

Avon Modern Slavery Statement 2019

Introduction

Avon is committed to sourcing responsibly and to respecting human rights throughout our own business operations, within our own supply chain, and in the local communities in which we operate. As a responsible business Avon recognises that modern slavery is a complex human rights abuse, which can take many different forms. We are committed to invest time and resources to tackling this issue and we will collaborate widely with other businesses and stakeholders to eliminate slavery and human trafficking practices from worldwide supply chains.

This is Avon's fourth annual statement published in accordance with the Modern Slavery Act (2015). It relates to the activities of Avon Products Inc and its applicable, consolidated subsidiaries (collectively 'Avon' or the 'Company') for the 12-month financial reporting period ending 31st December 2019.

Our Integrity

Avon has proudly stood for women's empowerment since its founding, long before women's rights were widely recognised, and we continue to drive this powerful mission in the respect of human rights today.

The Avon culture is based on five core values: Trust, Respect, Belief, Humility and Integrity. Each plays a vital role in our global business operations. Integrity in particular means setting and observing the highest ethical standards in everything we do. By striving to always do the right thing, we ensure that our business is conducted in an ethical manner for our Avon Representatives, our customers in the communities we serve, our suppliers and our direct employees.

Our Business

Avon is a global retailer providing innovative, quality products to customers at competitive prices. Our product lines include Avon make-up, Avon fragrance, ANEW skincare, Skin so Soft and Advance Techniques. Avon also sells an extensive range of wellbeing products, jewellery, lingerie, accessories and gifts. In 2019 Avon had sales operations in 55 countries around the world and distributed our products in a further 24 countries or territories.

At the heart of Avon's business is a five million strong network of beauty advisors, our independent Avon Representatives. This inspiring community has been the driving force for women for more than 130 years, championing women and helping them succeed, making Avon 'a global force for women.'

Throughout 2019 Avon was focussed on implementing the long-term corporate strategy, launched at the end of 2018, to 'Open up Avon'. This strategy focuses on five core pillars:

- Rebooting direct selling
- Modernising the Avon brand
- Unlocking digital and e-commerce capabilities
- Becoming simpler and leaner
- Driving a performance culture

In 2019, Avon also launched **stand4her**; a global plan to create a better world for women with the intention to improve the lives of 100 million women every year. **Stand4her** seeks to help women break down the barriers still holding them back by giving them the freedom to earn through the power of beauty and helping them lead safe and healthy lives. It builds on Avon's legacy of supporting women by providing greater and more meaningful opportunities for Representatives, customers and associates, and for the women in our supply chains and the communities in which we operate.

In addition, in May 2019 Avon and Natura Cosméticos entered into a merger agreement. This agreement was concluded in January 2020 following which Avon became a wholly-owned subsidiary of Natura &Co Holding, S.A. ("Natura &Co").

Our Supply Chain and Ethical Standards

Our global Social Responsibility (SR) team work to ensure we meet our priority of trading ethically and sourcing responsibly. Avon products and components procured for re-sale are sourced from 2,251 direct suppliers in 55 countries. As with other brands and retailers, Avon's supply chain is complex and we face challenges when dealing with changing economic, political and environmental landscapes.

Avon is committed to supporting suppliers and their factories to improve working conditions in their production sites and supply chains. The SR team works directly with suppliers and factories to ensure that they demonstrate compliance with the requirements of [Avon's Social Responsibility Programme](#).

Avon has outlined its minimum expectations for all suppliers of goods or services in the Avon Supplier Code of Conduct, which has been reviewed and updated this year. The terms of the Avon Supplier Code of Conduct prohibit:

- The use of any form of forced labour – including prison, bonded and indentured labour
- Any engagement in, or support for human trafficking.

The Supplier Code of Conduct forms part of our contractual agreements with all suppliers and acceptance of these terms are a pre-requisite of working with us and for use of our online supplier master system. In 2019, as part of our work supporting the **stand4her** plan, Avon reviewed the [Supplier Code of Conduct](#) in conjunction with Business for Social Responsibility (BSR), a global non-profit. The terms of the Code were updated and launched in January 2020 and the revised terms explicitly reflect our commitment to gender empowerment and gender equality. The new terms give clear protections for women in our supply chain as well as other workers that may be more vulnerable to labour standards violations such as migrant workers. The updated Code is available online in 11 languages alongside training and further guidance for suppliers and factories – including our e-learning training modules and [Avon's Social Responsibility Guidebook for Suppliers](#).

Our Policies

Our code of conduct and responsible business policies are in place to ensure that people are treated respectfully by upholding internationally recognised human rights principles detailed in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the Universal Declaration of Human Rights. As a responsible business we have the following formal policies and employee engagement and grievance mechanisms in place:

- Workplace Violence policy
- Global anti-corruption policy
- Employment of young workers policy
- Code of Business Conduct & Ethics

In addition to the policies listed above, there are also established processes and procedures to allow associates to give feedback on the company's operations and raise any concerns or grievances they may have:

- Global Integrity Helpline
- Country and market-specific employee engagement forums
- Regular employee pulse surveys in key markets
- New associate 'lifecycle' surveys and check-ins – conducted with new associates after 30 days, 90 days and 12 months of joining Avon.

2019 also saw the launch of "Inside Avon"; our new, global online learning and communication platform for associates; opening another channel of support for all employees around the world.

Our Due Diligence Approach

Avon conducts regular ethical audits on factories that are in scope of our Social Responsibility Programme. Factories that are in-scope of the programme are sites making Avon branded or unbranded finished goods, Avon branded beauty product components, and in some circumstances Avon branded goods not-for-re-sale such as brochure printers and shopping bags manufacturers. Overall, in 2019 there were a total of 861 direct and indirect suppliers and 1,264 factories based in 45 different countries within scope of the programme.

Factories are audited to monitor compliance with the Avon Supplier Code of Conduct, which include the terms prohibiting the use of any form of forced labour, or any involvement in human trafficking.

The Avon ethical standards that all in-scope factories are audited against are as follows:

- Laws and Regulations
- Child Labour
- Forced Labour
- Human Rights & Worker Welfare
- Women's Rights
- Wages and Benefits
- Working Hours
- Health and Safety
- Environment & Land Rights
- Subcontracting
- Monitoring, Compliance & Communication

As part of our ongoing commitment to working with suppliers and factories that share the Avon values of honesty and integrity, and respect workers' rights, we aim to conduct full audits at all 'in scope' factories every two years. Our auditing process is a vital due diligence tool as it provides assurance that our suppliers and their factories understand their responsibility to comply with our ethical standards.

In 2019, Avon joined Sedex – a leading ethical trade membership organisation that helps companies track their supply chains and manage associated social and ethical risks. Throughout 2019 we have been working to ensure that our in-scope suppliers and factories are registered and linked to Avon

through Sedex. We aim to complete the onboarding of our in-scope suppliers during 2020 with the intention to use the supply chain visibility that this will provide, together with the enhanced analytics opportunities, to inform the way we address social and ethical risks – including modern slavery risks.

Due Diligence in 2019

In 2019, in conjunction with our appointed third-party auditing agency – Bureau Veritas, Avon conducted 279 Avon audits in 22 countries where production of Avon finished goods or branded goods/componentry takes place. In addition to the Avon audits conducted, we also accepted a further 165 audits conducted on behalf of other retailers or brands. These audits were conducted to robust, alternative audit methodologies such as SMETA. Finally, the on-going roll-out of Sedex has given us access to a further 141 audits conducted on behalf of other retailers or brands; giving us an additional layer of information on the sites that supply us.

Our auditing process is a vital due diligence tool as it provides assurance that our suppliers and their factories understand their responsibility to comply with our ethical standards.

In 2019 there were 4 findings related to involuntary labour raised in 3 separate Avon social audits:

Issues noted	Location	Actions
- Labour agency responsible for access to migrant workers' passports - Monitoring of workers' bathroom breaks	1 site in Malaysia	- Individual, locked storage installed in workers' dormitories and passports returned to workers for safe keeping. - Bathroom break register immediately scrapped and change in procedure communicated to supervisors and workers
Sites lacking procedures to check labour agency hiring policies and procedures to combat trafficking and forced labour	1 site in Poland	Site met with the agencies to understand their anti-human trafficking measures in hiring & recruitment process. The site and their agencies worked to ensure all relevant worker documentation (contracts, policies wage slips etc.) was made available in workers' native language as well as local language.
	1 site in Colombia	Site confirmed agency policies and procedures to combat human trafficking and modern slavery risks. Site reviewed and modified agency contracts to include responsible sourcing requirements.

Training

We have adapted our Social Responsibility Programme since joining Sedex in 2019, and throughout the year we have been explaining the changes in procedures and processes to stakeholders. We have given training and support to suppliers in all markets; helping them understand the Sedex membership process, the implications for Avon's audit requirements and to re-iterate Avon's commitment to responsible sourcing. We have also delivered training to 237 associates across Procurement, Buying and Product Development. We will continue to work closely with these key internal stakeholders to ensure that they understand social, ethical risks and modern slavery risks in the supply chains they are responsible for, and how tools like Sedex can support them in making good purchasing decisions.

Our Social Responsibility team is integral to our Procurement and Buying processes and sit alongside Buying and Procurement teams in our offices. If any associates have any concerns relating to Modern Slavery and Human Rights risks in the supply chain these are raised to the Social Responsibility team for further investigation.

Future Steps

To strengthen Avon's oversight of Modern Slavery and Human Trafficking risks in the supply chain, the following steps will be taken in 2020:

- Avon will continue to onboard in-scope suppliers and factories to Sedex in 2020, giving us more oversight into modern slavery and human trafficking risks in our supply chain, as well as other social and ethical risks.
- Avon will seek to identify additional areas of our operations and supply chain where modern slavery and human trafficking risks may be present. Where additional risk areas are identified we will focus our attention on ensuring the welfare of workers.
- Avon will further strengthen training programmes that are relevant to modern slavery and human trafficking risks.
- Avon will continue to seek opportunities to collaborate and participate with other brands, retailers and stakeholders on tackling common modern slavery and human rights risks.
- Avon will be working closely with new colleagues from the Natura & Co Group to integrate current policies and procedures relating to social responsibility, human rights and modern slavery due diligence.

Approval of Statement

This statement has been approved by the Board of Directors of Avon Products, Inc.