



THE BODY SHOP

GENDER PAY GAP



REPORT
2021

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OTHER INTERSTING LINKS:

- What is a B Corp™?
- Our UK website
- UK Gender Pay statistics



About The Body Shop

The Body Shop is a cosmetics company with a difference.

In 1976 our founder, Anita Roddick, opened a little green shop with a revolutionary belief that business could be a force for good.

Anita's ethos is still our driving force today. We seek to make positive changes in the world by offering high-quality, naturally-inspired products that are produced ethically and sustainably, and we campaign for social and environmental justice.

Today, we have around 2,500 retail locations in more than 80 countries and an e-commerce presence in 59 countries. Our direct sales channel, The Body Shop at Home, operates in the UK, US and Australia.

We're committed to creating safe and inclusive spaces, so all our people and customers feel welcome, valued and celebrated, however they identify. We have a long and proud history of championing equality and advocating for under-represented communities wherever we tread and trade. This includes our pioneering Community Fair Trade sourcing programme and Open Hiring, our innovative recruitment practice that removes barriers to employment.

We're proud to be the largest B Corp™ founded by a woman. Being a certified B Corp™ recognises our high social, environmental and accountability standards. Together with Aesop, Avon and Natura, as part of Natura &Co, we're creating the best beauty group not just in the world, but **for the world**.

“You educate people, especially young people, by stirring their passions, so you take every opportunity to grab the imagination of your employees, you get them to feel they are doing something important, that they are not a lone voice, that they are the most powerful and potent people on the planet.”

ANITA RODDICK



A LITTLE GREEN SHOP WITH
A REVOLUTIONARY BELIEF



WE HAVE A NEW
INCLUSIVE TALENT
STRATEGY AND ARE
FURTHER EMBEDDING
INCLUSION THROUGHOUT
OUR BUSINESS

I'm proud to lead an extraordinary company, founded by a remarkable woman back in 1976, that has always been focused on creating a diverse and inclusive culture that offers equal opportunities for all.

Since the earliest days, when Anita founded the business, The Body Shop has worked to offer an environment where talented people can thrive and develop their careers without being limited by any constraint.

Today, women make up 63% of our Senior and Executive Leadership teams. That's more than ever, and as a majority female company, we want to do more. One of our priorities for 2022 and beyond is to get more women – and people from under-represented groups – to progress to senior roles in our business. We are also proud that we offer part-time and flexible roles to many women, to help them fit work around their lives. We've always done this, but the Covid-19 pandemic has made it more necessary than ever.

These pages present a story of progress, with an acknowledgment that there is more to do. Positively our gender pay and bonus gaps have reduced considerably since 2017. That said, after several years of positive progress, our gender pay gaps show an increase since 2020. In contrast, our gender bonus gaps have improved but are showing higher than comparative companies. We know what causes these gaps, and we have sound strategies and practices in place to address them. But we know we need to do more.

In addition to gender equity, we want to be equitable and inclusive for **all under-represented groups**. By 2030, as part of Natura &Co's Commitment to Life, our goal is to have at least 30% of our senior and executive leaders from under-represented groups. So, we have a new Inclusive Talent Strategy and are further embedding inclusion throughout our business.

It is our view that having equitable pay and career development paths are only part of the picture – a positive working culture is also essential. Recognising the personal and professional challenges that our teams have faced during the pandemic, particularly those with caring responsibilities, we've taken steps to prioritise employee wellbeing. In 2021 we gave managers extra training and resources to support their teams, and gave all employees in our stores and offices an extra day of paid leave to relax and recharge.

The Body Shop collective are the people who make our business a force for positive change across the world. Thank you all for being who you are, and for your contribution to our business.



David Boynton, CEO

“

Women make up
63% of our Senior
and Executive
Leadership
teams. That's
more than ever...



”

Introduction

This report outlines The Body Shop gender pay gaps and their underlying causes, and how we're tackling them.

Based on data analysis conducted by the independent consultants Mercer, this report meets the requirements of The Gender Pay Gap Information Regulations 2017. It accurately reflects gender pay gaps at The Body Shop by comparing the hourly pay and annual bonuses received by our UK-based female and male employees.

We know that gender isn't binary, and we want employees and customers of all gender expressions to enjoy being part of The Body Shop collective. In future, we aim to make our reporting fully inclusive. But, for now, UK government regulations require us to report our gender pay gaps in terms of women and men.

Following government guidance, the data in this report is based on our 1,141 employees who were on full pay on 5 April 2021. On that date, many of our stores were closed due to Covid-19 regulations and 76% of our store-based employees were on less than full pay as a result. With 95% of our store colleagues being women, this makes our 2021 gender pay gaps look smaller than they really are.

To show a more reflective and transparent picture, we've included data from 5 October 2021 as a comparator (when all stores were open, and 2,317 employees were on full pay). And we've highlighted different pay and bonus patterns between our store-based and non-store employees.

As gender isn't the only barrier that people may face at work, this report also includes information on the wider work that we do to make The Body Shop inclusive and equitable for everyone.



The Body Shop in numbers



Understanding our gender pay gaps

Whatever their gender or other characteristics, all employees at The Body Shop receive equal pay for work of equal value in the same location. That's the law. And all our UK-based employees receive at least the Real Living Wage, because that's the right thing to do.

Gender pay gaps highlight organization-wide differences across all women's and men's pay.

In the UK, 85% of our employees are women. Overall, more women than men work in our store-based and lower paid roles.

Our gender pay gaps exist because:

- Our store-based roles (95% of whom are women) attract lower levels of pay and bonus eligibility.
- Most of the men we employ work full-time as managers in our Global Headquarters, in roles that are eligible for bonuses.
- Most of our part-time employees are women, which inflates our gender bonus gaps.

Pages 16-17 explain what we're doing to close our gender pay gaps and be as equitable as possible



Our gender pay gaps

GENDER PAY GAPS

	Mean	Median
5 April 2021	32.6%	20.5%
5 October 2021	39.5%	40.6%
5 April 2020	13.8%	5.7%
1 March 2020	38.3%	29.5%

This table illustrates why we feel it's important to look at information from dates other than 5 April to establish an accurate picture of our gender pay gaps. For example, the April 2021 data suggests that our mean and median gender pay gaps have dramatically increased since 2020. However, both sets of April data are potentially misleading as they don't include most of our store-based employees, who are 95% female.

This is because the government snapshot date of 5 April was a time when many (2021) or all (2020) of our UK stores were closed because of Covid-19 regulations. Consequently, 76% (2021) or all (2020) of our store-based employees were on furlough under the Coronavirus Job Retention Scheme so were not on full pay.

Our October 2021 and March 2020 data, from dates when no employees were on furlough, give a more representative picture. They show that our mean gender pay gap has increased very slightly and our median gender pay gap has increased notably since 2020.

Our median gender pay gap is the result of the different types of roles performed by the middle female and male in our organisation. Looking at our comparator months data from 2020 to 2021 (when our store employees were not on furlough), the females in both years are store employees in operational sales roles, on similar pay. The male from 2020 is a professional level office role and in 2021 is a junior manager office role. So while the female median role was consistent between the 2 years, we had an increase in the gap due to the median male role increasing with a higher salary. This is a result of having slightly lower percentage of males in junior office roles compared to 2020.

As shown on page 11, our mean gender pay gap has reduced since 2017. Over the same period, our median gender pay gap has been more changeable but has reduced overall.

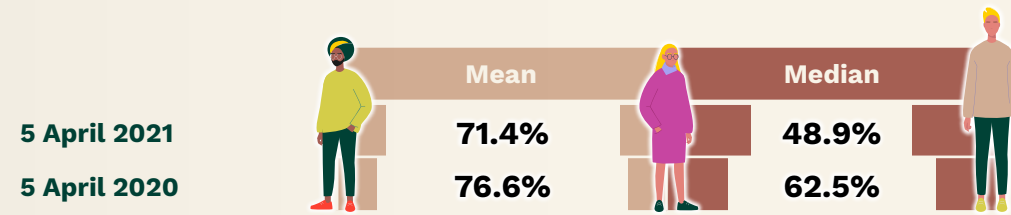
MEAN gender pay gap
The difference in the **average** pay of all women and all men* we employ on full salary on the specified dates, based on all roles, salary levels and bonuses.

MEDIAN gender pay gap
The difference between the **middle** pay rate of all women and men we employ on full salary on the specified dates, based on all roles, salary levels and bonuses.

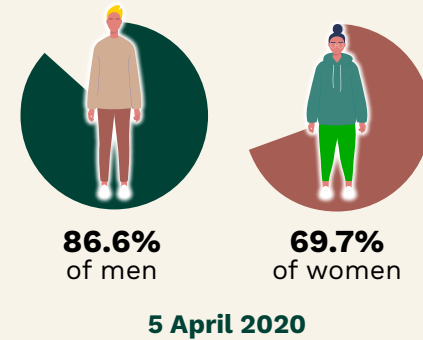
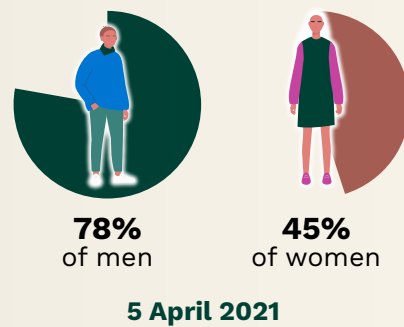
* Based on how our employees describe their gender to us.

Our gender bonus gaps

GENDER BONUS GAPS



% RECEIVING BONUS



Overall, fewer of our employees received bonuses in 2021 than in 2020. This is one factor behind our lower bonus gaps this year. Despite this reduction, our mean and median gender bonus gaps are still high and we're taking steps to address this (see pages 18-19).

Our gender bonus gaps exist because our women employees tend to work in our stores, in roles that are eligible for lower values of bonuses, or where bonuses linked to sales targets have been affected by pandemic closures. In contrast, more of our male employees hold managerial roles eligible for bonuses reflecting sustainability and other measures, not just sales.

We're proud to employ many people in part-time, flexible employment to suit their needs, but government regulations don't distinguish between part-time and full-time employee bonuses. This increases our gender bonus gap as most of our part-time employees are women.

As shown on page 11, both our mean and median gender bonus gaps have reduced markedly since 2017.

...our women employees tend to work in our stores, in roles that are eligible for lower values of bonuses, or where bonuses linked to sales targets have been affected by pandemic closures.

MEAN gender bonus gap*

The difference in the **average bonus** we pay to women and all men.

MEDIAN gender bonus gap*

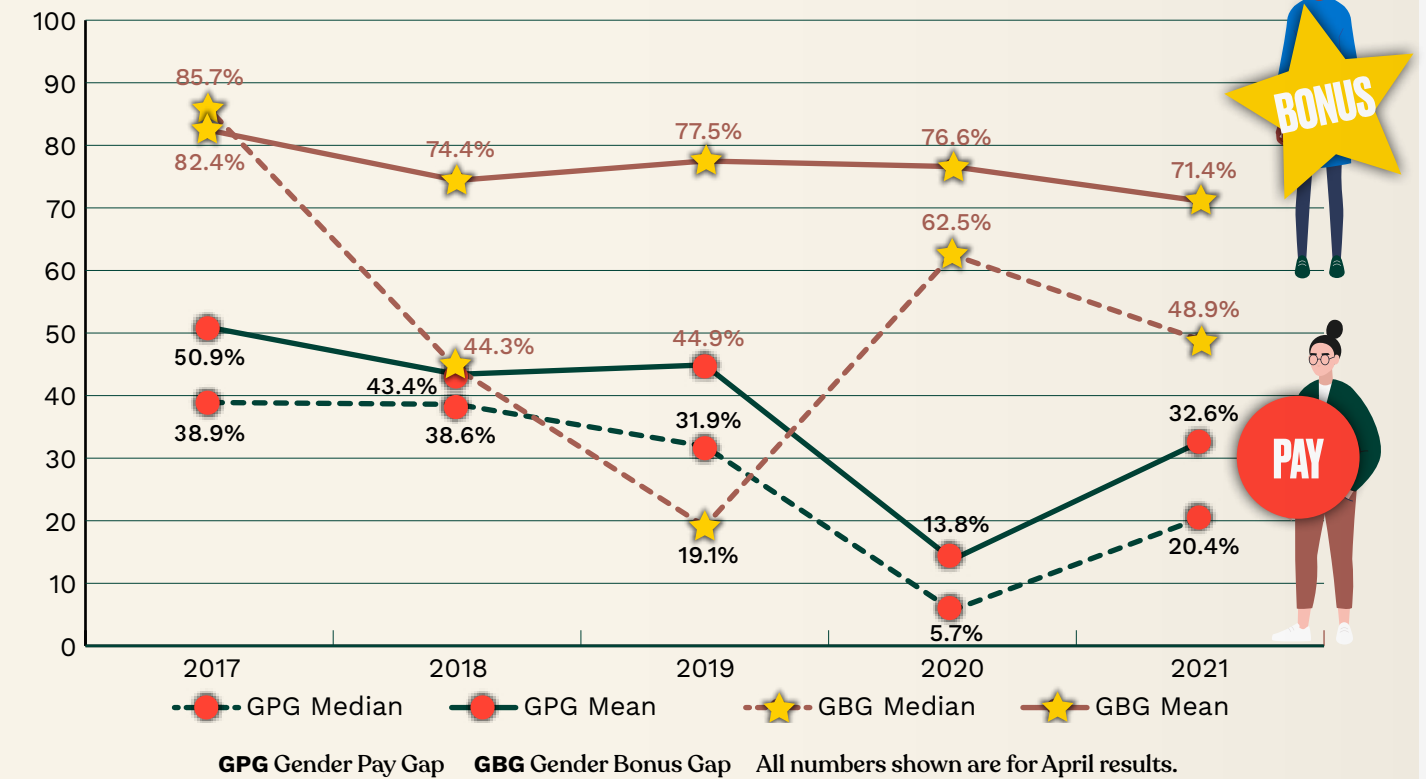
The difference between the **middle bonus** rate we pay to women and men.

* Includes bonuses and long-term incentives awarded from 6 April 2020 to 5 April 2021.

Our trends over time

This chart shows the progress we've made in closing our gender pay and gender bonus gaps since 2017. It also shows how median figures vary as the midpoints in our pay and bonus ranges change each year, depending on the composition of our UK workforce.

GENDER PAY AND BONUS GAP RESULTS FROM 2017 TO 2021



“ We're proud to employ many people in part-time, flexible employment to suit their needs. ”

Our gender pay quartiles

This table shows the percentage of our women and men employees in each quarter of our pay scale.

Most of our employees at every level are women, though this is less marked in our highest pay bands. We have a higher proportion of women employees in all pay quartiles than comparative companies*.

Although the proportion of women in most of our pay quartiles has remained relatively stable since 2019 there has been a slight increase in the number of women earning at our highest levels.

*Based on these companies' 2020 gender pay gap reports.

QUARTILE PAY BANDS

♀ WOMEN				MEN ♂			
5 April 2021	UPPER	63.5%		36.5%	UPPER	5 April 2021	
	UPPER MIDDLE	66.7%		33.3%	UPPER MIDDLE		
	LOWER MIDDLE	77.9%		22.1%	LOWER MIDDLE		
	LOWER	82.9%		17.1%	LOWER		
5 April 2020	UPPER	59.8%		40.2%	UPPER	5 April 2020	
	UPPER MIDDLE	66.8%		33.2%	UPPER MIDDLE		
	LOWER MIDDLE	68.1%		31.91%	LOWER MIDDLE		
	LOWER	66.7%		33.3%	LOWER		
5 April 2019	UPPER	66.4%		33.6%	UPPER	5 April 2019	
	UPPER MIDDLE	82.3%		17.7%	UPPER MIDDLE		
	LOWER MIDDLE	93.7%		6.3%	LOWER MIDDLE		
	LOWER	95.5%		4.5%	LOWER		

“...there has been a slight increase in the number of women earning at our highest levels.”



The picture in our stores

Our store-based gender pay gaps are negligible, after reducing from a low base since 2018.

Our mean store-based gender bonus gap favours women whereas the median gap favours men.



GENDER PAY GAPS*

5 April 2021
5 April 2020
5 April 2019

Mean	Median
5.9%	0.5%
-16.3%	-0.3%
2.5%	3.0%

*In these tables, minus figures indicate that women earn more than men.

GENDER BONUS GAPS*

5 April 2021
5 April 2020
5 April 2019

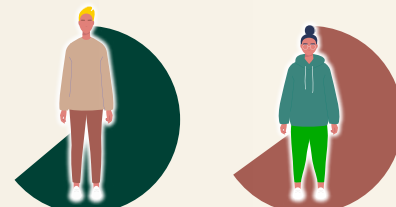
Mean	Median
-20.4%	18.9%
2.5%	6.6%
-1.9%	-1.4%

% RECEIVING BONUS



36.9% of men
32.7% of women

5 April 2021



63.9% of men
65.2% of women

5 April 2020



56.5% of men
52.7% of women

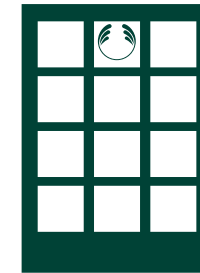
5 April 2019

The picture outside our stores

Our gender pay and bonus gaps for our non-store employees are significantly lower than our overall figures.

Our median non-store gender pay gap has narrowed since 2020, though it still favours women. The other gaps have widened since 2020.

Much higher proportions of our non-store colleagues receive bonuses, and this cohort is less female dominated. This is a key factor behind our gender bonus gaps. We're tackling this by prioritising inclusive hiring and women's career development (see page 17).



*In these tables, minus figures indicate that women earn more than men.

GENDER PAY GAPS*

5 April 2021
5 April 2020
5 April 2019

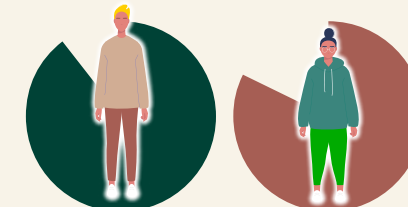
Mean	Median
17.5%	-0.7%
6.9%	-2.1%
13.5%	-7.8%

GENDER BONUS GAPS*

5 April 2021
5 April 2020
5 April 2019

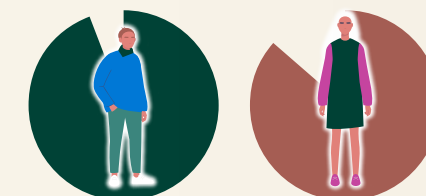
Mean	Median
48.1%	4.7%
42.5%	-1.5%
48.9%	-10.2%

% RECEIVING BONUS



89.5% of men
82.3% of women

5 April 2021



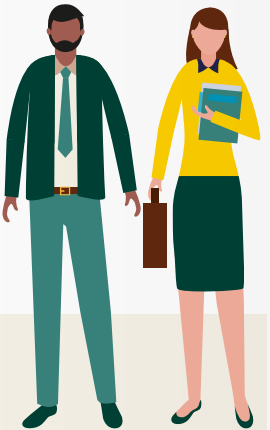
94.4% of men
86.4% of women

5 April 2020



89.6% of men
83.7% of women

5 April 2019



Our action plan

We want The Body Shop to be inclusive and equitable for everyone, whoever they are. We're focusing on key areas that contribute to our gender pay gaps and other potential inequalities, recognising that these factors often overlap.

These focus areas are guided by strategies co-developed with employee groups, and deep commitment from our leaders. This work is all informed by in-depth research, including our evidence-based annual Pay Equity audit through which we examine and resolve any individual pay discrepancies.

“We are committed to reducing inequality across all under-represented communities and we have made important steps towards establishing demographic data to support insight driven equity and inclusion work across our collective”

KATRINA WRIGHT, GLOBAL PEOPLE DIRECTOR

Breaking down barriers to employment

Attracting a diverse workforce is the most significant step in tackling employment barriers.

We employ many people in part-time and flexible roles, enabling them to work in ways that suits their needs. We have family-friendly employment policies, and use gender-balanced recruitment for senior level positions.

In 2021 we prioritised more inclusive hiring strategies, including expanding our Open Hiring programme to entry-level store and distribution centre roles in our four largest markets (Australia, UK, US and Canada). Open Hiring removes employment barriers by omitting all background checks and unnecessary interview questions, eliminating the risk of recruitment bias (see more detail on page 18).



Creating safe and inclusive workplaces

In 2021 we developed an Inclusive Talent Strategy to actively encourage career development for women and people from under-represented groups. We held popular online workshops for employees who are trans, transitioning or women of colour to support them, and ran women's career panels to offer advice and inspiration.

Our office-based employees and retail senior managers attended training on unconscious bias, racial awareness and inclusive leadership. All other employees will do so in 2022. Our executive board members, senior leaders and People team all have mandatory inclusion objectives.

Our employee inclusion networks focus on Disability, Race and Ethnicity, Gender, and the LGBTQIA+ community. These groups support colleagues from under-represented groups, and influence our strategies and approaches. For example GoFar, our inclusive gender equity employee network, influenced Natura &Co's first group-wide menopause policy to improve understanding and support.

Next steps: accelerating career growth

Our priority for 2022 is more inclusive career progression for women employees and people from under-represented groups. We will launch a **WOMEN IN LEADERSHIP development programme and a mentoring programme. And we've started capturing detailed demographic data on our global workforce to identify and resolve any representation gaps in our senior level teams.**

“Being able to work flexibly reflects real life in the sense that you have the freedom to manage your time in a way that suits both your professional and personal priorities. It's more realistic and acknowledges that we are all humans who do not come to work in a vacuum – life happens all around us!”

MEGHAN BELCHER, JUSTICE RESEARCH MANAGER

Promoting equity and inclusion in other ways

Since the 1980s, our **Community Fair Trade** programmes have sourced ethical ingredients and accessories from small-scale producers – often rural women or minority groups with limited opportunities. We pay fair prices, supporting the incomes of 23,863 people in 14 countries – the biggest fair-trade programme in the beauty industry.

Our pioneering direct sales channel **The Body Shop At Home** gives people the freedom and flexibility to earn in a way and at a time that suits them. Our 76,645 self-employed consultants in the UK, US and Australia have particularly valued this opportunity during the uncertainty of the pandemic.

Since 2019, we've expanded our innovative **Open Hiring** programme to the US, UK, Canada and Australia. We partner with local charities and organisations to recruit applicants who face specific employment barriers including homelessness, a lack of education, caring responsibilities, incarceration or experience of domestic abuse. In 2021 we hired 1,407 team members in this way.



“Access to education and employment are always going to be the greatest equalisers. Through Open Hiring, we are effectively bringing equality and financial independence to the people in our communities.”

Antonia Tony-Fadipe, UK Inclusive Hiring Lead

We **embrace all forms of beauty** and never retouch images of our models. Our 2021 Rise Up With Self-Love Campaign promoted self-acceptance among us all, whoever we are, to give us the power to fight for change.

We've been an activist brand since the start. Our activism has inspired millions and we've used our global presence to **amplify the voices of under-represented or marginalised communities** in calling for social and environmental justice.



Definitions

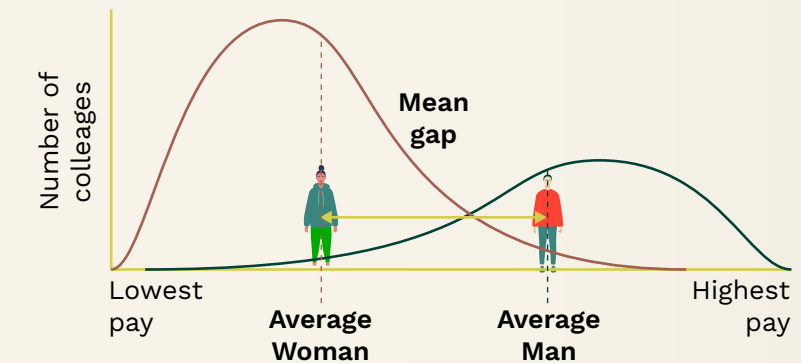
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MEAN gender bonus gap*

The difference in the **average bonus** we pay to women and all men.

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



MEDIAN gender pay gap

The difference between the **middle** pay rate of all women and men we employ on full salary on the specified dates, based on all roles, salary levels and bonuses.

MEDIAN gender bonus gap*

The difference between the **middle bonus** rate we pay to women and men

* Includes bonuses and long-term incentives awarded from 6 April 2020 to 5 April 2021.

