



UK Gender Pay Gap Report 2017



Introduction

FOR OVER 40 YEARS THE BODY SHOP HAS MADE A POSITIVE DIFFERENCE IN THE WORLD. HAVING PIONEERED THE PHILOSOPHY THAT BUSINESS CAN BE A FORCE FOR GOOD, THIS ETHOS STILL DRIVES US TODAY.

We have always stood for equality, inclusion and diversity, and these qualities are central to our success. Our workplace allows our people to be themselves and to reach their potential, irrespective of their gender. We work hard to ensure that our people receive competitive market-comparable pay throughout our business.

We welcome the UK Government's legislation to publish data on the gender pay gap.

Within our sector - retail and beauty - the majority of our workforce is made up of our people working in store (71% of the total UK workforce) and is predominantly female (95% of the UK store workforce). We are extremely proud of the number of women we

employ and of the flexible and part-time employment opportunities we provide. This gender pay report compares all roles across our entire UK population, including those at all our stores and in our Global Headquarter offices based in the UK.

Our level of gender pay gap is not where we want it to be. We know we have a number of issues to address and we will do all we can to reduce it. We are committed to making sustainable changes to ensure we have an inclusive environment with a diverse workforce.

The Body Shop, now under new ownership and part of the global beauty group, Natura &Co, is currently engaged in a period of transformation.

Through this, the purpose and structure of the organisation is being redefined and repositioned. As part of this process, we will further refine our action plan and take every opportunity to drive equality and improve our gender pay gap where we can.

I can confirm that our data has been calculated according to the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Louise Wilson
Global Human Resources Director
The Body Shop International



MEAN FIGURE

The mean figure is the **difference between the average of the pay for men and women.** The mean is calculated by adding up each pay rate or bonus and dividing it by the number of total employees.

MEDIAN FIGURE

The median figure is **middle value** of all of the pay rates or bonuses, when all of these figures are arranged in order.

GENDER PAY

The gender pay gap looks at the difference in the average pay between **all men and all women in an organisation** and describes this difference in a single number. The gender pay gap data includes pay across all levels and roles.

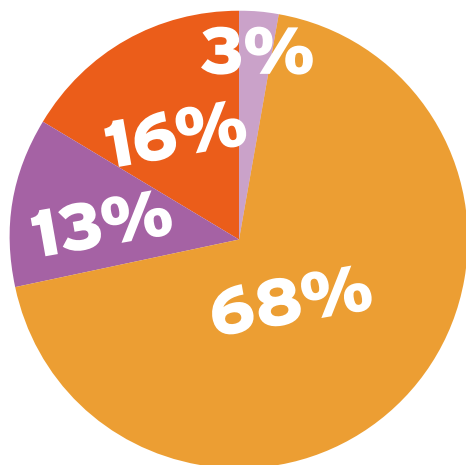
EQUAL PAY

Equal pay looks at the differences between men and women who carry out the **same jobs, similar work or work of equal value.** Legislation on equal pay has been in place in the UK for more than 40 years and makes it unlawful to pay people unequally.

Definitions

Gender Pay Gap

Distribution of employees to closest percentage:



STORE/MALE
 NON-STORE/MALE
 STORE/FEMALE
 NON-STORE/FEMALE

The difference between the mean and median pay is primarily driven by our **employee profile**. The vast majority of females are store employees in lower pay bands and make up over two thirds of our UK workforce. We also have a higher proportion of males in senior leadership roles.

GAP	PERCENTAGES
Mean Pay Gap	50.9%
Median Pay Gap	38.9%

Store Population Only:

GAP	PERCENTAGES
Mean Pay Gap	1.2%
Median Pay Gap	4.6%

Within our stores, the mean and median gap is significantly lower than overall. The **mean pay gap is 1.2%** and **median pay gap is 4.6%**.

Our store pay structure is set by role, store revenue and geographical area. We pay higher standard hourly rates for store employees in areas with a higher cost of living, such as Central London, where the majority of male store employees are employed. In Central London we receive a higher number of applications from men to be part of our store teams; we also have a higher proportion of male customers.

Non-Store Population Only:

GAP	PERCENTAGES
Mean Pay Gap	14.9%
Median Pay Gap	-4.0%

Our non-store pay gap is driven by the proportion of senior leadership roles based in our UK Global Headquarters currently held by more males than females. **We are committed to achieving an equal balance.**

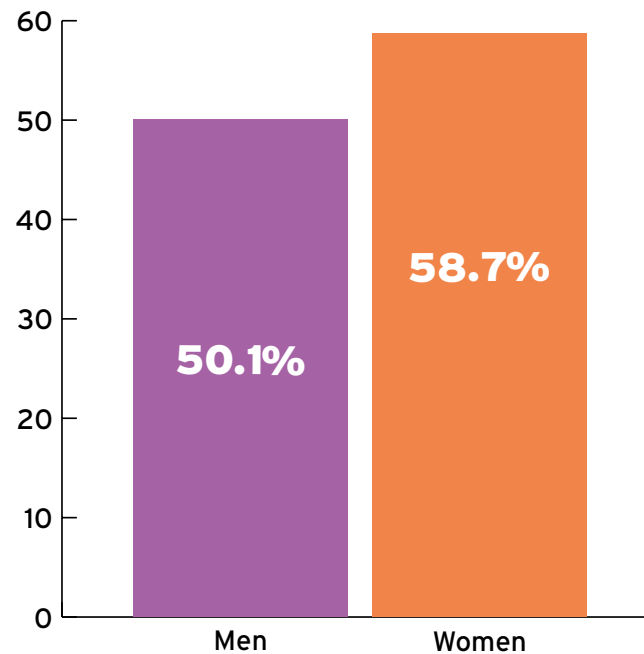
Gender Bonus Gap

GAP	PERCENTAGES
Mean Bonus Gap	82.4%
Median Bonus Gap	85.7%

Proportion of men and women receiving bonuses:

We offer different bonus schemes for different roles within our business.

Overall, the proportion of female employees receiving a bonus is slightly higher than that of our male employees. However, we have fewer women in senior leadership positions and fewer women in roles with higher levels of pay where the bonus potential is greater. As the UK is home to our global corporate headquarters as well as our biggest store population, we have chosen to also review the pay and bonus gaps within those two distinct workforces. Our focus will now be on bridging those gaps.



Store Population Only:

GAP	PERCENTAGES
Mean Bonus Gap	22.5%
Median Bonus Gap	-13.0%

Our store employees receive Christmas bonuses, sales incentive bonuses and long service awards. In 2017, our Central and Greater London stores trialed a cash incentive bonus scheme. These stores have higher percentage of male employees and higher sales growth than our stores outside London which contributes to the bonus gap. As a result, we are reviewing store incentive plans throughout the UK.

Non-Store Population Only:

GAP	PERCENTAGES
Mean Bonus Gap	42.4%
Median Bonus Gap	23.4%

Our non-store management teams are eligible for an annual bonus as a percentage of salary. Some of our senior management have participated in a long-term incentive scheme offered by our previous owners. This has impacted the bonus gap, as those roles are primarily held by male employees. As part of the legacy agreement with our previous owners, we are required to honour this scheme for the next four years.

Proportion of men and women in each quartile of pay structure

There is a greater proportion of female employees across all levels. This is a reflection of the nature of our business.

Women are less represented in the top quartile compared to the other three quartiles. This is a result of having fewer women in senior leadership roles which sit in the top pay quartile.

PAY QUARTILES	PERCENTAGE OF MEN	PERCENTAGE OF WOMEN
Lower	4.1%	95.9%
Lower Middle	7.2%	92.8%
Upper Middle	18.5%	81.5%
Upper	33.8%	66.2%



What we offer our employees

At The Body Shop we offer benefits to enhance the work experience for all of our employees.

- **Enhanced maternity, paternity and adoption leave**
- **Flexible working**
- **Ability to work remotely for our non-store employees**
- **Workplace nursery at our largest UK office, with reduced rates and preferred placement**



Our Commitments

Driving equality through our senior roles:

- By 2019, **50% of our Senior Leadership Team in the UK will be female.** This will be fostered by, where possible, promoting women internally, further cementing a foundation for future leadership growth into Executive Leadership roles.
- By 2022, **50% of our Executive Leadership Team will be female.**

Evolving our self-awareness on gender equality:

- Promoting a **diverse workforce** and addressing any **gender inequality** by increasing individual and collective awareness on the biases and behaviours that drive inequality.
- Launching a programme focusing on **Unconscious Bias** and **Gender Equality.** This programme will entail face-to-face training, workshops, forums and an internal 'Females in Leadership' champion programme.

Unleashing our grassroots female talent:

- We are developing a plan to progress store employees into office roles. Our **new intern and graduate scheme programmes**, to be launched in 2019, will look to include store-based employees. This heightens the opportunities for people in our retail teams to have a career path within Global Headquarters.

