



## THE BODY SHOP

### **The Body Shop International Limited Group Tax Strategy**

The Body Shop International Limited and its subsidiaries regard the publication of this tax strategy as complying with the requirements as set out in paragraphs 16(2) and 25(1), Schedule 19 FA 2016 for the year ended 31 December 2020.

This document has been approved by the Executive Leadership Team of The Body Shop International Limited and applies to The Body Shop International Limited and all UK entities in its group.

#### **Overview**

This document sets out The Body Shop International Limited's Group ("**the Group**") approach to the management of UK tax matters impacting on the Group and defines the principles governing the management of such taxes.

The Body Shop has always been guided by the principle that business is a force for good. This underpins all aspects of the group and aims to reaffirm The Body Shop's position amongst the leaders in ethical business.

These principles extend to The Body Shop's tax strategy. The Group must identify, evaluate and properly manage all key tax risks. It aims to ensure all tax compliance is properly controlled and managed to meet the Group's legal obligation to fulfil its duties under the tax laws. It maintains strong, open and professional working relationships with the tax authorities and consults with external advisers as appropriate.

The Body Shop was acquired by Natura Cosméticos SA in September 2017 and is part of the Natura & Co Group. Natura is a signatory to the B Team Responsible Tax Principles, published in February 2018, and the commitments made in that publication also inform our approach to management of our tax obligations.

The Body Shop adopts a compliant approach to tax management, consistent with the Group's commitments, strategic growth and transformation plans.

In September 2019, The Body Shop announced its B Corp certification, joining a global community of businesses, including Natura, demonstrating their commitment to sustainable business. Certified B Corps meet the highest standards of verified social and environmental performance to balance profit and purpose.

## **1. Governance and management of tax risks**

The Board of Directors has delegated to its Executive Leadership Team members overall responsibility for the management of tax aspects of the functions for which they are responsible.

The Global Financial Controller manages all direct and indirect tax matters and reports to the Global Finance Director. The Global Finance Director is an Executive Leadership Team member with overall responsibility for tax, including oversight with other Executive Leadership Team members where their teams have operational responsibility for some transactions which impact tax. The Group may also draw on the support of the Vice President of Tax and other tax personnel within the wider Natura & Co Group.

## **2. Responsible attitude to managing our tax affairs**

In keeping with its ethical stance, the company aligns with Group policies concerning business, customer and supplier relationships with third parties and does not engage in tax planning or tax structuring purely for the purpose of gaining tax advantages. The Body Shop aims for compliance with all laws, having regard for the spirit as well as the letter of the law. All transactions must be aligned with the Group and ethical values and must have a commercial purpose.

Management of the Group's taxes is primarily driven by the key objective to ensure full compliance with the commitments above and to minimise tax risk.

Effective coordination and communication play a crucial part towards the achievement of this objective and stakeholders are consulted on and must advise on any significant transaction or variation to existing arrangements prior to the Group making any commitment.

## **3. Effective management of tax risks and mitigating controls**

The Group's aim is to ensure that risk is minimised as far as possible, driven especially by management's focus on avoiding any unexpected impact on performance through crystallisation of risks but more crucially to avoid any adverse impact on its brand and reputation. This consideration is key given the Group's ethical stance which is fundamental to the brand and one of the key aspects of interest for our customers.

The Group employs experienced and qualified tax staff and external tax advisers are consulted to ensure the Group is not exposing itself to tax risk where issues are complex, potentially material or where the matter is subjective and an expert opinion is required.

Clear ownership and effective operation of end-to-end processes and the clear demarcation of roles and responsibilities to identify and control tax risks are fundamental to the successful management of the Group's tax affairs, which are clearly communicated.

The individuals responsible for tax work very closely with the business and are involved in and consulted on projects.

#### **4. Constructive and collaborative approach to working with HMRC**

The Body Shop engages in an open and collaborative relationship with HMRC, involving face to face meetings and regular dialogue. We engage with HMRC in real time to discuss and agree specific issues or positions, and where inadvertent errors are identified, these are disclosed promptly to HMRC and corrections agreed.

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