

The Body Shop Canada Limited (the “Company”)

General Frequently Asked Questions

1. What is a Notice of Intention to make a Proposal?

A Notice of Intention to make a Proposal (“NOI”) is governed by the *Bankruptcy & Insolvency Act* (“BIA”), which is a federal law allowing financially challenged corporations to restructure their business and financial affairs.

The principal purpose of these NOI proceedings is to create a stabilized environment for The Body Shop Canada to maintain its business and operate “in the ordinary course”, while allowing the Company the opportunity to restructure its financial affairs and conduct a Court-supervised process through which The Body Shop Canada will be looking at various restructuring options, including the closure of certain stores.

It is important to know that this is not a bankruptcy.

2. Does this mean that The Body Shop Canada is bankrupt/shutting down its facilities?

No, The Body Shop Canada is not bankrupt, and the business will continue as usual during the restructuring proceeding.

The protections of the “stay of proceedings”, together with cash generated from ongoing operations, is projected to be sufficient to meet ongoing post filing business obligations and to continue operations in the ordinary course.

3. Why is the Company filing for protection under BIA? Why did this happen?

As you know, on February 13th, 2024, our parent company filed for administration in the United Kingdom. The NOI Proceedings in Canada have been commenced to protect our business and operations, and to create a stabilized environment so that The Body Shop Canada can continue to operate, while we determine the best path forward.

Filing for creditor protection under the BIA will provide the Company with the necessary time and stability to explore its alternatives and restructure its financial affairs.

4. Who is now in charge of the Company?

Our Canadian leadership and management team remain in control of The Body Shop Canada’s operations.

5. What happens during the NOI process?

Upon filing the NOI, The Body Shop Canada is granted an initial 30 days of protection to prevent creditors from taking any actions against it, often referred to as a “**Stay of Proceedings**” or the “**Stay Period**”.

The Stay of Proceedings generally prohibits collection actions against the Company to enforce existing debts, and prohibits litigation or other proceedings being commenced or continued against the Company. While the stay is in place, the Company can continue to operate, pay its employees and ongoing or ‘post-filing’ purchases to its suppliers and vendors.

The NOI is a precursor to a sale of Company and/or the filing of a “**Proposal**” by the Company. The Proposal is an agreement presented to the Company’s creditors setting out how it intends to compromise and/or repay the debts owing at the time of the NOI filing.

Typically, the initial Stay Period is extended as the Court deems appropriate in 45-day blocks. Generally, the Court will continue the protection beyond the initial 30-day period if the Company can demonstrate that it is likely that it will file a Proposal and an extension of the Stay is not materially prejudicial to the creditors, as a whole.

6. Do companies emerge from NOI proceedings?

Yes, companies emerge regularly from the NOI proceedings. The intention of these proceedings is for The Body Shop Canada to restructure its affairs and to have the core operations of The Body Shop Canada exit the proceedings.

7. Who is the Proposal Trustee? Where can I find information on the BIA proceedings?

Alvarez & Marsal Canada Inc. (the “**Proposal Trustee**”) is an independent third party who is appointed by the Official Receiver and is an officer of the court.

The Proposal Trustee’s role is to assist the Company with restructuring its affairs, including monitoring the proposed SISP, monitoring the Company’s ongoing operations and cash flow during the Stay Period, and assisting the Company with other matter related to the NOI.

Updates and information regarding these NOI proceedings, including court materials, notices and any reports filed by the Proposal Trustee, will be made publicly available and updated regularly on the Proposal Trustee’s website at www.alvarezandmarsal.com/thebodyshop. The Proposal Trustee can be reached directly at thebodyshop@alvarezandmarsal.com.

Employee FAQs:

1. How will I be paid my wages/salary going forward?

Wages, salaries, and commissions will continue to be paid in the ordinary course.

2. I am owed wages up to the date of filing. Will I be paid? What about my unpaid expenses?

Yes. Wages and salaries will continue to be paid in the ordinary course. This will include payment for post filing wages, as well as the “stub period” relating to the payroll cycle immediately prior to the commencement of the NOI proceedings.

3. Will my benefits package continue?

Yes, benefits arrangements remain unchanged.

4. Am I entitled to take vacation?

You will be entitled to take vacation time in accordance with the Company’s policies.

5. What if I get questions from the press?

Should you receive enquiries from members of the press, please refer these enquiries to the Proposal Trustee at the email provided above.