

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE) MONDAY, THE 15th DAY
)
JUSTICE OSBORNE) OF APRIL, 2024.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE
A PROPOSAL OF THE BODY SHOP CANADA LIMITED, IN
THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

ORDER

THIS MOTION, made by The Body Shop Canada Limited (the “**Company**”) for an order, *inter alia*: (a) granting an extension of time for the Company to file a proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 (the “**BIA**”) to May 31, 2024; (b) approving the KERP (defined below); (c) approving the KERP Charge (defined below); (d) granting a sealing order in relation to the KERP; (e) approving the First Report of Alvarez & Marsal Canada Inc., in its capacity as Proposal Trustee of the Company (the “**Proposal Trustee**”) dated March 2, 2024 (the “**First Report**”) and the Second Report (defined below) and the activities described therein; and (f) granting certain other relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Jordan Searle sworn on April 8, 2024 (the “**Searle Affidavit #2**”), the Second Report (the “**Second Report**”) of the Proposal Trustee dated April 9, 2024 filed, and on hearing the submissions of respective counsel for the Company, the Proposal Trustee and such other counsel as were present as shown on the Participant Information Form, no one else appearing although duly served:

SERVICE AND DEFINED TERMS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, Motion Record and Second Report are hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used but not defined in this Order shall have the meanings given to them in the Order of the Honourable Justice Osborne made March 4, 2024 (the “**March 4 Order**”).

EXTENSION OF TIME TO FILE A PROPOSAL

3. **THIS COURT ORDERS** that pursuant to section 50.4(9) of the BIA, the Company be and is hereby granted an extension of time to file a proposal to May 31, 2024.

KEY EMPLOYEE RETENTION PLAN AND KERP CHARGE

4. **THIS COURT ORDERS** that the key employee retention plan (the “**KERP**”) attached as Confidential Appendix C to the Second Report be and is hereby approved and the Company is hereby authorized to make payments in accordance with the terms and conditions of the KERP.

5. **THIS COURT ORDERS** that each of the KERP Participants (as defined in the Searle Affidavit #2) shall be entitled to the benefit of and are hereby granted a charge (the “**KERP Charge**”) on all of the Company’s present and future assets, undertakings and property of every nature and kind whatsoever and wherever situate, including all proceeds thereof (collectively, the “**Property**”), which charge shall not exceed an aggregate amount of \$470,000 for all KERP Participants (as defined in the Searle Affidavit #2), as security for the amount payable by the Company to each such KERP Participant in accordance with the KERP.

6. **THIS COURT ORDERS** that the filing, registration or perfection of the KERP Charge shall not be required, and that the KERP Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the KERP Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

VALIDITY AND PRIORITY OF CHARGES

7. **THIS COURT ORDERS** that the priorities of the Administration Charge, D&O Charge and the KERP Charge (collectively, the “**Charges**”), as among them, with respect to the Property shall be as follows:

First – Administration Charge

Second – D&O Charge

Third – KERP Charge

8. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other Encumbrances in favour of any Person, notwithstanding the order of perfection or attachment, provided that the Charges shall

rank subordinate to the Encumbrances evidenced by registrations listed on Schedule "A" to the March 4 Order.

9. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, in the March 4 Order, or as may otherwise be approved by this Court, the Company shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Charges unless the Company also obtains the prior written consent of the beneficiaries of the Charges (the "**Chargees**"), or by further Order of this Court.

10. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees thereunder shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any right, renewal right, contract, agreement, licence, permit, lease, purchase order or other arrangement, whether written or oral (each, an "**Agreement**") which binds the Company, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the KERP Charge shall not create or be deemed to constitute a breach by the Company of any Agreement to which it is a party;
- (b) none of the KERP Participants shall have any liability to any person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the KERP Charge; and
- (c) the payments made under the KERP pursuant to this Order, and the granting of the KERP Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

SEALING

11. **THIS COURT ORDERS** that Confidential Appendix C to the Second Report is hereby sealed and shall not form part of the public record subject to further order of this Court.

APPROVAL OF ACTIVITIES

12. **THIS COURT ORDERS** that the First Report and the Second Report are each hereby approved, and the activities and conduct of the Proposal Trustee described therein are hereby approved; provided, however, that only the Proposal Trustee, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

GENERAL

13. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

14. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, agency or regulatory or administrative bodies, having jurisdiction in Canada, the United States of America or any other jurisdiction, to give effect to this Order and to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, agencies and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Company and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Company and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

15. **THIS COURT ORDERS** that each of the Company and the Proposal Trustee be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

16. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:00 a.m. Eastern Time on April 16, 2024 without the need for entry or filing.

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF THE BODY SHOP CANADA LIMITED, IN THE CITY
OF TORONTO, IN THE PROVINCE OF ONTARIO

Court File No: BK-24-03050418-0031
Estate/Court File No.: BK-31-3050418

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**
Proceeding commenced at Toronto

ORDER

DAVIES WARD PHILLIPS & VINEBERG LLP

155 Wellington Street West
Toronto ON M5V 3J7

Natasha MacParland (LSO# 42383G)

Tel: 416.863.5567
nmacparland@dwpv.com

Natalie Renner (LSO #55954A)

Tel: 416.863.5502
nrenner@dwpv.com

Counsel for The Body Shop Canada Limited