we started to develop group-wide procurement policies for these materials. We established a baseline on their traceability and/or certification and started working towards full traceability/certification (see page 22).

<sup>4</sup> This group-wide policy has applied to The Body Shop, Natura and Aesop suppliers since 2020 and will apply across all Natura &Co suppliers, including Avon, from mid 2022.

### **The Body Shop Sustainable Sourcing Charter**

This charter governs The Body Shop sourcing of Community Fair Trade ingredients/ materials, and other natural materials and product ingredients. Every year, the independent external certifying body Ecocert Environnement assesses our performance against our charter principles.

### **The Body Shop employment policies and employee resources**

We aim to be a decent employer. Our policies on fair recruitment, employment of young people, hours of work, diversity and inclusion, and working with suppliers, include robust provisions to tackle issues relating to modern slavery. All of our employees around the world have access to a wellbeing programme that includes mental health support.

We strive to make our employees aware of specific local risks relating to modern slavery, as well as more general risks. The Natura &Co Ethics Line enables anyone working in our operations or supply chains to anonymously report any suspected breach of our codes of conduct, policies or standards, online or via a 24/7 telephone service available in 14 languages.



# NATURA &CO HUMAN RIGHTS STATEMENT

## What is the statement?

In 2021, Natura &Co planned, developed and agreed a Human Rights Statement (policy framework) as part of our commitment to be a human rights leader. From 2022, this framework will underpin operational policies that govern The Body Shop and other Natura &Co brands' operations and supply chains – including but not limited to our work to prevent and remedy modern slavery.

This policy framework will apply to all group and brand employees, workers, contractors, consultants, franchisees, suppliers and supply chain workers, sourcing communities and other business partners.

In line with the [UN Guiding Principles on Business and Human Rights](#), it promotes decent work and addresses the links between human rights and environmental issues.

It recognises the equal rights of all people but specifically focuses on supporting the rights of people who are disadvantaged.

## How we developed it

We developed this statement and implementation plan by following the process recommended by the UN Guiding Principles. Working with the human rights consultancy [Elevate](#), we benchmarked each group company's human rights policies and actions against best practice, including the UN Guiding Principles, the [Corporate Human Rights Benchmark](#), the [Women's Empowerment Principles](#), best practice among other companies, and recommendations from trade unions and NGOs.

In 2021, we conducted an external, light-touch, group-wide risk assessment of our global operations and supply chain, which was discussed internally via a workshop in September. Following this, we updated our Human Rights Statement with identified prioritised human rights risks. [The Statement](#) and list of identified risks is publicly available.

This director will report to the Group Chief HR Officer, a member of our Group Operating Committee. In turn, this officer will regularly report to the Board Audit, Risk Management and Finance Committee, which has specific responsibility to review human rights risks. A new Human Rights Steering Committee will handle strategic planning and decision-making.

## The difference it will make

Our statement strengthens, deepens and clarifies Natura &Co's commitments to human rights, and will make our approach consistent across our group. This will make people throughout our businesses and supply chains aware of how to pro-actively support human rights.

Aligned with global best practice, this framework is more comprehensive and proactive than our previous approach and has a scope beyond our employees and suppliers. It has clearer governance and accountability, and will integrate human rights management into all standard business activities.

For information on the next steps in bringing this statement to life, see page 33.

# OUR MODERN SLAVERY RISK ASSESSMENT AND MANAGEMENT

## HOW WE ASSESS MODERN SLAVERY RISKS

To assess the risks of potential labour exploitation throughout our operations and supply chains, The Body Shop commissioned [Ergon Associates](#) to conduct independent, in-depth assessments in 2019–2020.

We work extensively with our suppliers to identify and mitigate any labour exploitation risks in their own businesses and supply chains, as required by the Natura & Co Global Supplier Code of Conduct. In addition, we require the suppliers in our responsible procurement programme (categories assessed as being at higher risk of modern slavery) to complete a [Sedex self-assessment questionnaire](#). Suppliers in the highest-risk sectors undergo an ethical audit before we contract them. We also incorporate social and environmental criteria in our high-value tendering processes (see page 23).

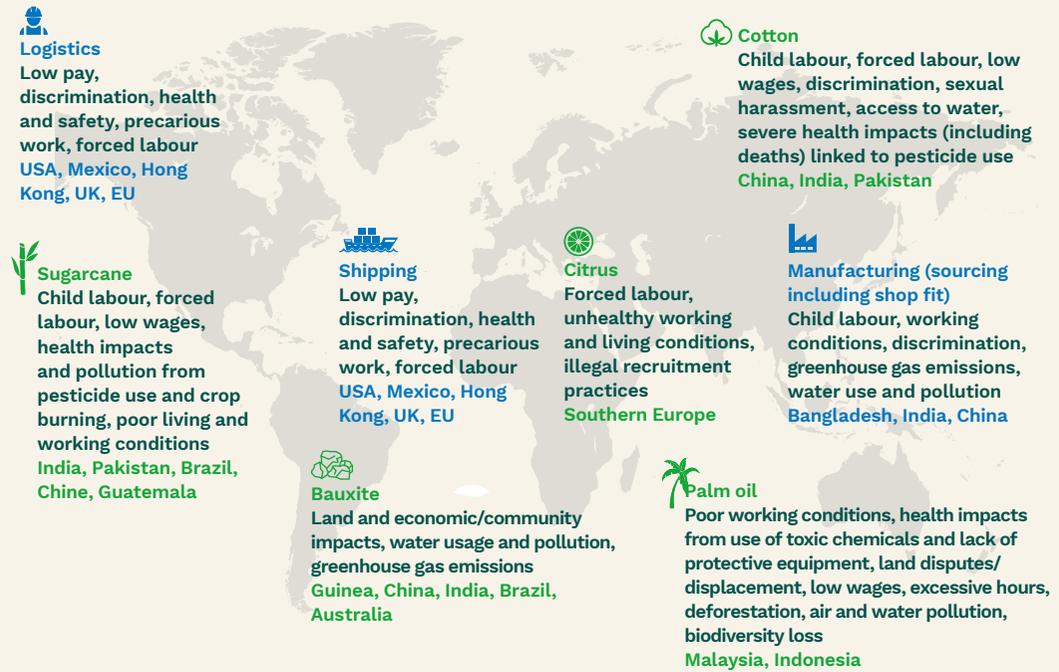
We regularly review our commercial suppliers using a balanced scorecard approach. And we commission specialist firms to conduct independent

ethical audits of our suppliers in locations or sectors identified as high risk for labour exploitation. In 2021, 73 audits covered companies that fall under our highest level of due diligence.

We recognise that site visits through [Sedex ethical trade audits \(SMETA\)](#) of our suppliers are an effective way to assess modern slavery risks in supply chains. As this remained challenging in 2021 because of COVID-19 risks and restrictions, we took a pragmatic and flexible approach to assessing these risks. Based on individual supply chain circumstances and risk levels, we used desktop assessments, the Sedex Radar risk assessment tool or virtual third-party assessments to gain as much insight as possible into working conditions, or rescheduled on-site assessments as appropriate.

We continue to explore other ways to work with suppliers to understand risks relating to modern slavery and how to address them.

## Overview of highest risks: materials & processes



## MANAGING POTENTIAL RISKS OF MODERN SLAVERY

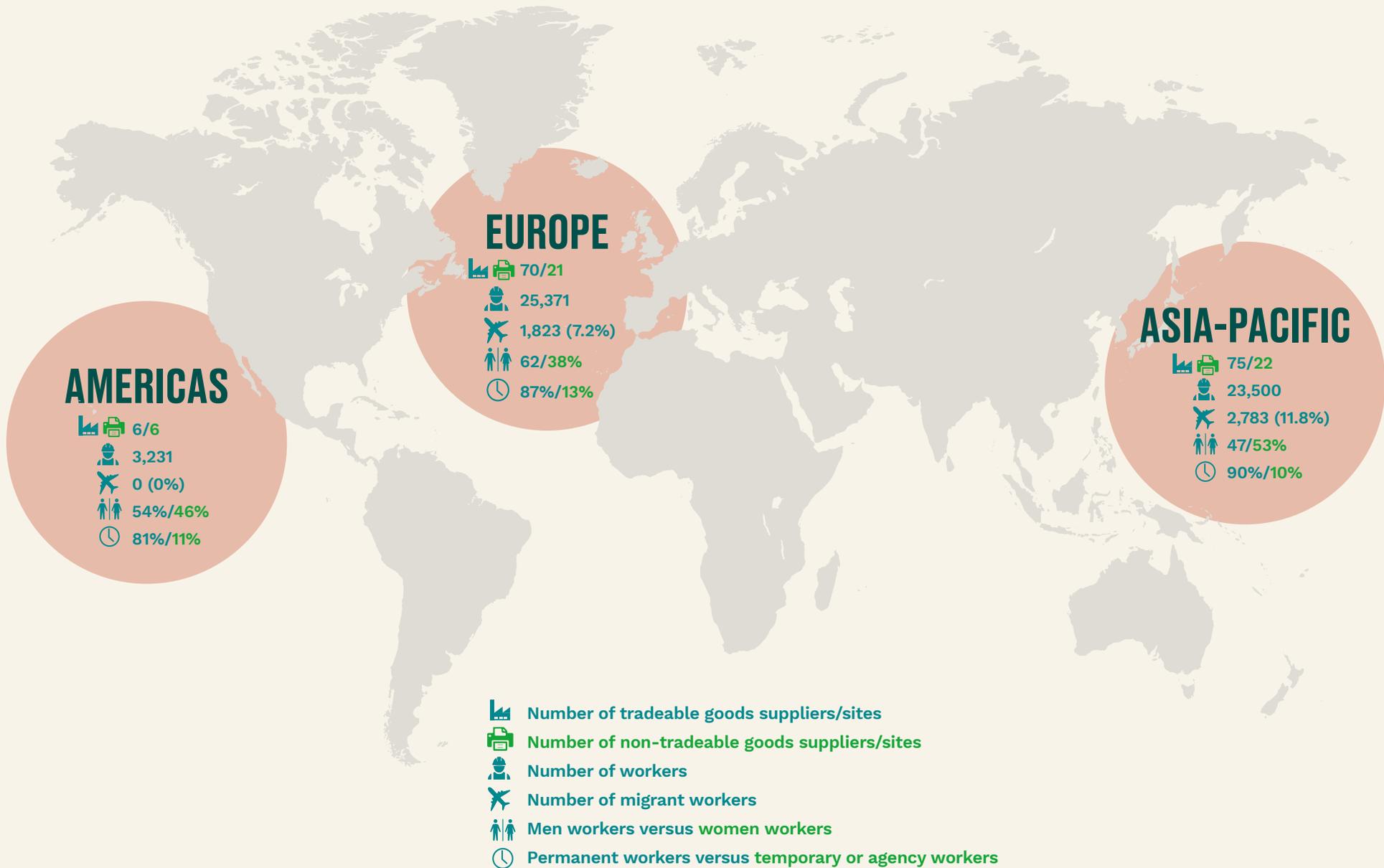
The Body Shop uses the [Human Rights Due Diligence \(HRDD\)](#) approach, reflecting the UN Guiding Principles on Business and Human Rights, to understand relevant labour risks and prioritise due diligence efforts in areas of higher risk.

In 2021, we found no new direct evidence of modern slavery in our operations or supply chains. However, modern slavery is often hidden and some of our supply chains are complex and not fully transparent beyond tier 2, so we are not complacent. During the year, we ran a pilot to map our tier 3 suppliers in relatively high-risk gift,

accessory and packaging categories, which was complex because many are wholesalers and traders (see page 22).

We know that several commodities, sectors and regions pose relatively high risks of potential labour exploitation in our operations and supply chains (see map above). In 2021, 84 of our 3,902 tier 1 suppliers were in categories where we practise the highest level of due diligence. We also mapped a further 116 tier 2 or 3 suppliers that delivered materials or services to these tier 1 suppliers. For details of how we are addressing modern slavery risks in these supply chains, see page 22.

Suppliers in our highest due diligence category



# COMMUNITY FAIR TRADE

The Body Shop has pioneered fair trade in our sector since 1987. In 2021, our bespoke Community Fair Trade programme incorporated 19 producer groups in 15 countries (see map overleaf). We particularly target women producers, as we know they often have fewer income-generating opportunities. Women make up around 60% of programme participants and lead 30% of our supplier groups.

We have traded with over 60% of these suppliers for more than 10 years, helping to provide sustainable incomes and jointly develop solutions to socio-economic and environmental challenges in these sourcing communities. These close relationships give us exceptional traceability in our Community Fair Trade supply chains, providing clear insights into labour conditions among independent farmers, co-operatives, wild harvesters, home workers and factory settings.

Each year, Ecocert Environnement independently verifies and assesses our processes and relationships management, and audits 25% of our Community Fair Trade suppliers, covering all ETI requirements. In 2021–22, it verified our Community Fair Trade supply chains for olive oil from Italy, recycled plastic from India, cactus mitts from Mexico and soapstone from India.<sup>5</sup> In 2021, our verification score was 86% – the highest score we have ever received (2020: 82%). We have made considerable improvements in our certification score since the cycle began in 2018, predominantly by strengthening systems and creating collaborative action plans with our partners.

We will continue to consolidate our supply chain information, and further improve our guidance and support to our suppliers.

<sup>5</sup> Ecocert Environnement site visits took place in early 2022, as soon as COVID-19 restrictions allowed.



## Our Community Fair Trade Supply Chains

- 1** **Wooden Massagers & Textile Bags**  
COUNTRY: **India**

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- 2** **Handmade Paper Products**  
COUNTRY: **Nepal**

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- 3** **Cactus Mitts**  
COUNTRY: **Mexico**

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- 4** **File a Foot & Detangling Combs**  
COUNTRY: **Russia**

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- 5** **Sesame Oil**  
COUNTRY: **Nicaragua**

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- 6** **Shea Butter**  
COUNTRY: **Ghana**

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- 7** **Organic Babassu Oil**  
COUNTRY: **Brazil**

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- 8** **Soapstone Oil Burners** COUNTRY: **India**

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- 9** **Brazil Nut Oil**  
COUNTRY: **Peru**

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- 10** **Organic Olive Oil**  
COUNTRY: **Italy**

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- 11** **Marula Oil**  
COUNTRY: **Namibia**

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- 12** **Hemp Mitts**  
COUNTRY: **Bangladesh**

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- 13** **Organic Virgin Coconut Oil**  
COUNTRY: **Samoa**

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- 14** **Organic Aloe Vera**  
COUNTRY: **Mexico**

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- 15** **Mango Seed Oil**  
COUNTRY: **India**

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- 16** **Moringa Seed Oil**  
COUNTRY: **Rwanda**

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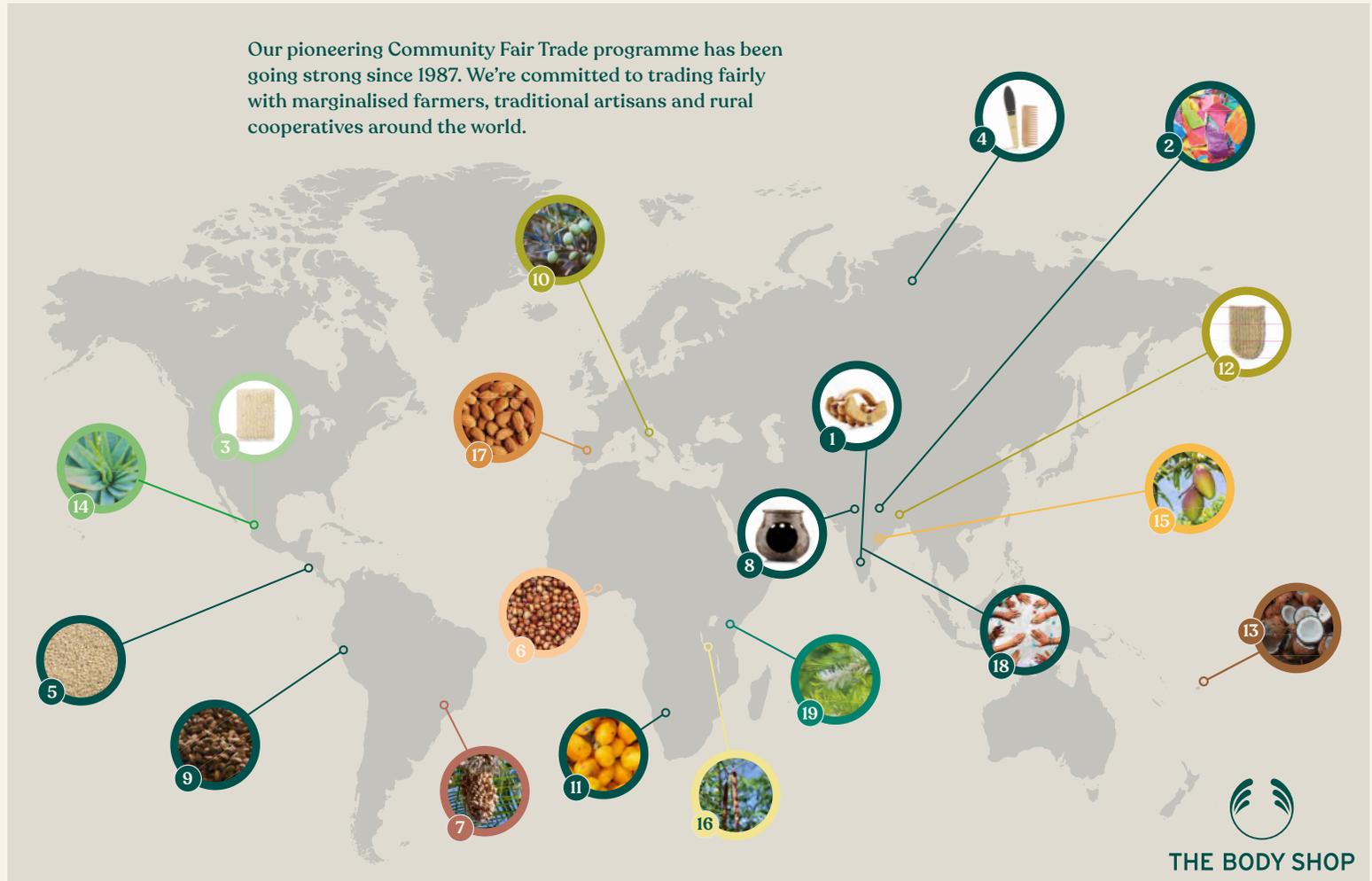
- 17** **Organic Almond Oil & Milk**  
COUNTRY: **Spain**

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- 18** **Recycled Plastic**  
COUNTRY: **India**

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- 19** **Tea Tree Oil**  
COUNTRY: **Kenya**



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### Fair Price approach

We define a fair price as a mutually agreed price between us and our Community Fair Trade partners, based on all production costs including materials, overheads and labour, plus a profit margin. This price aims to ensure that producers and workers earn a living income or living wage for time spent producing our ingredients, materials or components, and that no ‘invisible/hidden labour’<sup>6</sup> directly contributes to this work, such as unpaid time fetching water or collecting wood to boil a raw material. By contributing to sustainable livelihoods, fair pricing reduces workers’ vulnerability to labour exploitation.

In 2021, we finalised a consistent and forward-thinking approach to determining fair prices in our Community Fair Trade programme, working with a specialist living income/living wage consultancy. This good practice approach has enhanced our ability to work with producer groups to understand all elements of their production costs in a transparent and consistent way across different supply chains. We have now assessed the labour contributions of 30% of our Community Fair Trade supply chains via worker and key informant interviews and focus group discussions.

By 2024, we aim to assess all Community Fair Trade producer groups in this way and benchmark our fair price against good practice metrics, including: the local minimum wage, local living income/ wage, and an adjusted World Bank Poverty Line benchmark. If this process identifies any issues, we will immediately make joint plans with the supplier to resolve them.

<sup>6</sup> The Work and Opportunities for Women (WOW) project defines this as ‘the work done by individuals that both directly and indirectly supports the production of goods or services but is unrecognised and unremunerated’.



## CASE STUDY: REDUCING VULNERABILITIES IN GHANA

Since 1994, The Body Shop has sourced Community Fair Trade shea butter from the Tungteiya Women’s Association in Ghana. In 2021, we embarked on a new, three-year collaboration to help 10,000 women linked to shea nut collection in Ghana secure more sustainable incomes.

Run by seven public and private sector partners including The Body Shop, NGOs and public and private partners, this project aims to reduce shea producers’ vulnerabilities to poverty, exploitation and the impacts of climate change.

The project uses a mix of face-to-face training, listener group discussions and weekly radio programmes broadcast by two local radio stations using the Farmers’ Voice Radio approach. This will enable shea workers to improve their business efficiency, strengthen collective bargaining and marketing to secure better prices, grow vegetables for income diversity, and regenerate shea parklands to support resilience to climate change.

Along with the listener group discussions about the radio programmes twice a week, the local shea price is broadcast on the radio – with the potential to reach at least 400,000 people – so that producers know how much they should be paid locally.



### Kpihi Saha

Radio programme made by and for shea nut collectors and shea butter processors in the Northern Region

- Zaa FM 99.3MHz - Wednesday at 20.30 & Friday at 19.45
- Simli Radio 95.3MHz - Wednesday at 19.00 & Monday at 20.00

Tune in to hear discussions in Dagbani language about quality shea nut collecting, processing and marketing, health and safety, diversifying livelihoods and protecting the shea parklands, as well as the local shea nut and butter market price.



This project is funded by the Fund for Responsible Business (FRB), as part of the Netherlands Enterprise Agency (NVO) and commissioned by the Dutch Ministry of Foreign Affairs, The Body Shop International and Cargill Zor.

# OUR DUE DILIGENCE PROCESSES

## PREVENTING AND REMEDYING LABOUR EXPLOITATION

Rather than just resolving any labour exploitation identified in The Body Shop operations and supply chains, we aim to prevent all forms of exploitation and ensure that all workers enjoy decent working conditions.

The first step in this process is carefully selecting new suppliers and committing them to our high employment and trading standards. With existing suppliers, we strengthen their understanding, capacity and systems to prevent, uncover and resolve any issues relating to modern slavery.

As part of our group-wide Commitment to Life (see page 12), Natura &Co is increasingly focusing on access and benefit sharing (ABS) as outlined in the [Nagoya Protocol](#). ABS aims to fairly distribute the benefits of resources from plants and other living organisms between growers/harvesters and users, aiming to reduce poverty and labour exploitation risks in supplier communities, and support biodiversity.

In 2021, Natura &Co worked with suppliers in Brazil, South Africa and India to comply with ABS principles. In Brazil, after negotiating with worker representatives in our Community Fair Trade babassu oil supply chain, we pay ABS funds to our Community Fair Trade supplier, which helps support hundreds of people every year to support sustainable agricultural work.

During the year, Natura &Co joined the [Responsible Recruitment Toolkit](#) as a sponsor, in recognition of the identified risks of modern slavery and labour exploitation in relation to recruitment and the supply of temporary, contract and seasonal labour.

This best practice tool aims to assess and build suppliers' and labour providers' capacity in fair and ethical recruitment, through free guidance and training. We will start rolling out this tool to our suppliers from 2022, to ensure that jobseekers and workers are treated fairly and to avoid labour exploitation at recruitment.

**“We’re thrilled that Natura &Co has joined our 10 sponsors of the Responsible Recruitment Toolkit in providing the tools and training to enable its supply chain to achieve and demonstrate responsible recruitment practices. Natura &Co’s sponsorship will help to drive improvements in a wide range of countries around the world.”**

*Hannah Newcomb, Managing Director,  
Responsible Recruitment Toolkit*

If we identify any areas of concern through our supplier audits and assessments, we immediately work with our suppliers and sometimes also independent specialists to address them, following the steps outlined in our Ethical Trade Policy and Sustainable Sourcing Charter. Where necessary, we support suppliers to develop and implement a Corrective Action Plan to do this. These issues can span multiple indirect suppliers, so addressing them can be a complex, years-long process involving considerable time and resources.

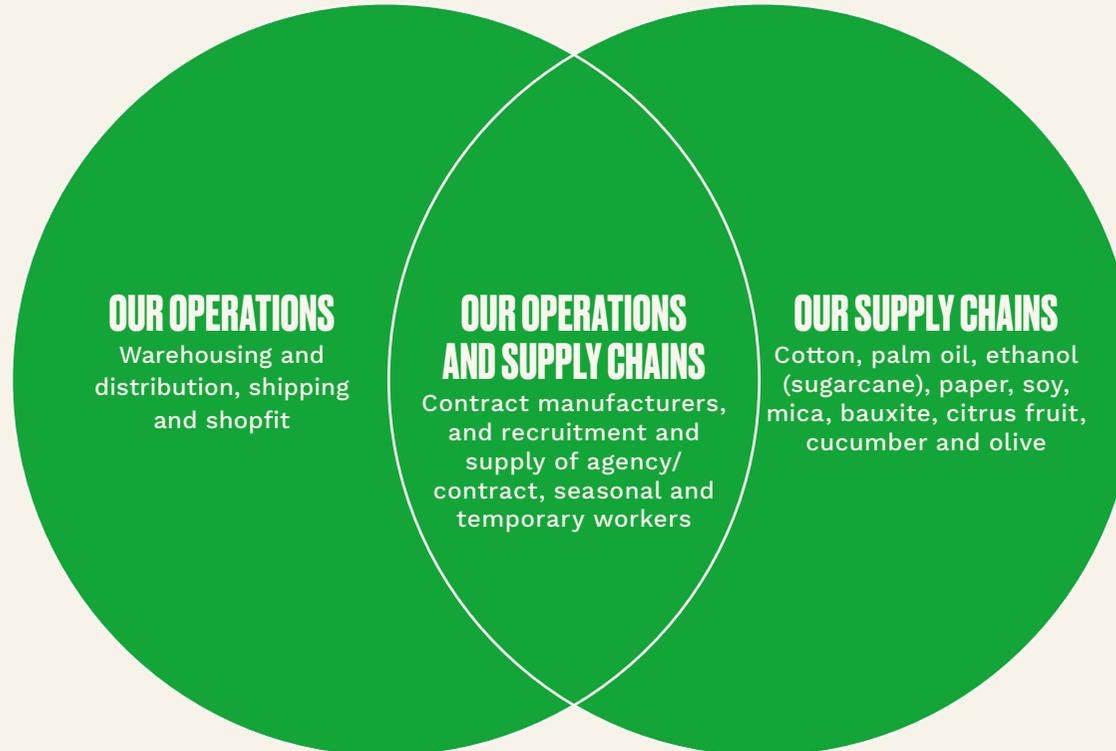
If a supplier fails to remedy any non-compliance despite our intervention and support, we terminate that supplier relationship in a responsible way.

Anyone working in our operations or supply chains can anonymously report any labour concerns to the free Natura &Co Ethics Line. Compliance professionals independently investigate any reported breaches.

# IMPLEMENTING A HUMAN RIGHTS DUE DILIGENCE APPROACH

Based on independent HRDD risk assessments, in 2021 The Body Shop continued to focus on areas that pose the greatest risk of labour exploitation (see diagram below), following action plans to meet defined objectives.

## Priority due diligence areas



We continued to address these risks in multiple ways. These include retaining at least living wage rates of pay for all our UK-based workers, being active in specific responsible sourcing working groups (see page 26), and including social and environmental criteria in our tendering processes for indirect purchasing in high-risk sectors (see page 23). We also started developing group-wide supply chain traceability and procurement policies for six high-risk supply chains (see page 22).

# INCREASING SUPPLY CHAIN VISIBILITY

Understanding where and how The Body Shop products and ingredients are produced, and how the services we purchase are provided, is key to monitoring working conditions and mitigating modern slavery risks in our complex global supply chains. As such, this is a growing element of our modern slavery work.

In 2021, Natura &Co started to develop baseline data and procurement policies on six materials or ingredients identified as high risk for labour exploitation (see table). Group-wide alignment will improve our efficiency in this area and help us progress towards our shared target for these supply chains to be 100% traceable and/or certified by 2025.

Of these six supply chains, cotton presents the highest potential risk of modern slavery (forced labour) in specific regions. In 2021, The Body Shop sourced some 132 tonnes of cotton. Following ETI guidance, we started mapping the origins of our purchased cotton against known labour risks, using tools including media reporting, US Department of Labour insights, and advice from supply chain experts. A new Natura &Co cotton sourcing policy will be implemented from 2022, using these insights to prevent and remedy labour risks.

We also conducted a pilot project in 2021, adopting a top-down approach by asking some tier 2 suppliers of relatively high-risk gift, accessories and packaging to map associated tier 3 suppliers and their association with potential risk of forced labour in specific regions. Some of those suppliers are wholesalers or traders rather than producers,

indicating a need to extend our supply chain traceability to tier 4. We are exploring the best way to manage this resource-intensive process. If we uncover any possible links to labour exploitation anywhere in our operations or supply chains, we will take appropriate action in line with our policies.

## NATURA &CO GROUP-WIDE MATERIAL/INGREDIENT CERTIFICATION (INCLUDING THE BODY SHOP)

HIGH-RISK MATERIAL/INGREDIENT	2020 CERTIFICATION LEVEL	2021 CERTIFICATION LEVEL
Palm oil	0%	70.6% (Round table on Sustainable Palm Oil Mass Balance or better)
Paper	80.4%	85.3% (Forest Stewardship Council and Programme for the Endorsement of Forest Certification)
Ethanol	41.5%	44.8% (organic)
Soy	N/A	0% (Round Table on Responsible Soy Association)
Cotton	3.4%	2.2% (organic, fair trade)
	2020 TRACEABILITY LEVEL	2021 TRACEABILITY LEVEL
Mica <sup>7</sup>	0%	35.2%

<sup>7</sup> The mica value reflects % traceability as there is no global certification standard available.

## EXPANDING OUR DUE DILIGENCE SCOPE

Most The Body Shop HRDD activities relate to direct purchasing of goods for resale. In 2021, [Ergon Associates](#) conducted further analysis on commodities we purchase, notably castor oil. We will act on the resulting recommendations, which reflect our usual HRDD approach.

During the year, we also expanded this approach to some indirect sourcing of goods and services not for resale. We started incorporating social and environmental criteria alongside financial considerations in global or significant tendering processes in some high-risk sectors, notably shipping, logistics, store cleaning and the provision of agency workers.

As well as ensuring we work with suppliers/providers who follow good practice, this will help us to drive up standards in some sectors.

For example, our UK and Ireland tender to provide store cleaners stipulated living wage rates of pay. And we only launched our flagship Repeat, Reuse, Recycle packaging re-use scheme in locations where we could achieve sufficient supply chain visibility as we know that waste and recycling is a high-risk sector for labour exploitation.

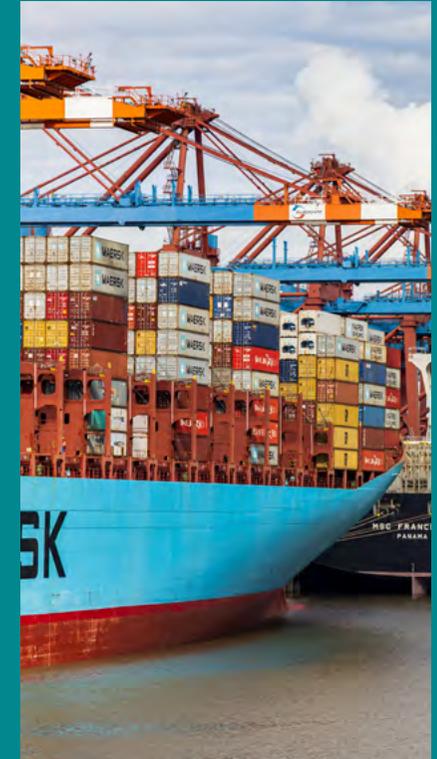
We commissioned Ergon to engage directly with our main tier 1 global shopfit supplier, providing a final report and recommendations that allowed us to work together to use a gap analysis to identify capacity-building needs and next steps. Our shopfit supplier is now developing a global sustainable procurement policy that addresses key recommendations from the report.

## CASE STUDY: PROMOTING GOOD WORKING CONDITIONS AMONG SHIPPING SUPPLIERS

The global shipping sector presents various labour exploitation risks for seafarers and port workers, including poor and unsafe working conditions and a lack of representation. The impact of the COVID-19 pandemic further threatened some seafarers' human rights. Some had work contracts extended without consultation and/or were unable to leave ships, breaching their rights and negatively affecting their health and wellbeing. Others missed out on work and benefits because they could not get on a boat, increasing their risk of experiencing other forms of labour exploitation.

Based on the findings of deep dive assessments we commissioned from [Ergon Associates](#) in 2020, The Body Shop has been taking steps to promote good working conditions among our shipping suppliers.

We are a member of the ETI's Logistics Expert Support Network and are developing baseline data on conditions in our shipping networks. In 2021, we included specific clauses in our global shipping tender, enabling us to understand the extent of policies and procedures in place to ensure seafarers' and contract workers' labour rights in our supply chain.



# OUR TRAINING, AWARENESS-RAISING AND COLLABORATION

## BUILDING AWARENESS AND CAPACITY INTERNALLY AND AMONG SUPPLIERS

Increasing awareness and understanding of all forms of labour exploitation, including modern slavery and its contributing factors, is a vital step in uncovering and remedying this problem.

The Body Shop trains our employees, workers, suppliers, franchisees and direct sales consultants to increase understanding of potential human rights risks and drive continuous improvement in labour standards in our operations and supply chains. As well as promoting decent working conditions, we help these groups to recognise and resolve any concerns.

While we conducted less formal internal and external training in 2021 than in previous years, we continued to share information with a range of other organisations. Our Head of Community Fair Trade addressed several webinars organised by the UK Government and other organisations on issues pertinent to labour rights and decent work in supply chains, sharing our learning with diverse audiences from multiple countries and sectors.

Our Senior Community Fair Trade Buyer and our International Sustainability, Activism and Communications Director also shared lessons from this programme, the latter at COP26.

Training will be a focus area for 2022. We will cascade the Natura &Co Human Rights Statement, and related knowledge, policies and processes, throughout our business and external partnerships. Natura &Co becoming a sponsor of the Responsible Recruitment Toolkit in late 2021 also means that our suppliers will have access to significant amounts of free training and guidance in this area from 2022.

In 2021, we collaborated with the Co-op to organise two online training sessions for suppliers and factories in China to raise awareness of specific local recruitment and supply chain issues and risks. These sessions, attended by over 100 suppliers, also shared good practices that suppliers can use to identify and remedy risks, in response to international sanctions, laws and regulations in this area.

Our buyers around the world use our guidance on responsible business behaviour to support suppliers who work with vulnerable workers. Through our work with ETI, Sedex and their members, our suppliers continued to have access to free tools and guidance to address human rights impacts linked to COVID-19.



Throughout the year, we kept in regular touch with our Community Fair Trade producer groups, to help them overcome new challenges arising from the pandemic (see table).

<b>COVID-19 CHALLENGES FACED BY COMMUNITY FAIR TRADE PRODUCER GROUPS</b>	
<b>ISSUES IDENTIFIED</b>	<b>OUR RESPONSE</b>
Extended government movement restrictions affect their ability to work	<ul style="list-style-type: none"> <li>• Regular communication to understand how their people were affected, so we could tailor support where possible</li> <li>• Kept trade routes operating wherever possible</li> </ul>
The most vulnerable workers face increased risks of exploitation because of concerns about being able to earn	<ul style="list-style-type: none"> <li>• Honoured our trade commitments and did not cancel orders to ensure producer groups had some work and income, and could plan ahead</li> </ul>
Daily wage labourers do not get paid if there is no work	<ul style="list-style-type: none"> <li>• Honoured and enhanced our payment terms</li> </ul>

# COLLABORATING WITH OTHERS TO DRIVE GOOD PRACTICE

No business can tackle modern slavery alone. In 2021, The Body Shop actively worked with 11 alliances and organisations to prevent and mitigate all forms of labour exploitation (see table).

GROUP/FORUM	OUR INVOLVEMENT IN 2021	IMPACT OF COLLABORATION IN 2021
<p><u>Action for Sustainable Derivatives</u> – a collective initiative to increase sustainable production of palm oil and ingredients made from it</p>	<ul style="list-style-type: none"> <li>Consolidated to Natura &amp;Co membership</li> </ul>	<ul style="list-style-type: none"> <li>Committed to support new collective impact fund and soy supply chain traceability pilot</li> </ul>
<p><u>Global Shea Alliance (GSA)</u> – a multi-stakeholder initiative co-founded by The Body Shop 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"> <li>Active member of the Sustainable Shea Initiative (SSI) working group</li> <li>Completed the deliverables of the SSI 3-year public-private partnership, working with 10 nut collector associations in Ghana to build warehouses and deliver training for association members on business and cooperative development and warehouse management</li> <li>Continued to engage with West African governments on effective development, conservation, promotion and regulation of the industry</li> <li>Our Community Fair Trade Senior Buyer was a guest speaker at the virtual GSA Annual Conference, sharing key results and lessons learned from the Farmers’ Voice Radio initiative that we supported</li> </ul>	<ul style="list-style-type: none"> <li>Enabled collector communities to conduct joint working and better bargaining, resulting in women increasing their income by 30–47%, as a result of constructing 10 warehouses (3 in 2021, 4 in 2020, 3 in 2019), and training in business and cooperative development, collectively benefitting around 10,000 women members of 10 registered shea nut collecting associations</li> <li>Parkland protection and conservation to increase community resilience to climate change</li> </ul>

	<ul style="list-style-type: none"> <li>• Participated in several GSA information-sharing meetings and webinars</li> <li>• Started a new, 3-year public-private-partnership to further train new shea but collectors' associations in warehouse health and safety, income diversification and parkland management and restoration, via face-to-face training and Farmers' Voice Radio</li> </ul>	<ul style="list-style-type: none"> <li>• Started to: improve the health and safety of working conditions; support income diversification; and develop project participants' business skills to support sustainable livelihoods</li> <li>• Learned from other GSA members' experiences to help inform our approach, and vice versa</li> </ul>
<p><u>Ethical Trading Initiative (ETI)</u> – a global alliance of companies, trade unions and NGOs that promotes human rights at work</p>	<ul style="list-style-type: none"> <li>• As a founder member, remained active in several initiatives, including gender due diligence workstreams and working groups on: <ul style="list-style-type: none"> <li>• Climate change</li> <li>• Logistics</li> <li>• Uighur people</li> <li>• Cosmetics</li> <li>• Food, farming and fisheries</li> <li>• General merchandise</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Used insights and resources from new community platform and expert support networks to identify and map human rights risks and collaborate on responses in several sectors</li> <li>• Input into new Member Charter and Corporate Transparency Framework</li> <li>• Supported development of five-year strategic plan to manage human rights at work to mitigate the impact of shocks and transitions</li> </ul>
<p>The Indirect Procurement Human Rights (IPHR) Forum – a group of UK retailers, brands and manufacturers working to protect human rights in supply chains (for goods and services not for resale) and address shared risks</p>	<ul style="list-style-type: none"> <li>• As a steering group member, helped set strategy for collaboration on activity streams</li> <li>• Active member of the Waste &amp; Recycling Working Group, a cross-sector network of over 20 organisations</li> </ul>	<ul style="list-style-type: none"> <li>• Produced free and publicly available tackling Modern Slavery in Waste and Recycling Toolkit</li> <li>• Raised awareness of modern slavery and human rights risks in the waste sector, including via webinars, guidance and toolkit shared with suppliers</li> </ul>
<p><u>Living Income Community of Practice (LICOP)</u> – an alliance dedicated to ensuring that smallholders linked to global food and agricultural supply chains achieve living incomes</p>	<ul style="list-style-type: none"> <li>• Continued being an active member of Advisory Committee</li> <li>• Participated in webinars to inform our Community Fair Trade fair price approach work</li> </ul>	<ul style="list-style-type: none"> <li>• Started applying a consistent and forward-thinking approach to fair prices and living income/living wage to our Community Fair Trade supply chains, to address root causes of farmer poverty and reduce vulnerability to modern slavery</li> </ul>

<p><u>Mekong Club</u> – a membership organisation for the retail, banking, manufacturing and hospitality sectors to eradicate modern slavery in Asia</p>	<ul style="list-style-type: none"> <li>• Conducted peer learning and information sharing on internment and modern slavery risks in Asia</li> <li>• Participated in retail working group to share enhanced due diligence practice and resources relating to modern slavery</li> </ul>	<ul style="list-style-type: none"> <li>• Improved understanding of the impact of state-imposed forced labour and vulnerable workers</li> </ul>
<p><u>Responsible Mica Initiative (RMI)</u> – a coalition 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"> <li>• Consolidated to Natura &amp;Co membership</li> <li>• Actively participated in strategic review</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic review recommendations adopted</li> </ul>
<p><u>Roundtable on Sustainable Palm Oil (RSPO)</u> – a global, multi-stakeholder initiative to improve standards in palm oil supply chains</p>	<ul style="list-style-type: none"> <li>• Consolidated to Natura &amp;Co membership</li> <li>• Participated in Market Development Steering Committee and Oleo Task Force</li> </ul>	<ul style="list-style-type: none"> <li>• Worked with Funding Impact Fund to generate positive environmental and social impact and improve working conditions</li> </ul>
<p><u>Sedex</u> – a global ethical trading membership organisation and online auditing platform</p>	<ul style="list-style-type: none"> <li>• Continued to manage supply chain visibility under Natura &amp;Co group account</li> <li>• One team member was elected to serve as Member Director on Sedex Board</li> </ul>	<ul style="list-style-type: none"> <li>• Improved supplier visibility across all four Natura &amp;Co brands, reducing duplication of effort for shared suppliers and increasing group influence in resolving issues</li> <li>• Increased responsible sourcing and supply chain capacity to address labour exploitation</li> </ul>
<p><u>World Fair Trade Organization (WFTO)</u> – the global community and verifier of fair trade enterprises</p>	<ul style="list-style-type: none"> <li>• Continued as an associate member (some of our Community Fair Trade suppliers are full members in their own right)</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthened our relationships with like-minded businesses, to support future learning and performance improvements</li> </ul>
<p><u>26th UN Climate Change Conference of the Parties (COP26)</u></p>	<ul style="list-style-type: none"> <li>• Our International Director of Sustainability and Activism and a representative from our Community Fair Trade supplier Plastics for Change participated in the Natura &amp;Co Climate Justice Panel on women and climate change solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Shared learning on how our Community Fair Trade plastic supply chain has contributed to regular income for waste pickers, a factor in reducing their vulnerability to modern slavery</li> </ul>



# TRACKING OUR PROGRESS AND KEY PERFORMANCE INDICATORS

We use key performance indicators (KPIs) to measure how effective we have been in combating modern slavery and in our business and supply chains. This table outlines our KPIs and our progress in 2021.

**KEY:**

■ We met our 2021 targets

■ We made progress towards our 2021 targets but did not fully meet them

■ We fell short of our 2021 targets

KPI TARGETS	PROGRESS IN 2021
1. Extend our application of the Human Rights Due Diligence Framework across our operations and supply chains, and act on risk assessment findings	<ul style="list-style-type: none"> <li>• Introduced social and environmental assessment criteria in our business processes, incorporating terms and clauses into supplier tenders and contracts</li> <li>• Continued acting on in-depth assessments of precise human rights risks in specific areas</li> </ul>
2. Revise our Ethical and Sustainable Sourcing policies to include management systems that address issues related to modern slavery	<ul style="list-style-type: none"> <li>• Embedded Natura &amp;Co Global Supplier Code of Conduct, with broad requirements on responsible recruitment (including agency workers), throughout our supply chains</li> <li>• Finalised a robust, group-wide human rights policy in line with the UN Guiding Principles on Business and Human Rights, which will be implemented from late 2022</li> <li>• Started to develop new Natura &amp;Co sourcing policies for six critical materials</li> </ul>
3. Increase the number of participatory audits to better understand and address the most salient issues faced by workers, including the most vulnerable	<ul style="list-style-type: none"> <li>• Despite COVID-19 restrictions, we conducted virtual and alternative supplier assessments, and on-site audits in certain countries</li> <li>• 4 Community Fair Trade suppliers underwent participatory audits</li> <li>• Carried out 73 ethical trade audits involving worker interviews</li> </ul>

KPI TARGETS	PROGRESS IN 2021
<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"> <li>• Continued to address increased vulnerability due to the pandemic by working to uphold fair employment contracts and good purchasing practices in our supply chains, supporting and guiding suppliers</li> <li>• Remained vigilant in looking for and remediating potentially new or worsening forms of exploitation</li> <li>• Continued our involvement in collaborative projects and coalitions</li> <li>• Developed and started implementing a consistent and forward-thinking Fair Price approach in our Community Fair Trade programme</li> <li>• Embarked on ambitious, 3-year collaborative programme to reduce vulnerability among shea-producing communities</li> <li>• Extended our group-wide focus on access and benefit sharing (ABS)</li> <li>• Joined the Responsible Recruitment Toolkit to address recruitment risks linked particularly to the employment of contract and agency workers</li> </ul>
<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"> <li>• Continued to report all labour condition concerns to our Risk and Governance Committee quarterly</li> <li>• Shared lessons on our modern slavery activity, and human rights in supply chains, at 18 in-person or virtual events</li> <li>• Ran joint supplier training with the Co-op on ethical recruitment and supply chain transparency, attended by over 100 suppliers</li> </ul>

KPI TARGETS	PROGRESS IN 2021
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"> <li>• Transitioned The Body Shop Ethical Trade sourcing to the new Natura &amp;Co Responsible Procurement Team</li> <li>• Expanded the Responsible Procurement Team by creating and recruiting into an additional new post</li> </ul>
7. Benchmark our activity relating to modern slavery against best practice	<ul style="list-style-type: none"> <li>• Commissioned human rights consultancy Ardea International to benchmark all Natura &amp;Co modern slavery programmes and reporting against best practice</li> </ul>
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"> <li>• We did not convene our external and cross-functional Modern Slavery Stakeholder Panel in 2021 as we pivoted to focus on human rights (including modern slavery), but we continued to act on feedback from earlier panels</li> <li>• Our Human Rights Statement was developed based on input from internal and external stakeholders</li> </ul>
9. Act on our 2021 priorities (where not covered above)	<ul style="list-style-type: none"> <li>• Further aligned our responsible sourcing systems with Natura &amp;Co, improving transparency and clarifying governance and accountability</li> </ul>

# OUR PRIORITIES FOR 2022

In 2022, The Body Shop will continue to use independent human rights risk assessments, and implement enhanced due diligence in areas with known risks of labour exploitation, working closely with our suppliers and agents, and following Natura &Co policies and procedures.

## **Natura &Co priorities**

Natura &Co, including The Body Shop, will finalise our management and operational structures to implement our **Human Rights Statement**. We will form a steering committee and identify eight priority human rights areas, set up an external advisory group, train all employees on the statement, and disseminate its requirements to external stakeholders.

We will **embed new group-wide policies and Human Rights and Environmental Due Diligence processes into our procurement** decision-making, and support the related culture changes required to deliver this across our group, including increased engagement with suppliers. We will develop a smart due diligence monitoring system that flags risks to enable us to target resources effectively. And we will prioritise action to maximise our positive impact, such as in sectors or areas with a high number of vulnerable workers.

We will **act on the findings of Ardea International benchmarking** and analysis of our modern slavery activities and reporting.

## **The Body Shop priorities**

We will **roll out our Fair Price approach** across more Community Fair Trade supply chains to enable joint strategies to reduce people's vulnerability to exploitative labour practices.

We will **extend the use of the Responsible Recruitment Toolkit** to our direct labour providers in Europe, and selected contract manufacturers that use a significant number of agency workers.

We will increase our internal and external communications and training on issues relating to modern slavery.



“

**If you do things well, do them better.**

**Be daring,**

**Be first,**

**Be different,**

**Be just.**

”

Our Founder, Anita Roddick



**THE BODY SHOP**

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