

THE BODY SHOP INTERNATIONAL LIMITED

TAX POLICY

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The Body Shop International Limited and its subsidiaries regard this publication as complying with the duty under para 16(2) and para 25(1), Sch 19 FA16

This document has been approved by the Executive Committee 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 The Body Shop International Group (“**the Group**”) approach to the management of UK taxation matters impacting on the Group and defines the principles governing the management of such taxes.

In 2016 we launched our Commitment “Enrich not Exploit™ (It’s in our hands)”. The Commitment is our new strategy that underpins all aspects of the Group and comprises three pillars: enrich our people, our products and our planet, and aims to reaffirm The Body Shop’s position as leaders in ethical business.

The philosophy and ambition of The Body Shop is to be the best in class and a leader in achieving true sustainability and to be the most ethical global business in the world; the Commitment is our first step towards achieving this and builds on our strong ethical principles.

The Body Shop has always believed that business can be a force for good, and the Enrich Not Exploit™ Commitment advances the principles on which The Body Shop was built.

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

The Body Shop adopts a highly compliant approach to tax management, entirely consistent with the Commitment.

1) GOVERNANCE AND MANAGEMENT OF TAX RISKS

The Executive Committee has delegated to its members overall responsibility for the management of the tax aspects of the functions for which they are responsible. The International Tax Director manages all direct and indirect tax matters and reports to the International Finance Director (an Executive Committee member), with other managers reporting to the Operations Director and HR Director).

2) RESPONSIBLE ATTITUDE TO MANAGING OUR TAX AFFAIRS

In keeping with its ethical stance, the Group emphatically does not engage in tax planning or tax structuring for the purpose of gaining tax advantages. The Body Shop aims for full compliance with all laws, having regard to the spirit as well as the letter of the law; all transactions must be aligned with our ethical values and must have a commercial purpose.

Our management of taxes is primarily driven by the key objective to ensure full compliance and minimise tax risk.

Effective coordination and communications play a crucial part towards the achievement of this objective and the International Tax Director and other 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 suitably qualified tax staff and external tax advisers are consulted to ensure the Group is not exposing itself to tax risk where issues are complex or potentially material; or where the matter is not clear cut and 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 and is 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 throughout the year. 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.