



**September 6, 2024**

**Re: The Body Shop Canada Limited – Process Letter**

On March 1, 2024, The Body Shop Canada Limited (“**TBS Canada**”) filed a notice of intention to make a proposal under the *Bankruptcy and Insolvency Act* (the “**NOI**”). On July 5, 2024, TBS Canada continued the NOI proceeding under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) and Alvarez & Marsal Canada Inc. was appointed as the monitor (the “**Monitor**”).

Also on July 5, 2024, TBS Canada obtained an Order (the “**Sale Process Order**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) approving a sale process (the “**Sale Process**”). Further information regarding the Sale Process, including the sale process procedures (the “**Procedures**”), can be found in the Sale Process Order accessible [here](#). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Procedures.

TBS Canada is a subsidiary of The Body Shop International (the “**UK Parent**”). The UK Parent is currently in an administration proceeding in the United Kingdom (the “**UK Administration Proceeding**”). TBS Canada was recently advised that a purchaser has been identified for the business and assets of the UK Parent (the “**UK Purchaser**”) and the UK Purchaser intends to continue to operate the business of the UK Parent on a going-concern basis.

TBS Canada and the Monitor have also been advised that as part of the UK Purchaser’s strategy it intends that the Canadian region be converted into a “franchise territory” and that TBS Canada’s business continue under new ownership pursuant to a franchise agreement to be established with the UK Purchaser.

This Process Letter is being provided pursuant to section 2 of the Procedures. It is intended to provide Interested Parties with information with respect to the submission of a Bid for the business and/or assets of TBS Canada, including: (i) certain key milestones under the Procedures, (ii) the process for submitting a Bid, including Bid requirements, and (iii) advancing a potential franchise arrangement with the UK Purchaser.

**Key Milestones**

The following table sets out the key milestones for the Sale Process:

<b>Milestone</b>	<b>Deadline</b>
Bid Deadline	5:00 pm EST on Tuesday, October 8, 2024 (“ <b>Bid Deadline</b> ”)
Selection of Successful Bid	Friday, October 11, 2024, or such later date as may be determined by the Company, in consultation with the Monitor.
Outside Date	Friday, November 15, 2024

**Bid Requirements**

As set out in the Sale Process Order, your Bid must comply with the Bid Requirements set out in the Procedures and listed below:

- A. *Irrevocable Bid*: It includes a letter stating that the Bid is irrevocable until Court approval of the Successful Bid;

- B. Purchase Agreement: It includes a sealed, duly authorized and executed definitive purchase agreement together with all completed schedules thereto containing the detailed terms and conditions of the proposed transaction, including identification of the assets proposed to be acquired, the obligations to be assumed, the purchase price (the “**Purchase Price**”) and the detailed structure and financing of the proposed transaction;
- C. Franchise Arrangement: It describes any franchise arrangement, or similar arrangement, with the UK Purchaser in respect of the right of such Qualified Bidder to use “The Body Shop” brand;
- D. Proof of Financial Ability to Perform: It includes written evidence upon which the Company, in consultation with the Monitor, may reasonably conclude that the Interested Party has the necessary financial ability to close the contemplated transaction on or before the Outside Date and provide adequate assurance of future performance of all obligations to be assumed in such contemplated transaction. Such information should include, among other things, the following: (i) evidence of the Interested Party’s internal resources and proof of any debt or equity funding commitments that are needed to close the contemplated transaction; (ii) contact names and phone numbers for verification of financing sources; and (iii) any such other form of financial disclosure or credit-quality support information or enhancement requested by and reasonably acceptable to the Company demonstrating that such Interested Party has the ability to close the contemplated transaction;
- E. Unconditional Bid: It is not conditioned on: (i) the outcome of unperformed due diligence; and/or (ii) obtaining financing;
- F. Parties: It fully discloses the identity of each person (including any person that controls such person) that will be directly or indirectly sponsoring or participating in the Bid, including whether any prior or current member of the Company’s board, management, any employee or consultant to the Company or any creditor or shareholder of the Company is involved in any way with the Bid or assisted with the Bid, and the complete terms of any such participation as well as evidence of corporate authority to sponsor or participate in the Bid;
- G. Acknowledgement: It includes an acknowledgement and representation that the Interested Party: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents regarding the Business and/or the Assets to be acquired, liabilities to be assumed or the Company in making its Bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties, conditions or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Business, Assets to be acquired, liabilities to be assumed, the Company or the completeness of any information provided in connection therewith, except as expressly provided in any definitive transaction documents;
- H. Authorization: It includes evidence, in form and substance reasonably satisfactory to the Monitor, of authorization and approval from the Interested Party’s board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Bid, and identifies any anticipated shareholder, regulatory or other approvals outstanding, and the anticipated time frame and any anticipated impediments for obtaining such approvals;
- I. Deposit: It is accompanied by a cash deposit (the “**Deposit**”) in an amount equal to 10% of the Purchase Price that shall be paid to the Monitor in trust, which Deposit shall be held and dealt with in accordance with these Procedures;
- J. Employees: If applicable, it contains full details of the proposed number of employees of the Company who will become employees of the Qualified Bidder and the proposed terms and conditions of employment to be offered to those employees; and

K. Other: It contains such other information as may reasonably be requested by the Company or the Monitor.

#### Franchise Arrangement

In advance of the Bid Deadline, the Monitor will be arranging for Interested Parties to meet with the UK Purchaser and with certain of the UK Parent's employees who will be responsible for the UK Purchaser's go-forward franchise arrangements. The purpose of these meetings will be to allow Interested Parties to explore the terms of a potential franchise arrangement with the UK Purchaser, including but not limited to: (i) the form of agreement; (ii) operating, strategy, growth and marketing considerations; (iii) establishing a price for future inventory purchases; and (iv) other relevant matters.

#### Bid Submission

Interested Parties wishing to pursue a transaction are being asked to submit a Bid by email on or before the Bid Deadline to the attention of:

Josh Nevsky  
Managing Director  
[jnevsky@alvarezandmarsal.com](mailto:jnevsky@alvarezandmarsal.com)

Mitch Binder  
Associate  
[mbinder@alvarezandmarsal.com](mailto:mbinder@alvarezandmarsal.com)

Bids that, among other factors, maximize value for TBS Canada's stakeholders, provide for execution certainty and speed, have no or minimal conditionality, and demonstrate an ability and willingness to complete the transaction in an expeditious manner will be favored. We also remind you of the importance of the mission and values of "The Body Shop" and suggest that you describe in your Bid how that will be taken into consideration in the future operation of the business.

Neither the Monitor, nor TBS Canada, its affiliates and its advisors assume any liability or obligation whatsoever to any Interested Party in connection with the Sale Process, including, but not limited to, as a result of the rejection of any or all of the Bids, the acceptance of another Interested Party's Bid or the amendment or termination of the Sale Process and, for further clarity, the Monitor and TBS Canada expressly reserve the right at any time, with or without providing notice or reasons, to do any of the foregoing. No party will be entitled for any reason (including, without limitation, any modification of the Procedures contemplated herein) to reimbursement for any costs or expenses incurred in reliance upon the Procedures described in this letter, as such Procedures may be modified from time to time. No finder's fees, commissions, expenses or other compensation will be paid by TBS Canada, its affiliates or its advisors to agents, consultants, advisors or other intermediaries of any party. TBS Canada, its affiliates and its advisors reserve the right to amend any information which has been made available to Interested Parties whether by way of addition, deletion, amendment or otherwise.

Pursuant to the Confidentiality Agreement, under no circumstances are you permitted to contact any of the UK Parent, the UK Purchaser or TBS Canada's executives, employees, directors, shareholders, affiliates, lenders, customers, suppliers, vendors or service providers with respect to any transaction unless consented to by TBS Canada or the Monitor. All communications or inquiries regarding the Sale Process or any other matters, relating to this letter should be directed to the Monitor.

We appreciate your interest and look forward to receiving your Bid.

