

UK GENDER PAY GAP

2020 Report

We've been doing beauty differently for 135 years

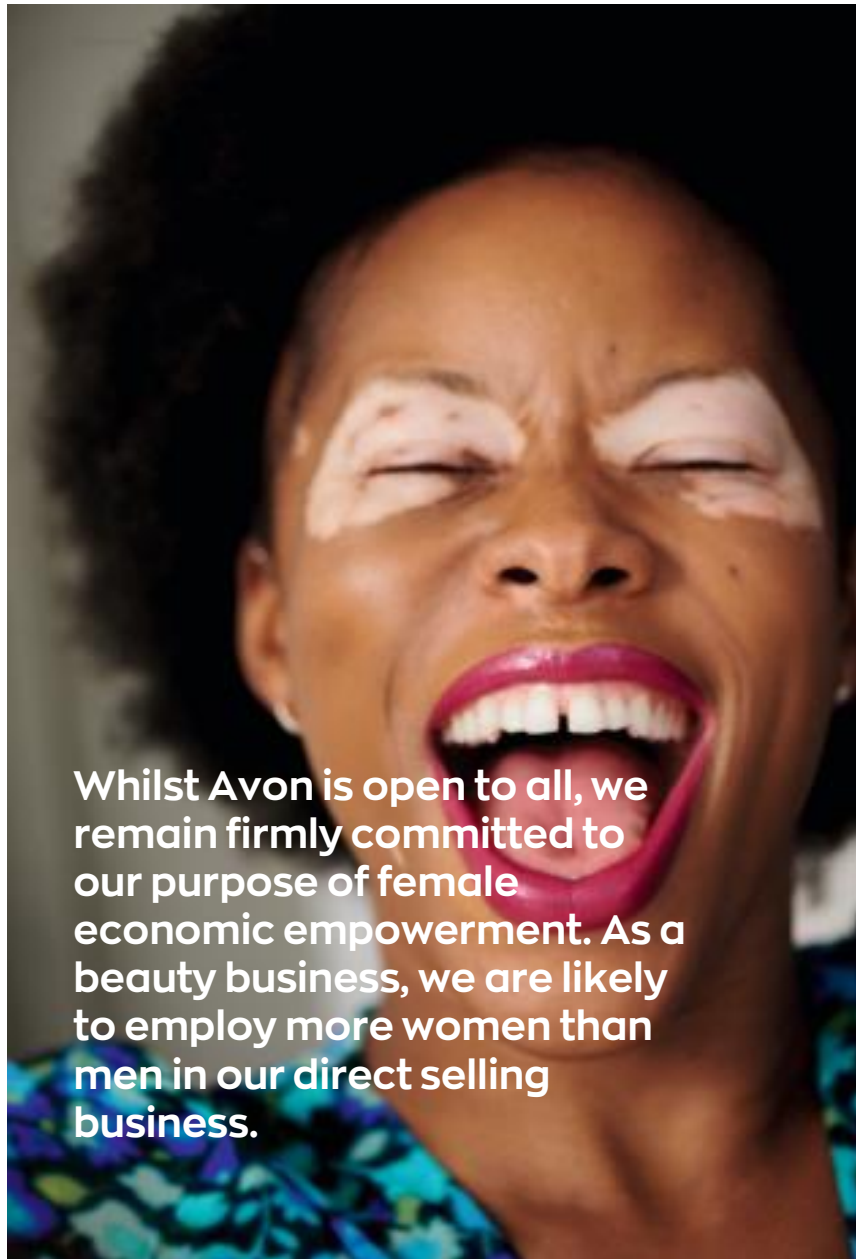
Pioneering in listening to women's needs and speaking out for them. Standing for what matters to them. Supporting their endeavours.

We use the power of beauty to transform women's lives for the better.

AVON

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Whilst Avon is open to all, we remain firmly committed to our purpose of female economic empowerment. As a beauty business, we are likely to employ more women than men in our direct selling business.

WE BELIEVE IN THE BEAUTY OF DOING GOOD

Our founder David H. McConnell was a progressive pioneer, an impressive visionary, a courageous game-changer and, above all, a champion of women. In 1886 he founded Avon on the guiding principle of enabling female economic empowerment. This remains our purpose at heart and is something we will always stand for.

We take seriously our responsibility to be a leader in championing the economic freedom of women and we welcome the UK Government's gender pay gap reporting legislation and the opportunity to shine a spotlight on the gender pay gap.

We believe it is vitally important that businesses are transparent about their gender pay data and take action to improve gender parity.

We acknowledge that there is work to be done to improve our gender pay gap, but it's important that we highlight the main driver of our pay gap is the high proportion of women in direct selling roles which is not just the nature of our business, but our very purpose.

Our commitment to women sits alongside our belief in broader inclusion for all groups. We're open to all, regardless of gender and sexuality or any other characteristic such as race, age and ability. We celebrate beauty in all its forms, and all its diversity, and believe everyone should be free to celebrate their own beauty and express their own identity.

There is still work to be done, within Avon and society at large, and we will continue to be a strong voice for women, and to stand up for equality in all its forms.

**Michelle Parczuk
VP, People, Culture
and Organisation**

**Matthieu Comard
Managing Director
Western Europe**



UNITED FOR A BETTER MORE CARING WORLD

In 2020, Avon became part of Natura &Co, a family of socially-conscious global beauty brands. The Group's *Commitment To Life* is a comprehensive sustainability plan to tackle some of the world's most pressing issues, including equality and inclusion.

Natura &Co has recently invested in a multi-country gender pay equity review to understand factors driving pay gaps to help us tackle them effectively. This work, carried out with HR consultancy Mercer, investigates the underlying root causes of any gaps to help us identify factors we can impact and change.

The review resulted in an analysis of the raw pay gap and the explained and unexplained gaps. The raw gap is calculated by taking the pure average pay difference between women's and men's pay - very similar to how the UK Gender Pay Gap is calculated.

“RAW” PAY GAP

Average or median pay difference between women's and men's pay.

=

“EXPLAINED” PAY GAP

Pay variances due to being in different roles, having different qualifications, experience, etc..

+

“UNEXPLAINED” PAY GAP

Residual pay gap that cannot be explained by legitimate factors and may be due to pay inequities.

By 2023, Natura &Co has committed to:

- 50% women in leadership positions
- 30% inclusion of under-represented groups
- Equitable pay
- a living wage or above to all associates

A deep statistical analysis showed there are explainable factors such as different roles, experience, performance and location. This leaves an unexplained gap: the residual gap that cannot be statistically explained. Avon UK's raw gap was *35.6% and the unexplained gap was 1.6%. We're committed to closing the unexplained gap ahead of our 2023 target; and ensuring it stays closed.

*Captured by a leading global HR consultancy in September 2020. The figures used for UK government reporting are from the data captured by the same consultancy on 5 April 2020.



We are particularly proud of the number of female **managers (63%)** and **directors (62%)** we have, but we recognise the need to strengthen our female population at **Vice President + level**.

THE MAKEUP OF OUR BUSINESS

Avon is the company for women and in every function, across our International footprint, all of our people (67% of whom are women) play an integral role in supporting our global network of beauty entrepreneurs.

In the UK, we have both our UK business and global headquarters. Here, 74% of our workforce are women and you can see in the charts on this page how they are split across our Commercial Selling, Supply Chain, and Corporate Functions. Since last year's report, we have 6% more women in Supply Chain and 3% more women in Corporate Functions.

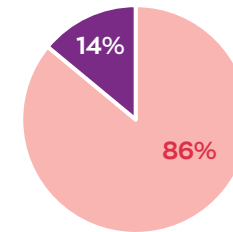
“I’ve been with Avon for more than two decades. It’s a calling for me, working with a company that creates opportunities for women.”

Angela Cretu
Avon CEO

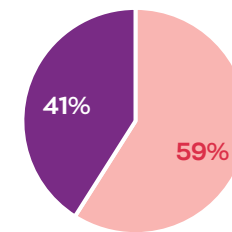
Gender split by function

Women Men

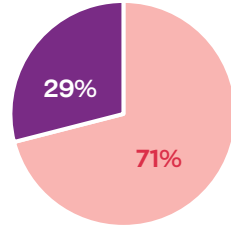
Commercial and Direct Selling



Supply Chain



Corporate functions



Our workforce by grade and gender





Our frontline customer facing roles, largely held by women, are very important to us. These roles allow for flexible working but are usually less senior. This impacts our overall average female pay figures and therefore the gender pay gap.

HIGHLIGHTING THE ISSUES

We have 100% equal pay at each level, however, as a beauty business, it is our workforce profile that is the most significant driver of our gap.

Here are the main drivers of our gender pay gap:

1. 18% of our workforce are field based and roles predominantly occupied by women. These roles sit within the lower to lower-middle hourly pay quartiles which pulls down the female mean and median hourly pay figures.
2. Avon's global headquarters is based in the UK with many of our most senior positions on the UK payroll.

The figures in this table show the difference in the hourly rate and bonuses of women and men across Avon's UK-based organisation.

Gender Pay Gap 2020 vs 2019 vs 2018, %

	Hourly Pay Gap 2020	Hourly Pay Gap 2019	Hourly Pay Gap 2018
Mean	36.7%	40.8%	36.9%
Median	35.3%	32.5%	26.7%
	Bonus Gap 2020	Bonus Gap 2019	Bonus Gap 2018
Mean	67.2%	72.5%	63.4%
Median	37.8%	-21.2%	17.7%

Avon is a trans inclusive business. We know gender isn't binary, and in future, we aim to make our reporting fully inclusive. However, for this report, UK government regulations require us to report our gender pay gaps in terms of men and women. Our pay and bonus gap data is in line with the UK government reporting regulations and has been independently verified by a leading global HR consultancy specialising in compensation and pay equity, as being accurate.

BUILDING AN INCLUSIVE CULTURE

Being an inclusive employer and co-creating with our associates a culture of inclusion, where all of our people feel they belong, is of utmost importance to us.

In September 2020, we launched Avon's Employer Value Proposition (EVP), The Beauty of Doing Good, our promise to our associates for what a career with Avon offers.

A key pillar of our EVP is "Beautiful to be you" where we see the beauty in our differences so that we all have the confidence to bring our whole self to work.

AVON'S ASSOCIATE RESOURCE GROUPS (ARGs)

The most significant milestone we achieved last year in driving our diversity, inclusion and belonging agenda was the establishment of our associate led VIBE Community. This is a central hub on our company intranet, a place for sharing, learning, celebrating, and supporting each other; where we use good vibes and positivity to influence the change we want to see in the world.

The VIBE community is home to our Associate Resource Groups (ARGs), associate led networks representing the many diverse and beautiful groups that make up Avon.

We currently have ARGs for People of Colour, LGBTQIA+, Women, and People with physical and neurological differences. Avon is open to all, and anyone can set up an ARG.

MENTORING

A mentor can help develop communication skills, realise career goals and build professional relationships. At Avon, we also have Diversity and Reverse mentors. It doesn't matter what stage of your career or life you're at, we can all benefit from gaining a greater understanding of the challenges and perspectives of others and use that learning to address the barriers and promote inclusion.

INCLUSION MODULES

In 2020 we launched two interactive inclusion modules designed to explore and challenge the biases we all have and help us nurture stronger teams that bring out the best in each member. The learning is mandatory for all associates.



We value the connections we make with each other. We put mental and physical wellbeing first and provide a supportive and inclusive culture.

SUPPORTING OUR PEOPLE THROUGH COVID-19

2020 was a year none of us will ever forget as we adjusted to new ways of working and balancing work and home commitments like never before. Here are some of the ways we supported our people through the pandemic.

STAYING CONNECTED COMMUNITY

Early in the crisis, we created the Staying Connected community on our company intranet, Inside Avon. This central hub was the place our people could go to ask questions, stay informed, and access support for managing their physical, mental and emotional wellbeing during this difficult time.

LEADING WITH HEART THROUGH COVID-19

We produced a series of short videos to help our managers adapt their leadership style to best support their people during the Covid-19 crisis. Each module focused on a key pillar of the basic leadership needs framework including Stability, Compassion, Trust, and Hope, and provided practical tools and techniques to help our leaders adopt a calm and methodical approach to dealing with the crisis.

GOOD VIBE TRIBE

The Good Vibe Tribe started with a group of associates passionate about wellbeing. Alongside sponsoring wellbeing themed events, in their monthly newsletter, they share tips, life hacks and fun facts to spread cheer, inspiration, and most importantly smiles.

MENTAL HEALTH FIRST AIDERS

Avon's First Aiders for Mental Health are passionate about creating a culture where we talk openly and comfortably about mental health. Our team of associate first aiders are trained to spot the signs of mental ill health and are a point of contact for any associate experiencing a mental health issue or are worried about someone else. They genuinely care and will listen without judgement.



TAKING ACTION TO CLOSE THE GAP

Female economic empowerment is our purpose at heart and will always be what drives us. We are committed to continually improving our gender pay gap, here's how...

1. **We will** conduct regular Pay Equity reviews and close any unexplained pay gaps
2. **We will** examine bonus and incentive payments to understand any gender gaps
3. **We will** continue to strive for a 50/50 split of women and men in leadership roles
4. **We will** ensure a good representation of women across all roles and functions
5. **We will** stay true to our purpose and not reduce representation of women in customer-facing roles
6. **We will** ensure that female leaders get equal exposure to mobility opportunities
7. **We will** grow and develop our female leaders internally, seek experienced female leaders externally, and continue to provide all associates with learning and development opportunities to grow meaningful careers with us
8. **We will** continue to monitor for any biases in how we work and manage our people
9. **We will** remain transparent about our pay philosophy and pay decisions
10. **We will** co-create a respectful and inclusive culture, where differences are embraced, and everyone feels confident to bring their whole self to work and to perform at their best

For more on our commitment to Corporate Social Responsibility visit [**Avon Worldwide**](#).

Avon UK Gender Pay Gap Report, 2020

Prepared March 2021

