

AVON

THE BEAUTY OF DOING GOOD

**RESPONSIBLE
BUSINESS
REPORT 2017**



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About this report

This is Avon's 2017 Responsible Business report, detailing the progress we have made on our responsible business commitments. In 2016, we published a full report on our responsible business performance in 2015; in 2017, we published a summary on 2016 progress.

We periodically update the online content on avoncompany.com as needed, but we assume no obligation to update any of the information or statements in this report or on our website. Certain statements contained in this report about future developments and past occurrences are based on information and assumptions available as of the date of this report.

We conducted an internal review of all data and assertions contained in this report to ensure accuracy of the content. This report has not been reviewed, verified or assured by an independent third party.

Find out more about Avon's responsible business strategy and efforts online at avoncompany.com/corporate-responsibility/

This is an interactive PDF that is best viewed in Adobe.



Throughout the report we have highlighted relevant 2018 initiatives and commitments that are indicated by this icon.

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A message from our CEO

One of the principal reasons I joined Avon in February 2018 was because I was inspired by Avon's purpose. Avon is far more than just a beauty brand – it's a global movement with the clear purpose of empowering women and making a difference in people's lives. This commitment has been at the heart of what we do since Avon founder David H. McConnell created the first social selling company in 1886.

Today, as we build a modern and relevant Avon for our six million Representatives, their customers and our employees ("associates") around the world, it should come as no surprise that supporting women continues to be at the centre of how we do business. This support aligns closely with two of the UN Sustainable Development Goals: 'Gender equality' (SDG 5) and 'Decent work and economic growth' (SDG 8).

We have a unique opportunity to use our business model to confront the barriers that hold women back today. We help women succeed, in their own way and on their own terms – because their success is inextricably linked to Avon's success. As independent Avon Sales Representatives, women can work the hours they choose and build the business they want.

Through our Representatives **we have the power to activate a global movement of female micro-entrepreneurs.** Avon can make a difference by training and developing our Representatives as independent business owners. These women in turn support their families, communities and the broader economy, resulting in a positive "ripple effect" of women's empowerment. I'm proud of the work we have begun in 2018 to set up Avon Academies with the goal of reaching 500,000 people each month with training and up-skilling, from beauty sales and marketing, to financial management and digital literacy.

These empowerment principles also apply to our associates, the people who work for us. Through learning and development programmes and our Global Women's Strategy, we are supporting our workforce and **increasing the representation of women at all levels.**

We know women can only earn and be economically active if they are healthy and safe, and that's why our support for the causes that matter most to women is so important. In 2017, we introduced the **Avon Breast Cancer Promise**, a renewed multi-year commitment to educating women about breast health that builds on Avon's 25-year legacy of supporting



the breast cancer cause. In 2018, we launched the **Avon Promise to Help End Violence Against Women and Girls**, which expands our previous focus beyond domestic violence to address all forms of gender-based violence. Both Promises commit us to reaching 100 million women annually – and to really make a difference.

In building a modern and relevant Avon we also consider **our environmental impact** and **how we operate as a company** that makes and sells quality, responsibly sourced products.

For example, we have made significant achievements in reducing the environmental impact of our

operations, mainly through our 2020 environmental goals to reduce emissions, water and waste and in the way we responsibly source certain ingredients, such as palm oil. We recognise much more remains to be done and we are developing new goals that will further reduce the environmental impact of our products and packaging.

We take our commitment to operating as a responsible company seriously in all that we do, from implementing a robust "speak up" culture through our global Ethics & Compliance programme, to ensuring the safety of the ingredients we use in our products.

Avon began more than 130 years ago by giving women the opportunity to earn money, long before women's rights were widely recognised. The Avon that I joined earlier this year is rediscovering the power of that mission. I am eager to continue building our business into an even greater force for good, leveraging the huge impact of our global network to create positive change for millions of women and their friends around the world.

I invite you to read further to learn about the many actions we took in 2017 – and to see some highlights of the work we have done so far in 2018 – in pursuit of our purpose.

Jan Zijderveld
Chief Executive Officer
Avon Products, Inc.

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Avon at a glance

Avon is the company that for 130 years has proudly stood for beauty, innovation, optimism and, above all, for women. Avon products include well-recognised and beloved brands such as ANEW, Avon Color, Avon Care, Skin-So-Soft, and Advance Techniques sold through our Representatives.

At Avon, we believe women everywhere should be able to freely express themselves and their own beauty. We're committed to democratising beauty: making sure our customers all over the world have access to the latest beauty trends and innovations and quality products at accessible prices. We believe in beauty for all – helping women to look great and feel confident.

AS OF 31 DECEMBER 2017:



Approximately
25,000
associates worldwide

Total revenue
US\$5.7 billion

Top 3
brand across colour, skincare and fragrance in most markets

Approximately
6 million
active independent Avon Representatives

Over
US\$1 billion
donated to fight breast cancer, domestic violence and other causes

#1 word of mouth beauty brand offline

Sales operations in
56 countries and territories
View Avon's list of worldwide markets [here](#)

Products distributed in
18 additional countries and territories

In March 2016, the company separated from its North American business unit (in the United States, Canada and Puerto Rico). As a result, North American information is not included in this report, unless otherwise stated.

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59%
of our global workforce are women



AVON BREAST CANCER PROMISE

Launched the Avon Breast Cancer Promise: we will help every woman know the risks, know the signs and know how to take action



AVON PROMISE TO HELP END VIOLENCE AGAINST WOMEN & GIRLS

Donated more than **\$3.5 million** globally to help **end violence against women and girls**, and support victims and their families

Improve our environmental impact





Reduced water usage by more than **39%** since 2005 levels



Donated more than **\$6.7 million** globally in 2017 to support the **breast cancer cause**

AVON FOUNDATION for WOMEN

Avon Foundation for Women pledged its largest single donation of almost **£2 million** for victims of gender-based violence on **International Women's Day 2017**



Through the end of **2017**, nearly **92%** of Avon's brochure paper met our Paper Promise goal, **35%** of brochure paper was **FSC-certified** and **56% PEFC-certified**



Exceeded recycling rate target to **92%** (target: 90%)



We recorded only **37 safety incidents** globally, including lost time plus medical treatment beyond first-aid

Operate responsibly





Conducted **705 supplier** audits across **40 countries** as part of our social responsibility monitoring programme



96% of associates have a good or excellent understanding of the **Code of Conduct**, as reported in our global **Ethics & Compliance survey**



Began tracing palm oil supply from our top **10 suppliers** in 2017, achieving **92% traceability** by mid-2018

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Our responsible business commitment

In assessing the impact Avon has on the world, we identified two of the United Nations Sustainable Development Goals (SDGs) where, through our business model, we can make a unique contribution. The first is **SDG 5: helping to achieve gender equality and empowering women and girls** and the second is **SDG 8: promoting sustained, inclusive and sustainable growth, full and productive employment and decent work.**

Moreover, our support for women’s causes, as we educate women to know the signs and know the risks of breast cancer, and our work to help end violence against women and girls, supports **SDG 3: ensuring healthy lives and promoting wellbeing for all at all ages.**

That’s why “Be the company for women” is front and centre of our responsible business commitment. We aim to democratise beauty, help women succeed and support causes that matter most to them.

We do this whilst working to improve our environmental impact and operating as a company that makes and sells quality, responsibly sourced products – further contributing to many other SDGs in the process.



BE THE COMPANY FOR WOMEN

We have a unique opportunity to use our business model to address the economic and other barriers that hold women back today. We help women succeed, in their own way and on their own terms. We also support causes that matter most to women.

DRIVING CHANGE FOR WOMEN’S ECONOMIC EMPOWERMENT
 BUILDING A MOVEMENT OF FEMALE ENTREPRENEURS
 ADVANCING WOMEN IN OUR WORKFORCE
 OUR SUPPORT FOR WOMEN’S CAUSES



IMPROVE OUR ENVIRONMENTAL IMPACT

We work to reduce the environmental footprint of our global operations and products, and we are committed to tackling deforestation through the work we do on paper and palm oil.

REDUCING CARBON EMISSIONS
 WATER STEWARDSHIP
 WASTE AND RECOVERY
 SUSTAINABLE PACKAGING
 TACKLING DEFORESTATION



OPERATE RESPONSIBLY

We maintain a high level of ethical conduct and integrity in our activities, through greater transparency and accountability in our supply chain, the ingredients we use in our products, and the health, safety and development of our colleagues.

GREAT PLACE TO WORK
 ETHICS & COMPLIANCE
 RESPONSIBLE SUPPLIERS
 HEALTH & SAFETY
 PRODUCT INTEGRITY



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RESPONSIBLE BUSINESS GOVERNANCE

Corporate responsibility and sustainability is overseen by the Director of Corporate Social Responsibility & Sustainability, who reports to the Chief Communications Officer, who reports to the CEO. The Director of Corporate Social Responsibility & Sustainability works in a matrix structure in partnership with many teams and executives around the business to help create and implement strategies, policies and processes. The Director is also a member of the Corporate Responsibility Steering Committee.

The Steering Committee, composed of senior executives from supply chain, research and development, environmental affairs and regulatory, meets several times a year to review progress of key performance indicators, discuss emerging issues and risks arising from stakeholder engagement, agree upon resource allocation and prioritisation and ensure corporate responsibility and sustainability is integrated throughout the business.

MATERIAL ISSUES

This report focuses on the topics most material to Avon and our stakeholders. We routinely gather input from a variety of internal and external sources to ensure we are apprised of emerging issues.

Our sources include:

- Avon business objectives and strategies, policies, programmes and risk factors
- Company communications for external release
- Feedback and insights from associates, Representatives and customers
- Shareholder communications
- Traditional media coverage
- Online and social media outlets
- NGOs and industry trade groups
- Environmental, social and corporate governance reporting frameworks, including GRI
- Trending and emerging issues of relevance

To refresh our understanding of stakeholder priorities, we conducted a survey in 2016 inviting selected external stakeholders to contribute their views on our most material responsible business issues. Participants represented non-profits, civil society, academia, industry associations, investors, suppliers and business partners. The survey confirmed that our reporting addresses the most material issues to Avon and our stakeholders, as follows:

- Social issues (product quality and safety, human rights and product labelling)
- Employment and labour (gender equality, diversity and inclusion and fair labour practices at Avon facilities)
- Product and materials environmental impact (materials sourcing, raw ingredients, and forest and biodiversity protection)
- Operations environmental impact (water and wastewater management, greenhouse gas emissions, and waste and hazardous materials management)
- Governance (business ethics and transparency, anti-competitive behaviour and government relations and lobbying)

In 2017, we conducted extensive research to confirm whether we were focusing on the causes most relevant to our stakeholders. We interviewed global experts on women's issues, key senior stakeholders within the business and collected input and insights from over 6,000 of our Representatives and 500 of our own associates. The research confirmed that our support for women's causes (breast cancer and violence against women) were the right ones, but provided us with additional insights into the specific areas of these causes on which to focus. Women's economic participation emerged as a key area where we needed to renew our focus and efforts. This report highlights the changes in our cause focus areas based on this research.

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STAKEHOLDER ENGAGEMENT

Avon values the input of our stakeholders, including associates, Representatives, customers, suppliers, investors, local communities, non-profit partners, government regulators, special interest groups and non-governmental organisations (NGOs).

We maintain a dialogue with our stakeholder groups so we can better understand and incorporate their expectations into our business strategies and operations. Our key stakeholders, and the steps we take to engage them, are outlined in the table below.

1. Avon is a member of cosmetics associations in 41 markets in which we operate and direct selling associations in 27 markets.

2. Select non-governmental organisations that we engage with include WWF (around our paper use), TFT - The Forest Trust (around responsibly sourcing palm oil), and Institute for Invitro Sciences (around animal welfare).

STAKEHOLDER GROUP	TOOLS FOR ENGAGEMENT	MAIN AREAS OF ENGAGEMENT
 ASSOCIATES Office staff manufacturing staff	Global intranet Internal social networking site Email communications Regional newsletters “My Voice” culture survey	Company news Executive messages Spotlight achievements and share best practices Updates on relevant matters (e.g., new policies) HR & development messaging CSR/sustainability initiatives
 REPRESENTATIVES Approximately 6 million independent sales Representatives	Digital tools and training Face-to-face engagements Phone calls Online and in-person trainings	On-boarding for new Representatives Ongoing training Education on social causes Feedback on products, packaging, delivery, etc.
 CUSTOMERS End customers consumer organisations	Customer care teams Representatives Social networks Email and phone calls	Response to customer feedback/queries
 SUPPLIERS & PRODUCTION SITES Suppliers production sites/factories workers supplier auditors	Internal stakeholders (e.g., sourcing & buying, supply chain, social responsibility, legal teams) Third-party auditors	Supplier Code of Conduct compliance Production site audits Supplier training
 SHAREHOLDERS Institutional investors private investors	Annual shareholder meeting Investor relations Investor conferences	Earnings results communications Strategic communications
 INDUSTRY TRADE ASSOCIATIONS¹ Cosmetics industry direct selling organisations Chambers of Commerce	In-person meetings Email communications	Public affairs Legal & regulatory compliance Industry campaigns
 NON-PROFIT AND ADVOCACY GROUPS² NGOs trade organisations academic institutions	In-person meetings Email communications	Causes (breast cancer, violence against women and girls, women’s economic empowerment) Environmental issues (e.g., palm oil, paper use) Other issues (e.g., animal testing, product and ingredient safety)
 GOVERNMENT AFFAIRS AND POLICY MAKERS Government and public administration	In-person meetings Email communications	Legal and regulatory compliance Local, regional and global policy-making

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Be the company for women

We have a unique opportunity to use our business model to address the economic and other barriers that hold women back today. Avon helps women succeed, in their own way and on their own terms, while supporting the causes that matter most to women.

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Driving change for women's economic participation

Avon has always been a pioneer of women's economic participation. When Avon was founded more than 130 years ago, women gained financial independence by selling Avon beauty products, long before the concept of microfinance and flexible working even existed. To this day, our model still holds true. We extend credit to our Representatives in the form of products, making us one of the largest micro-lenders in the world. With minimal up-front investment, they can set up a business, and work the hours they choose, when they choose.



In 2018, we hosted two roundtable events in [London](#) and [New York](#) with leading advocates for women to discuss the status of women's economic participation across the world. The discussion focused on the importance of ensuring that current and future generations of girls and women can aspire to, and attain, economic parity for themselves and their families, on their own terms.

COLLABORATING TO SUPPORT WOMEN IN OUR VALUE CHAIN



As part of Avon's commitment to empowering women, we are members of the Business for Social Responsibility (BSR) [Business Action for Women](#)

(BAW), a coalition of leading companies committed to accelerating progress for women across company value chains. BAW allows us to work individually and collectively to advance progress for women by aligning our work with international frameworks and principles and developing programmes and strategies to support women. Through BAW, we aim to eliminate harassment and violence against women, increase the number of women in leadership positions in our global supply chain and empower women to lead on climate resilience. Avon is involved in BAW's work on advancing women in the supply chain and eliminating harassment and gender-based violence. This work is directly related to the SDGs we are committed to contributing towards: Goal 5 (Gender Equality) and Goal 8 (Decent Work and Economic Growth).

MARILDA'S STORY



Avon Representatives often go above and beyond in their daily work. But not many can claim to take

a canoe to reach their customers. Marilda's story is one of triumph over adversity; of determination to overcome the odds whatever the obstacles.

Born in a small village on the island of Marajó in Northern Brazil - a place so isolated it has its own currency, the Pracauba - Marilda grew up without access to electricity. At 24, she joined Avon and became an independent beauty entrepreneur, and her hard work paid off when she was accepted into the Avon Sales Leaders Programme. Piloting her 'rabeta' (a small motorised canoe), she travels from island to island, recruiting and developing new Representatives. In just two years she has brought 100 women into the Avon family, empowering them to transform their lives and their communities.

Her story shows that when individual entrepreneurial talent meets a company with a purpose like Avon, together we can break down the barriers to success for women worldwide.

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Building a movement of female entrepreneurs

Avon has an unparalleled record of supporting women, providing opportunities, helping build confidence and networks and enabling them to be successful independent business owners.

At the heart of our business are more than six million beauty entrepreneurs – our Representatives – providing more than 100 million customers throughout the world with products they love and the personalised support they desire. We've built the largest network of female entrepreneurs, regardless of their background, age, education and social status, and each year we invest millions in training and support so they can become successful. In turn, they can support their families, communities and the broader economy. And as their earnings grow from selling beauty products, our business grows: their success is our success.

SUPPORTING OUR REPRESENTATIVES TO ACHIEVE SUCCESS

In 2017, we held a global training workshop where training managers developed a three-year Representative training strategy for their markets that provides tailored training based on experience, needs and expectations. The strategy focuses on a range of training and development opportunities for both new and established Representatives to support them in growing their businesses and increasing their earnings opportunity with an increased focus on digital and online training.

We increased the emphasis on online training methods in 2017 through the My Avon e-learning platform, using more informal digital bite-size training like YouTube or WhatsApp tutorials. These trainings supplement more traditional face-to-face and group training sessions for a blended learning approach.

Representative trainings focus on four key areas:

Product: Training aimed at enhancing Avon product knowledge, including product ingredients, usage and features.



The Avon Ukraine Make-Up Academy trained Representatives through live YouTube training on AvonTV using internal experts and beauty experts from a leading Ukrainian make-up school.

Selling methods: Training focused on helping Representatives increase earnings through different selling techniques, educating them on social selling and online marketing.



Sales Leader Academy course in Hungary.

Customer: Training focused on how Representatives can grow their customer base and deliver good customer service.

For example, the New Representative Development Programme (NRDP) attracts, develops and retains new Representatives by introducing Avon products and providing opportunities for expanding their customer base by offering incentives such as packs of products and free gifts.

Other skills development: Training that supports Representatives to develop skills in communication, active listening, influencing and digital selling.

For example, in Lithuania, we launched a digital ambassadors programme to help Representatives, Zone Managers and Sales Leaders grow their business using Avon digital tools. Digital ambassadors are selected based on their social media activity and willingness to share their knowledge with others.



Digital ambassadors in Lithuania sharing their knowledge online.

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BUILDING A MOVEMENT OF FEMALE ENTREPRENEURS

AVON FOUNDATION GLOBAL SCHOLARSHIP PROGRAMME

The Avon Foundation offers a global scholarship programme to support the educational growth of Avon Representatives, their families and Avon associates' families. The Foundation has awarded nearly \$9 million to nearly 3,600 recipients since the programme's inception in 2001. In 2017, the Foundation awarded scholarships for educational expenses to more than 175 [achievers](#) from 22 countries. Previously offered to only certain categories of Representatives and their families, [in 2018](#) scholarships will be available to all Representatives and their children and grandchildren. The Foundation is further increasing accessibility by translating the application guidelines into more languages to enable more people to apply, with the aim of doubling the number of people who receive scholarships.



In 2018, we are focused on enhancing the Representative experience through increased training and transforming digital capabilities. We launched the Avon Academy in 2018 with the ambition of reaching 500,000 of our beauty entrepreneurs each month with training and up-skilling, from beauty to sales and marketing, to financial management and digital literacy. Also in 2018, we developed the [Avon Digital Innovation University](#) to help upskill Sales Training Teams to ensure they are fully equipped to support Avon's beauty entrepreneurs to achieve success in social selling, and help their businesses prosper. We invested \$200 million to get our beauty entrepreneurs online, launching a fully digitised, mobile-enabled [e-interactive brochure](#). Representatives can now connect quickly with their customers with a personalised digital shopping cart. The e-brochure also includes real-time analytics to help track best-selling products, individual preferences, and to respond to Representative and customer needs. Using data-driven insights to tailor training and incentives, as well as improving interactions with consumers, will increase our beauty entrepreneurs' earnings potential and expand their learning opportunities.



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Advancing women in our workforce

"Advancing Women" is a key pillar of our people strategy and we strive to attract and retain high performing female talent as well as fostering an equitable and inclusive workplace.

WOMEN ASSOCIATES BY LEVEL OF EMPLOYMENT

Avon directly employs approximately 25,000 employees ("associates") globally, working in roles ranging from commercial operations, supply chain, research & development and corporate support functions.

Women are in the majority in most areas of our company, constituting 59% of our overall workforce as at the end of 2017. At senior levels, 43% of senior leaders (director and above) and 33% of the Executive and Management Committee were female.

PERCENTAGE OF WOMEN (2017)



*Defined as the executive committee, general managers and heads of key functions

** Defined as directors and above

Company-wide female representation has increased since launching our Global Women's Strategy in 2014. In fact, at every level, Avon outperforms the average global organisation's female representation (as verified by external [research](#)). However, we do see lower representation at our most senior levels. Avon is committed to raising the bar and continuing to advance women through ongoing local market commitments such as targeted programmes, several of which are highlighted on the next pages.

AVON IS A FOUNDING PARTNER OF CATALYST CEO CHAMPIONS FOR CHANGE



On March 8, 2017, in celebration of International Women's Day, Avon joined 44 companies as a founding partner of Catalyst's CEO Champions for Change initiative. Catalyst is a leading global non-profit organisation working to advance diversity, inclusion and gender equality at work.

CEO Champions for Change convenes more than 40 high-profile global CEOs and senior leaders who have publicly committed to advancing diversity and inclusion in their organisations. The founding companies of Catalyst CEO Champions for Change represent more than 9 million employees and more than \$1.5 trillion dollars in revenue globally. As a long-term advocate and role model for empowering women, former CEO Sheri McCoy was Avon's CEO champion in 2017. Our current CEO, Jan Zijderveld, enthusiastically continued this role when he joined Avon in 2018.

GLOBAL WOMEN'S STRATEGY

We developed our Global Women's Strategy (GWS) in 2014 with the overarching ambition to be the preeminent employer for women globally. The GWS is designed to deliver an employment proposition that addresses the specific needs and aspirations of our female associates, as well as providing the opportunity and working conditions for women to thrive in their work and lives.

The GWS spans ten major markets, comprising around 70% of our associate base, and identifies four key action areas in support of Avon's female associates:

- Talent pipeline development
- Flexible working policy and practice
- Benefits
- Pay equity

Whilst we took a global approach to developing the strategic framework and supporting tools, we encourage our markets to have freedom within this framework to adopt and implement locally as relevant and appropriate.

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ADVANCING WOMEN IN OUR WORKFORCE

Talent pipeline development

Improving the representation of women at all levels across the organisation has been a key focus of the GWS since inception. We continued to raise the bar during 2017, increasing our pipeline of female talent at entry, management and senior leadership levels. Following are a few notable highlights from across our key markets and functions.

SOUTH AFRICA: IMPROVING ACCESS TO THE MANAGEMENT PIPELINE FOR MORE WOMEN

Avon South Africa developed and piloted a management training programme in partnership with Henley University to improve managers' leadership capabilities and operational skills in late 2016. Due to the programme's success, Avon South Africa extended it in 2017 and ensured a good representation of women delegates to help increase the pipeline of women ready to take on managerial roles. Over the course of two four-month programmes, 66 Avon associates participated, of whom 59% were female and 47% from minority backgrounds. Eighty percent of programme participants gained a manager role and the overall manager pipeline in Avon South Africa has increased from 30% to 45% female as a result.

“Most important to me was learning who I am as an individual and as a leader, it unleashed my creativity which I thought never actually existed.”

LEIGH-ANNE PHAWENI
Digital Project Manager

BRAZIL: REMOVING BARRIERS TO ENTRY FOR WOMEN IN SUPPLY CHAIN



Female Avon Brazil associate training on a forklift

After identifying a low representation of women in key supply chain operational roles in Avon Brazil, the manufacturing management team held focus groups during 2017 with female associates to understand their career aspirations and uncover barriers preventing them from applying for certain roles. The team uncovered a perception within the organisation that certain development, training and job opportunities were only suitable for male colleagues, resulting in limited prospects for women in operations. This finding was further supported by an external [Women in Manufacturing Study](#) which identified a perceived lack of promotion opportunities as a key barrier to the attraction, retention and advancement of women in manufacturing globally.

To challenge this gender stereotype, the Avon Brazil team set a goal to increase women's participation in certain roles by developing specific capabilities.

The team chose to focus on forklift operator training, a role that was fully held by males at the time, by developing a training session for women. Many female associates immediately applied for the first training opportunities at the pilot distribution centre. The pilot was so successful it was rolled out to other distribution centres in Brazil. To date, 40 women have completed their forklift operator training, and 10% have been promoted into the role, with many more women now training and in the priority pipeline to fill forklift operator roles as they become available.

LATIN AMERICA: ADVANCING WOMEN INTO LEADERSHIP



Members of the Gender Equality Committee

Avon's Latin American region has developed a strategy to help improve the representation of women in leadership through the Women in Leadership (WIL) Programme. The two year programme began in 2015 in Brazil, Chile, Colombia, and Mexico and expanded to Peru and Ecuador, with more than 100 women involved. WIL's goal is to give high potential women in mid-level roles the tools and long-term support they need to ascend the ranks towards leadership positions. Since completing the programme, 18% of participants in the inaugural class have been promoted to director level, and 27% have had development opportunities through changes in their position (lateral moves or promotion).

Avon has encouraged participants to take an active role in designing new classes. Marcela Sanudo, a Senior HR Manager in Avon Colombia, graduated from the programme and is now sharing her knowledge and experience with the next generation of women through a women's circle. Sanudo and her fellow WIL participants also created Gender Equality Committees in Colombia, Ecuador and Peru. The committees unite employees to develop initiatives that help elevate female talent throughout the organisation.

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ADVANCING WOMEN IN OUR WORKFORCE

Flexible working policies and practices

Globally, we encourage and support both formal and informal approaches to ways of working that best balance the needs and goals of individuals and teams. Under the GWS framework, initial research and pilots of different types of flexible work enabled the production of a Global Flexible Working toolkit with policies and practices that can be adapted locally.

Since 2014 we have introduced a wide range of flexible working practices across all our major geographies. These practices have helped instil a culture of flexibility that enables our associates to achieve both their work and life goals.

Our markets continually raise the bar on flexible working. Some developments that began in 2017 include:



South Africa: A flex-time (flexible start and end times) policy is sent to all new employees upon starting, is available on the Intranet and is included in induction training. Currently 10% of the office-based working population have a formal working from home arrangement in place.



Mexico: A renewed focus on flexibility has resulted in the introduction of formal policies for flex-time, home office working (currently 132 associates are supported with full home office benefits), and a series of Work-Life Balance workshops.



Russia: To enable a better uptake of the flex-time and home working policies introduced in prior years, in 2017 Avon Russia undertook a significant upgrade and investment in technology by providing more laptop computers to associates.

Benefits

A key pillar of our GWS includes a detailed external benchmarking exercise across our top markets to assess how competitive and attractive local benefits packages were to our associates, with a focus on those packages targeted towards women and families. As a result, since 2014 we have made many improvements to local offerings including extensions to maternity, paternity and parental leave; to a range of family-focused options including support for new parents, family healthcare, child and elder care, wellbeing programmes and family-focused events. Some notable 2017 examples include:



Colombia: Introduced preferential parking, breastfeeding rooms and maternity gift baskets for expecting and returning mothers.



Argentina: Partnered with local government as the first company in Argentina to introduce paid leave and support for any associates who are experiencing gender-based violence. Read more in the [Helping End Violence Against Women and Girls section](#).



Turkey: Introduced maternity coaching pre- and post-leave and the opportunity to work from home for two months post-maternity.

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ADVANCING WOMEN IN OUR WORKFORCE

Leading the way on pay equity

As the company for women, Avon has committed to taking a proactive approach toward the global elimination of pay disparities based on gender. Central to our Global Women's Strategy, we are proud of establishing fair and equitable pay practices globally by addressing processes and practices that may create any unintended gender disparities.

While many companies are beginning to incorporate pay equity analyses into their inclusion and compensation strategies, Avon stands as a pioneer in this area. To achieve our commitment to equal pay for equal work, we have instituted a disciplined, regular and robust analytic methodology and review of our pay practices, conducted by an independent consultancy. We began this process several years ago and since 2014 we have used the Global Women's Strategy as a catalyst to rigorously apply and systematically expand it globally. This systematic analysis – and any actions taken as a result – now forms a routine part of our compensation review cycle and is a key enabler of our pay equity goals.



While we are proud of the continued progress across our global footprint to advance women, we realise there is always more that can be done and we remain committed to raising the bar. Select 2018 activities include:

UK: We established a new Gender Working Group in late 2017 in response to the UK Gender Pay Gap reporting exercise, holding focus groups to determine key local focus areas going forward. Plans for 2018 include a pilot of interactive online development tools for our female associates, a focus on career development, unconscious bias and inclusive leadership training and a renewed focus on further encouraging a culture of flexibility, with new work-life balance options under consideration.

Argentina: With the presidency of the W20 (Women's 20 initiative aligned to the G20 agenda) handing over to Argentina in 2018, Avon Argentina will play an active role in a series of external workshops focused on closing the gender gap in the labour market, helping shape the national dialogue and recommendations moving forward.

Global Functions: During 2017 we conducted a deep dive review of gender diversity across our corporate functions and identified the opportunity to improve female representation across our Supply Chain and IT functions. We have established clear goals and action plans for 2018 and beyond.



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Our support for women's causes

With our network of six million Representatives, Avon has the unique ability to educate and mobilise people worldwide on issues that are of vital importance to women. Supporting women's causes globally is at our core and we have a long history of supporting the breast cancer cause and helping to end violence against women.

In 2017, we conducted an extensive piece of research exploring the issues that matter most to women around the world to determine how we could evolve our support for those issues. We interviewed global experts on women's issues, women's rights experts in eight key markets and senior stakeholders within the business. We also collected input and insights from more than 6,000 Representatives and 500 associates.

The message we heard back was clear. Breast cancer and violence against women are issues that remain immensely important to women around the world. Expert interviews and desk research emphasised that these causes still desperately need support and investment. This insight helped us reinvigorate our efforts in both issues. In these areas, we believe it is important to have a consistent framework where we can leverage our expertise globally and identify where Avon can make the most difference. We aim to improve education and accountability, while also reducing the social stigma that sometimes keeps these issues hidden.

The research also highlighted the significance of economic empowerment in the landscape of women's issues. This is an issue that has been at the heart of Avon since we were founded in 1886: offering women a means to participate in the economy and access to earning opportunities. See "[Building a movement of female entrepreneurs](#)" for more detail on our commitment.

HOW WE ENGAGE WITH PEOPLE AROUND OUR CAUSES

Avon has a unique opportunity to raise awareness and mobilise support for causes by leveraging our vast network of Representatives. Our Representatives sell special products to raise funds that enable Avon to support local NGOs, they disseminate educational messaging through Avon brochures and they have conversations with their customers about the issues Avon is championing.



Breast cancer educational messaging in Avon brochure in Argentina

AVON FOUNDATION for WOMEN

The Avon Foundation for Women ("Avon Foundation") is a U.S.-based 501(c) (3) public charity focused on issues that matter most to women.

Since its inception in 1955, the Avon Foundation has promoted or aided charitable, scientific, educational, and humanitarian activities with a special emphasis on those that improve the lives of women and their families. The Avon Foundation works in partnership with affiliate Avon Foundations and Avon markets around the world.

The Avon Foundation has received financial support to fund its mission initiatives from Avon Products, Inc., and its recently separated North American business, now known as New Avon LLC, through special product sales and financial donations. Direct donations from the public also fund the Foundation.

In 2017, the Avon Foundation funded some programmes in the United States. Therefore, we have included some U.S. case studies and programmes in this report. At the end of 2017, with New Avon LLC fully separated from Avon Products, Inc., the Avon Foundation simultaneously shifted its focus on its causes to countries outside of North America.

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Avon Breast Cancer Promise



Breast health aware. Every woman. Every day.

Distributed \$6.7M globally in 2017 to support the Breast Cancer Promise through grants and donations, Avon education campaigns and other awareness events	277,436 women received free breast cancer screenings
Over 440 events held globally by markets delivering the Breast Cancer Promise and over 514,000 attendees	Reached 36.2M people about the Breast Cancer cause, through digital channels, events, grants and donations and cause messaging in printed materials

Avon has been at the forefront of the fight against breast cancer since 1992 when we launched the Avon Breast Cancer Crusade. Over the last 25 years, with the support of our Representatives, associates and customers worldwide, Avon and the Avon Foundation for Women have donated more than \$800 million to breast cancer causes, educated 180 million women about the disease, and funded breast health screenings for more than 20 million women.

In 2017, we renewed our global support of breast cancer with the launch of the [Avon Breast Cancer Promise](#), a multi-year commitment to educating women about breast health. At Avon, we believe that no woman should die because she was left in the dark about breast cancer. Yet too many women still aren't aware of their risks, and don't know what signs to look for, or what to do and where to go if they have concerns. The Promise commits us to reach 100 million women annually to ensure every woman knows the risks and signs of breast cancer, and how and when to take action to protect her breast health.

HOW WE DETERMINED OUR FOCUS ON BREAST HEALTH EDUCATION

Our decision to focus the Breast Cancer Promise on education stemmed from a 2017 global survey we conducted of 19,000 Representatives in 15 countries on their knowledge of breast cancer risks and signs. The findings showed a knowledge gap amongst women globally about the symptoms of breast cancer and how to lower the risk of developing the disease. See more data [here](#).



PARTNERING WITH EXPERTS AROUND THE WORLD

We're proud of what we and our Representatives have done to support the breast cancer cause. But we know there is much more to do, and we know we can't do it alone. We are committed to working in partnership every step of the way with breast cancer educators, NGOs, health organisations and medical institutions to deliver greater public awareness of breast cancer and ensure every woman knows how to take action.

In 2018, the Avon Foundation convened a [global stakeholder advisory board](#) of leading breast cancer organisations from Argentina, Brazil, the Philippines, Romania, Russia, Turkey and the U.K., to advise, guide and partner with us on our global breast health education. The board will ensure our educational messaging is accurate and relevant for the markets in which Avon operates. Also in 2018, through a grant from the Avon Foundation, we launched a partnership with Cancer Research UK to provide expertise to support the development of global breast health educational messaging and tools.

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AVON BREAST CANCER PROMISE

Global breast cancer activities: Highlights from Avon markets



AVON BRAZIL DEDICATES ENTIRE MONTH OF ACTIVITIES TO THE BREAST CANCER CAUSE

During "Pink October", Avon held 34 events across the country that engaged 107,000 people – a combination of Representatives, associates and the public. The signature public event was the fifth edition of "Spin for Life", which featured the iconic pink Ferris wheel to signify the ups and downs women experience when faced with breast cancer. This annual event focuses on early detection and includes a "Pink Studio" where celebrities and specialists gather to discuss the signs and symptoms of the disease. Over seven days, 89,000 people attended the event and clinicians performed 514 mammograms in mobile units.



AVON MEXICO RAISES AWARENESS ABOUT THE IMPORTANCE OF SELF-EXAMINATION AND EARLY DETECTION OF BREAST CANCER

In partnership with Mexican NGO, FUCAM, Avon funded mobile mammography units outside Avon's Mexico City office and a factory in Celaya and offered free examinations to female associates and their relatives, as well as to employees of other companies; follow-up appointments with specialists were scheduled as needed. Avon also placed the mobile units at two of the Avon Walks in Mexico that were available to all women who participated in these events. More than 350 women received free screenings.



AVON TURKEY CONTINUES ITS "PINK HAIR MOVEMENT" IN PARTNERSHIP WITH THE TURKISH CANCER SOCIETY

Celebrities and bloggers supported the campaign by donning pink hair wigs to educate women about early detection by self-checking. Digital activations included a Facebook profile photo application to change a user's hair colour to pink and included the hashtag #kafayataktik, "on our heads". Avon reached 6,000 women through "Pink Centres" in shopping malls in October with private self-examination kiosks, complemented by a step-by-step video and free mammograms to women. Passers-by received pink hair extensions and breast cancer care brochures. The campaign reached 7.3 million people through digital and conventional media channels and received several awards.

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AVON BREAST CANCER PROMISE

Global breast cancer activities: Highlights from Avon markets



AVON ARGENTINA LAUNCHES “FACE UP TO BREAST CANCER” TO INCREASE THE NUMBER OF WOMEN WHO GET ANNUAL MAMMOGRAMS

A 2016 local survey found that while women knew getting an annual mammogram was necessary, there was a gap in knowledge and action, with substantially fewer going for mammograms. The campaign was fronted by Avon ambassador and local celebrity Natalia Oreiro, who urged women to “Face Up To Breast Cancer” and get their mammograms. The campaign reached more than 20 million people, and 5,000 Argentine women received a free mammogram through the campaign.



AVON PHILIPPINES AND THE PHILIPPINE CANCER SOCIETY RUN THE “PINK MINUTE”, TO EDUCATE WOMEN ABOUT THE IMPORTANCE OF REGULAR BREAST SELF-EXAMINATIONS

The goal of this campaign was to compel women to make self-exams a regular habit. Through the Pink Minute Hotline, Avon offered free consultation services in partnership with the Philippine Cancer Society to women who needed professional breast health guidance. Additionally, Avon provided free check-ups to 1,174 Representatives, their family members and friends through “Pink Day” held in 13 Avon branches.

AVON 39 WALKS END 15-YEAR SERIES IN 2017

Avon 39 *The Walk To End Breast Cancer* ended at the close of its 15th season. Since they began in 1992 as the Avon Walk for Breast Cancer, the walks drew more than 235,000 participants and raised nearly \$620 million to support research and access to care initiatives in the United States. Avon Products, Inc. no longer has commercial operations in the United States and we have shifted our focus to educate women through our new Breast Cancer Promise in our global markets.

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Avon Promise to Help End Violence Against Women and Girls



Distributed more than \$3.5M globally in 2017 to end domestic violence and support victims and their families through grants and donations, Avon education campaigns and other awareness events	
Reached 12.5M people about violence against women and girls through digital channels, events, grants & donations and cause messaging in printed materials	879,000 people attended violence against women and girls events or activities in 2017, at over 420 events held by the markets
Funded 14 helplines and 37 refuges/shelters in 2017	

Violence against women and girls is an epidemic: one in three women worldwide will be a victim in her lifetime. Intimate partner violence does not discriminate, and it can affect anyone, regardless of income, race, ethnicity, sexual orientation, or religion.

What's more, domestic violence has historically been a taboo subject, but in 2004, Avon set out to change that through the Avon Speak Out Against Domestic Violence programme. Speak Out aimed to raise awareness, educate, and support prevention and direct service programmes. Since 2004, Avon and the Avon Foundation for Women have contributed more than \$60 million globally to support these goals and have educated 30 million people about healthy relationships and intimate partner violence.



Justice Institutes on Gender-Based Violence

The Justice Institute on Gender-Based Violence, funded by the Avon Foundation and led by NGO partner Vital Voices, is an innovative training programme to coordinate criminal justice responses to violence against women. The goal of each Institute is to improve victim protection efforts and the criminal justice response to domestic violence by ensuring existing domestic violence and sexual assault laws better protect victims of domestic and gender violence. In 2017, the Avon Foundation convened Justice Institutes in Toluca, Mexico; Santiago, Chile; Bucharest, Romania; and Medellin, Colombia. Instituto Avon (Brazil) funded three Institutes in Brasilia, São Paulo and Fortaleza, Brazil. Avon convened 17 Institutes in 10 countries in 2017.



In 2018, the Avon Foundation launched the new Avon Promise to Help End Violence Against Women and Girls. The Promise commits Avon to encourage conversation about violence, provide information to help people recognise and respond to violence safely and improve support by working with local and global organisations.

International Women's Day: Avon and Avon Foundation Grant Nearly £2 Million for Victims of Violence

To celebrate International Women's Day (IWD), Avon-an official IWD 2017 sponsor-and the Avon Foundation pledged its largest single donation, nearly £2 million, for female victims of gender-based violence. The grant included £1 million to help front-line domestic violence services in Argentina, Romania, South Africa and the UK, as well as US\$1 million to Vital Voices Global Partnership to fund The Justice Institute on Gender-Based Violence in 10 new markets. At an event held in London on March 8, Avon UK and UK domestic abuse charity Refuge launched Avon's 'Define the Line' campaign, which shone a light on abusers' coercive control and systematic, patterned and purposeful behaviour intended to control a partner. The public event included a panel discussion and educational interactive stations from Avon markets around the world, including the Avon Argentina virtual reality project in which guests wore headsets to experience what it is to be a victim of verbal partner abuse and intimidation.



AVON PROMISE TO HELP END VIOLENCE AGAINST WOMEN AND GIRLS

Global activities to help end violence against women and girls: Highlights from Avon markets



ARGENTINA

PIONEERING PAID LEAVE FOR VICTIMS OF GENDER-BASED VIOLENCE IN ARGENTINA

In 2017, Avon and the Avon Foundation in Argentina launched a pioneering policy offering paid leave for associates who are victims of gender-based violence. The policy, Argentina's first gender-based violence leave policy offered by a company, provides a legal framework for affected Avon associates to receive 10 continuous or non-continuous paid days off to address their situation. Avon also provides confidential support for the affected associates in exiting the abusive situation, with the involvement of external experts. Since the policy's implementation in August 2017, Avon Argentina has seen a 50% increase in enquiries and requests for assistance in addressing situations of intimate partner violence. In 2018, the legislature of the city of Buenos Aires formally recognised Avon's policy. As part of this commitment, Avon Argentina has trained associates to identify violent situations and have the tools to help them or others safely exit a violent situation. Training of Representatives began in 2018.



SOUTH AFRICA

COMMUNITY MEMBERS LIGHT CANDLES COMMEMORATING VICTIMS AND SURVIVORS OF GENDER-BASED ABUSE

Avon South Africa held a candle lighting ceremony in Polokwane to mobilise and engage with the community to oppose violence against women and girls. According to the South Africa Medical Research Council, this specific region had been identified in 2012 and 2014 as one with the highest rate of domestic violence in the country. Avon donated the proceeds of ticket sales to the NGO People Opposing Women Abuse.



HUNGARY

AVON HUNGARY CREATES PREVENTION PROGRAMME FOR STUDENTS IN COOPERATION WITH NGO HUNGARIAN INTERCHURCH AID

The goal of this was to help draw students' attention to domestic violence, trafficking and prostitution. This programme was part of a campaign entitled "You do not have to live in violence. There is another way! You have the right to it!" Students received information on where they should seek help if they were in trouble and what they should do if they found themselves in a dangerous situation. In 2017, the programme reached 779 students and 339 participated in trainings.

AVON CROATIA AND BOSNIA AND HERZEGOVINA

*"Imala sam pune ruke
Tog dana on je došao kući
kesica, saptela sam se
pijan i počeo me udarati
i pala niz stepenice."
po licu i tijelu.*

*My hands were full of grocery
store bags,
That day he came home drunk,
I stumbled,
he started hitting me,
and fell down the stairs"
all over my face and body.*

AVON CROATIA AND BOSNIA AND HERZEGOVINA MARKS 16 DAYS OF ACTIVISM WITH 'READ BETWEEN THE LINES' CAMPAIGN

In these countries, domestic abuse victims often cover up the truth because of shame. This awareness campaign cleverly used subtitles to tell the real stories behind women's bruises and injuries. Actors Zana Marjanović in [Bosnia and Herzegovina](#), and Marijana Mikulić and Slavko Sobin in [Croatia](#) supported the campaign and Avon created websites with a section for women to anonymously tell their stories and to seek help.

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Improve our environmental impact

Climate change is one of the most significant threats facing the planet today and has the potential to affect our business. We recognise that for Avon to operate sustainably, we must be mindful about how we use our planet's resources.

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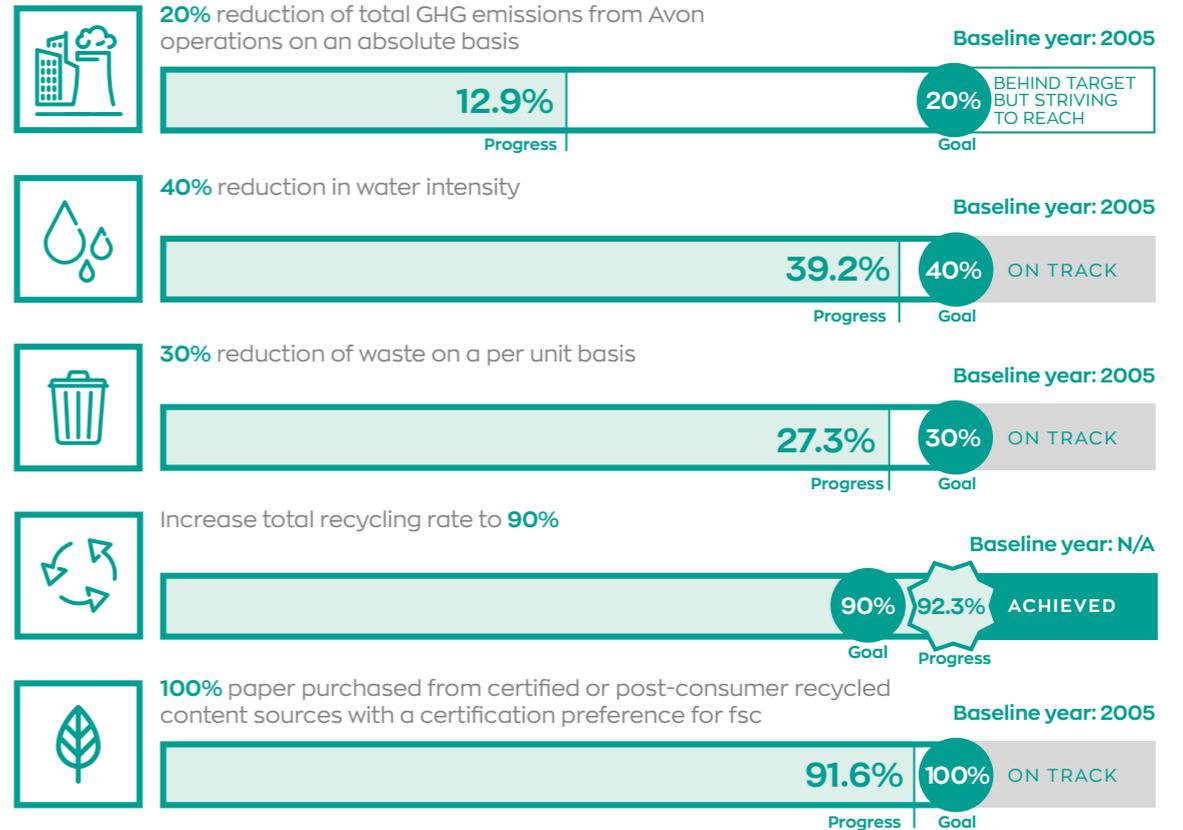
Progress towards our environmental goals

We work to continually reduce our environmental footprint and responsibly manage our global operations. Our worldwide environmental management team is committed to implementing our policies, processes and goals, and we are proud of the progress we've made to date.

Our operations have made substantial reductions in greenhouse gas (GHG) emissions and water and waste intensity. In 2017, we reduced GHG emissions by 3.9% on an absolute basis from 2016, made significant progress toward our water reduction goal by reducing water consumption by 8.2%, and exceeded our 2020 recycling target by achieving an overall company-wide recycling rate of 92.3%. As a significant user of paper in our brochures and printed materials, Avon is committed to helping end deforestation through our Paper Promise and our brochure paper is nearly 92% FSC certified or post-consumer recycled. We are also committed to the responsible sourcing of palm oil through our Palm Oil Promise and made significant strides on traceability in 2017, enabling us to reach 92% traceability for our top 10 suppliers, representing more than 75% of our palm volumes, by mid-2018.

Overall, we made good progress in 2017 to reach our long-term, 2020 goals set in our 2005 Global Strategic Environmental Improvement Plan ("the Plan"), designed to reduce Avon's environmental footprint, reduce costs and overheads and have all Avon sites and our global environmental network contributing to the plan's success.

AVON'S LONG-TERM 2020 ENVIRONMENTAL GOALS AND 2017 PROGRESS*



*2005 baseline figures have been revised to reflect minor errors in previous reporting periods. All restatements do not materially affect our reported progress against goals.

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PROGRESS TOWARDS OUR ENVIRONMENTAL GOALS



Reducing carbon emissions

PROGRESS TOWARDS GOAL: 12.9% | GOAL: 20%

We continued to progress towards our 2020 carbon reduction goal in 2017, reducing greenhouse gas emissions by 12.9% on an absolute basis from our 2005 baseline. However, despite this reduction, we remain behind on our target of a 20% emissions reduction by 2020, in part due to our separation from the North American business in 2016, which meant there were fewer locations where we had zero emissions contracts in place that were helping us meet our emissions goal.

We are striving towards our 2020 goal by evaluating possible on-site renewable energy-generating projects such as solar power and by purchasing renewable energy

certificates, such as GOs (Guarantee of Origin certificates that certifies that energy generated is from a renewable source) and I-RECs (another certification that energy is from a renewable source, recognised internationally).

Our renewed focus is on energy efficiency projects. For example, in 2017 at our Brazil manufacturing sites we completed an LED lighting upgrade resulting in energy savings and carbon reductions. Additionally, at our operations in Brazil and Mexico, programmable timers were installed on mechanical equipment, such as chillers, to optimise energy consumption based on external temperatures.



Beyond 2020, we will update our environmental goals and targets including evaluating whether to set Science Based Targets (SBTs) to help guide our ongoing carbon reduction efforts.

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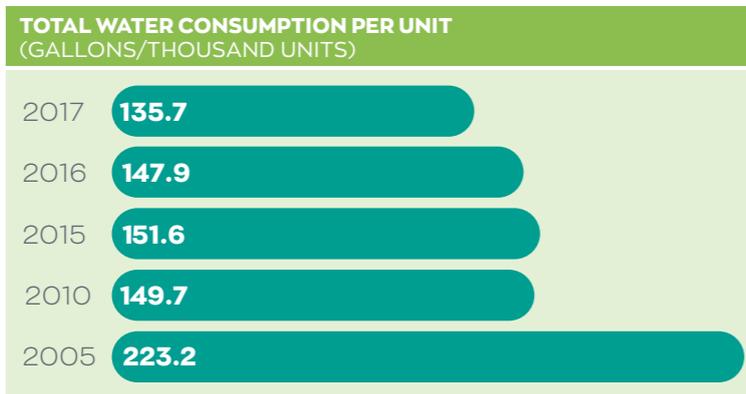
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PROGRESS TOWARDS OUR ENVIRONMENTAL GOALS



Water stewardship

PROGRESS TOWARDS GOAL: 39.2% | GOAL: 40%



We have almost met our 2020 water consumption target and made good progress in 2017, achieving a 39.2% per unit reduction since 2005, mainly from the ongoing optimisation of equipment cleaning practices. Our locations in China and India have achieved and maintained zero wastewater discharge, resulting in significant water savings in regions where water scarcity is highest.



To obtain large scale water reductions in the future, we are exploring additional opportunities for tertiary treatment of our wastewater effluent for reuse as non-contact water in facilities.



Waste and recovery

WASTE PROGRESS TOWARDS GOAL: 27.3% | GOAL: 30%
RECOVERY PROGRESS TOWARDS GOAL: 92.2% | GOAL: 90%



Avon has reduced solid waste and increased recycling rates at manufacturing facilities through programmes that convert waste to energy, reuse wastewater sludge and educate global manufacturing associates on ways to reduce waste. These activities resulted in significant cost savings for the company.

In 2017, we increased our recycling rate to 92.3%, and although we have surpassed our 2020 target of 90%, we want to go further and are striving towards achieving zero-waste to landfill. Our UK distribution centre in Corby has achieved this, and as facilities worldwide continue to improve their material recycling, several other Avon locations have achieved zero operational waste to landfill.



While we are proud of recycling rates across our global operations, our ultimate goal is to achieve zero operational waste to landfill at all our sites. Operational waste is defined as any non-hazardous materials that are leftover, or by-products of our day-to-day operations. To achieve this goal, we continue to look at source reduction opportunities and cost-effective waste-to-energy options.

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Sustainable packaging

Avon uses a variety of plastic, glass, paper and cardboard packaging materials for our products. We aim to continually reduce the environmental impact of packaging during the product development process and in ongoing business operations. Any sustainability initiatives are designed to ensure a high-quality product, where the packaging is safe, suitable for consumer use and meets all regulatory requirements.

We continue to evaluate opportunities to reduce our impact through packaging by reducing or eliminating unnecessary packaging, using post-consumer recycled materials in primary and secondary packaging and using refills and bio-based packaging resins. Additional initiatives to reduce the impact of packaging include carton elimination, refillable packaging, lightweighting and scalability.

For example, we reduced the weight of our Deo Squeeze bottles for several cologne brands in Brazil by 2g per bottle – achieving a 13% reduction; the annual HDPE (high-density polyethylene) consumption was reduced by 68 tonnes in 2017. In the EMEA region in 2017, we reduced our Today, Tomorrow, and Always brand fragrance packaging by approximately 20% per bottle, thus reducing our annual glass consumption by 107 tonnes.



In Brazil, Avon employs reverse packaging logistics to comply with the country's national solid waste policy. The programme, *Dê a Mão Para o Futuro*, coordinated in partnership with several Brazilian trade associations, enables consumers to recycle their product packaging. Avon Brazil has funded the programme to include training for cooperatives of recyclable material pickers and for equipment.

By the end of 2018 we are committed to eliminating PVC (polyvinyl chloride) packaging in all finished beauty products produced for our brands. At the end of 2017, less than 0.02% of our packaging material contained PVC.

TERRACYCLE AND AVON BRAZIL PARTNERSHIP

Recycling flow for glass



Since 2013, Avon Brazil has funded a TerraCycle® packaging recycling programme for makeup, nail polishes, creams, lotions, perfumes and fragrances. Consumers send their empty packaging to TerraCycle, which then segregates the waste by type of material: plastic, metal and glass. Each material then follows a recycling flow relevant to the material. For example, plastic packaging is separated by polymer type, cleaned, and extruded into plastic pellets to make new recycled products. For each item of packaging sent in by consumers, the Avon programme donates **R\$0,02** to a public school or a charity chosen by the consumer. The program has donated at total of **R\$70,000** to these institutions and collected and recycled **4.3 million** units totaling 31 tons of waste.



In 2018, a new global team supported by external expertise is driving sustainable packaging improvements at Avon. The team is evaluating our full product portfolio to establish baseline recyclability and looking to industry guidelines, such as those from Plastics Recyclers Europe and Association of Plastic Recyclers, to develop measurable sustainable packaging goals in areas like recycling and PCR in plastic. We conducted trainings with all package developers on sustainable packaging principles and are also seeking to begin incorporating industry recycling test methodology where useful as we develop new packaging innovations.



Also in 2018, Avon joined industry peers as members of the newly formed Sustainable Packaging Initiative for Cosmetics (SPICE). As a SPICE member, Avon will collaborate with other cosmetics companies to increase sustainable packaging options for cosmetic products. SPICE will focus on innovation and design to decrease the environmental impact of cosmetics packaging, as well as develop methodologies such as lifecycle analyses, to help companies make informed decisions on sustainable improvements to packaging.

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Tackling deforestation

Avon is committed to helping end deforestation and promoting reforestation initiatives through our Avon Paper Promise and Avon Palm Oil Promise and reforestation programme, Healthy Forests, Beautiful World.

AVON PALM OIL PROMISE



Palm oil is a significant cause of tropical deforestation and peatland depletion, which can result in the loss of natural habitats for endangered species. Palm oil is also associated with known human rights issues. Although more than 80% of palm oil is used for food products, it also is one of many natural oils used in personal care products. Avon is not a significant user of palm oil or palm kernel oil (PKO) and predominantly uses ingredients that are derivatives of these ingredients.

The [Avon Palm Oil Promise](#), released in 2011 and updated in 2015, outlines our commitment to responsible sourcing in our palm oil supply chain and includes Avon's No Deforestation, No Peat, No Exploitation (NDPE) commitment. The guidelines in our Promise are designed to hold our suppliers accountable to our sourcing principles. We are also members of the Roundtable on Sustainable Palm Oil (RSPO).



In 2017, we published an [action plan](#) for our efforts to communicate sourcing commitments to direct suppliers, trace our supply to a point in the supply chain where suppliers can demonstrate that the palm oil meets our sourcing principles, support transformation activities on the ground within our supply chain and track supplier progress towards achieving compliance with our commitment.



The traceability of palm/PKO derivatives is complex and in 2017 Avon became a member of the non-profit organisation [The Forest Trust \(TFT\)](#) to support this work. Avon and TFT are collaborating to map Avon's palm derivatives supply chain to various key milestones to ensure our values of sourcing palm oil free from deforestation and exploitation are shared upstream at the level of production.

Our focus in 2017 was on mapping Avon's top ten suppliers' supply chains to the level of first importer—companies that are generally the link between countries of palm oil production (e.g. Indonesia or Malaysia) and countries of manufacturing. We also began tracing the supply to a point in the supply chain where suppliers can demonstrate that the palm oil meets our sourcing principles.

Information about our [progress on these actions](#) is available on our website.



As of mid-2018, we achieved 92% traceability for our top 10 suppliers that supply >75% of Avon's palm oil, which has enabled us to identify key points of leverage and risk within our supply chain where support can effect change on the ground. As part of Avon's commitment to traceability and transparency, in 2018 we published a [list of the mills](#) from our top 10 suppliers that includes the mill name, the mill's parent company and details of where the mill is located.

Also, through our partnership with TFT, in 2018 we began funding two transformation projects in Indonesia and Malaysia. Our traceability work and our mill list have enabled us to identify that these projects cover approximately 97% of Avon's known palm oil supply chain.

Read more about our commitment to sustainable palm oil [here](#).

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PROGRESS TOWARDS OUR ENVIRONMENTAL GOALS

AVON PAPER PROMISE



As a direct seller whose 'store' is our brochure and printed materials, Avon is a significant user of paper. We are committed to optimising our overall use of paper in every area of our business, including basis weight reductions, reductions in brochure size, and increasing the use of digital media as a replacement for paper-based products.

Our Avon Paper Promise is a comprehensive policy for promoting responsible forest use and protecting forests. We are making significant progress towards our Paper Promise goal to purchase 100% of our paper from certified and/or post-consumer recycled content sources by 2020 with a certification preference of Forest Stewardship Council (FSC). Through the end of 2017, nearly 92% of Avon's brochure paper met our Paper Promise goal, 35% of brochure paper was FSC certified and 56% PEFC certified.

To track progress and achieve our goals, Avon voluntarily reports the amount of wood fibre we purchase from suppliers under each of the forest certifications systems through [WWF's Global Forest and Trade Network](#). In 2017, Avon purchased 121,000 metric tons of paper for use in brochures.



In 2018 we launched a mobile and e-interactive shoppable brochure, which, as well as enhancing the digital capabilities of our Representatives, will significantly reduce our paper use.

HEALTHY FORESTS, BEAUTIFUL WORLD



Healthy Forests
Beautiful World
AVON

Avon has funded the restoration of some of the world's most endangered rainforests since 2010 through the Healthy Forests, Beautiful World programme. Avon Representatives globally raise funds through the sale of special fundraising products, a portion of which are donated to the Avon Foundation, and the Avon Foundation in turn donates these proceeds to The Nature Conservancy (TNC) and World Wildlife Fund (WWF).

Through 2017, the Healthy Forests programme has donated more than \$8 million to TNC and WWF to support reforestation efforts in the Atlantic Forest in Argentina and Brazil, the Indonesian islands of Borneo, Sumatra, Java and Lombok; and in China and the United States.

REFORESTING ARGENTINA'S ATLANTIC RAINFOREST

Through the Healthy Forests, Beautiful World programme, Avon is funding World Wildlife Fund (WWF) and Fundación Vida Silvestre Argentina in supporting the reforestation of 175 hectares in the Atlantic Forest in Misiones Province of Argentina. The project has reached almost 70 farmer families who have participated in planting native species and has helped train local women in forest conservation practices to help maintain the reforestation area.



Planting trees in the project area © WWF-US/Jonatan Villalba

Women participating in a reforestation workshop in Misiones Province. © WWF-US/Christina Cassavechia

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We maintain a high level of ethical conduct and integrity in our activities through greater transparency and accountability in our supply chain, the ingredients we use in our products and the health, safety and development of our associates.

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Our 25,000 associates take pride in being part of a purpose-driven organization, are passionate about what we stand for and are committed to making a difference for the 6 million self-employed Avon Representatives who earn their own money through selling Avon products.

Avon is committed to continuing to nurture an engaged workforce and inclusive culture where all associates feel listened to with opportunities to learn and grow, while at the same time increasing our external reputation as a great place to work.

ASSOCIATE ENGAGEMENT

For any responsible business, continuing to engage well with employees is especially critical during a business turnaround. This engagement has been a key focus for Avon in 2017 with the launch of a new Listening Strategy.

The first pillar of this strategy was the implementation of 'My Voice' – a company-wide associate engagement survey – in the autumn of 2017, designed to enhance two-way engagement across the company and to help improve our business and associates' day-to-day experiences.

Seventy-nine percent of associates completed the My Voice survey (19,000 people), providing key insights into how our people are experiencing Avon as a place to work:

84% of our associates are actively engaged

96% understand how their work affects our Avon Representatives

91% believe we conduct business with honesty and integrity

91% have high pride in Avon

90% believe we support diversity and inclusion

That we maintain high engagement levels and pride in our company globally against the backdrop of our turnaround is a testament to the strength of Avon's culture.

DIVERSITY & INCLUSION

As our strong My Voice scores on diversity and inclusion demonstrate, we actively promote an inclusive culture at Avon. We strive for associates to reflect the diversity of our Representatives and their customers in every market in which we operate. As an open and accepting employer we are committed to ensuring that each of our associates feels comfortable and encouraged to bring their whole self to work.

Whilst our global diversity and inclusion efforts are focused on supporting women, as highlighted in "[Advancing women in our workforce](#)", we are also active in other aspects of diversity and inclusion within our top markets – with our largest employer, Brazil, leading the way.

DIVERSITY & INCLUSION: AVON BRAZIL DIVERSITY NETWORK



Avon Brazil created a Diversity Network in 2015 to promote a culture of diversity by empowering minority groups. The Network is composed of employee volunteers who hold events and discussions and create new initiatives focused on gender, race, sexual orientation and disability.

In 2017, the Network:

- **Ran Avon's first Diversity Week** dedicated to promoting awareness about diversity topics through a series of lectures, experiences, information and events
- **Launched "Avon's Diversity Manifesto"**, a video of [Avon Brazil associates](#) that illustrates Avon's support for a diverse working culture
- Added a contractual clause in **supplier agreements** calling for wider diversity
- **Ensured the Diversity Network** was involved in the on-boarding of all new associates and facilitated UN Women-led unconscious bias and institutional racism training for the HR team



The My Voice survey helps us measure and respond to overall associate engagement, providing a strong foundation and starting point for our Listening Strategy. We will continue to broaden our listening activities into 2018 with the launch of a series of Lifecycle Surveys, starting with a new joiner and onboarding survey for new associates, and the introduction of a new Pulse survey platform, providing teams within the business a flexible and agile way to take a temperature check with their people on issues important to them.

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GREAT PLACE TO WORK

STRENGTHENING OUR LEADERSHIP

To support our business turnaround we recognise the importance of strengthening leadership capabilities from frontline managers through to our most senior leaders will enable us to better face the challenges of today and grow our business for tomorrow. We have also identified the need to build clear succession pipelines for our most critical roles across the business.

Global leadership programmes

Launched in 2015, the “My Leadership Journey” portfolio includes three leadership development programmes. The aim of these programmes is to cultivate leadership skills and to support our leaders during pivotal stages of their leadership journey to inspire and motivate their teams and drive business results.

At the frontline level, the Lead programme is designed to provide new people managers with the understanding and capability to bring out the best in their people, while the Impact programme builds the capabilities of middle managers to lead by influencing and driving results through 360-degree relationships. Finally, the Ignite programme is designed to enable and mobilise Avon’s Executive Directors / Directors to lead their teams through transformation.

Since launching in 2015, nearly 1,700 associates globally have benefitted from attendance across these three programmes, with 337 participating in 2017.

Avon Executive Development Programme

In 2017, Avon launched a new succession development programme. The Avon Executive Development Programme introduces a more rigorous approach to confirming readiness and accelerating development of successors across our most critical roles globally, including General Manager, Head of Sales, Head of Commercial Marketing and Head of Finance.

The programme starts with an in-depth assessment to clearly understand the strengths and development areas of the individual leaders, followed by an intense feedback and development planning session. We supported all participants to create and implement a tailored development plan to accelerate their readiness to step up to a critical commercial role. Since taking part in the programme, some participants have been promoted into their target roles.



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GREAT PLACE TO WORK

EXTERNAL RECOGNITION

In addition to our ambition to be known as the preeminent employer for women, we are also proud to have gained increasing recognition from a leading institution that Avon is a great place to work for all.

Top Employer



Operating globally across 113 countries, the Top Employers Institute is dedicated to helping organisations with world-class employee conditions become recognised for the great employers they are.

Avon has been widely recognised for providing the highest standards to its associates with the Top Employer certification awarded to four Avon markets in 2017: South Africa, Poland, Romania and the Czech Republic. This marks the fifth consecutive year for Poland and Romania and the second for the Czech Republic.



We are actively pursuing a strategy to expand Top Employer certification to additional countries, with our UK teams poised to begin the certification process next in 2018.

Turkey Gender Equality Certification



The Women Entrepreneurs Association of Turkey (KAGİDER) is an NGO aimed at strengthening women and reversing the trends of gender inequality and women’s economic exclusion. KAGİDER partners with national and international public, private and civil organisations.

KAGİDER developed the Gender Equality Model for Turkey (FEM) focused on equal opportunities in the workplace with the overall goal of promoting equal opportunity practices in the business world.

KAGİDER awards the Gender Equity Certification to companies that can tangibly demonstrate their commitment to gender equity across certain key measures. These include: a CEO declaration and commitment to equal opportunities, equal opportunities in recruitment, equality in access to training, career support for employees with children and policies for harassment management.

Since its inception in 2011, 26 companies have achieved certification, with Avon Turkey proudly joining the ranks for the first time in 2017.

A bumper year for external recognition in Brazil

Avon Brazil received multiple accolades recognising its clear standing as an employer of choice across several categories, including:



Attractive employer for students and young professionals



Recognition for Consumer Goods Companies with [women in leadership](#) positions



Top 150 Best Companies to Work For, and Best Companies to Start a Career



Best Companies for Human Rights



Government Certification: Pro Gender and Race Equity

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Our goal is to inspire ethical decision making that supports Avon and its mission to improve the lives of women. Working closely with leaders across the Company, we strive to maintain a strong “tone at the top” and “tone in the middle” to ensure associates understand the company’s unwavering commitment to ethical and legal conduct. We continuously improve our culture of integrity by benchmarking against our peer companies, ensuring we have a best-in-class programme.

CODE OF CONDUCT

Maintaining our standards of ethics in our relationships with all stakeholders is the cornerstone of how we do business at Avon. [Our Code of Conduct](#) (“Code”) applies our [core values](#) and culture of integrity to business operations by setting out principles for ethical behaviour, professionalism and good business practices. Our Code sets forth standards of conduct expected of associates and provides a roadmap to seek help when they have questions.

Our Code has been printed and distributed around the world and is available on our company intranet, insideAvon, in more than 20 languages. In our manufacturing and distribution sites, associates receive a hard copy summary of our Code.

GLOBAL ANTI-CORRUPTION PROGRAMME

Under the Code and supporting policies, Avon prohibits all forms of bribery and corruption by our associates and third parties acting on Avon’s behalf. We provide specific guidance and practical direction to ensure compliance.

Our Global Anti-Corruption Policy and Procedures, which are reviewed annually, guide interactions by, or on behalf of, Avon to prevent and detect bribery and corruption. Anti-corruption guidance is included in Ethics & Compliance (E&C) in-person and online training.

OTHER KEY RISK MANAGEMENT PROGRAMMES

We also maintain other global policies and procedures, and provide guidance and training on risks such as international trade sanctions, conflicts of interest, antitrust and competition law and records management, among others.

TRAINING AND COMMUNICATIONS

We provide simple, user-friendly guidance and practical direction to associates.

Avon conducts in-person training in markets around the world, in their local language. In 2017, we provided in-person E&C training to office-based associates in 26 markets, including more than 7,000 associates. This training emphasises our values, Code of Conduct and culture of integrity. Our in-person training is interactive and includes real-life scenarios, games, quizzes and analysis of challenging hypothetical situations. In manufacturing and distribution sites, associates receive in-person values and ethics training. In 2017, we trained an additional 7,000 associates at these sites.

Online trainings offered in 20 languages cover topics of importance in our Code, such as anti-corruption, antitrust and competition law, conflicts of interest and records management. We undertake a rigorous follow-up process to ensure this training is complete, and associates receive multiple reminders. In 2017, Avon had a more than 99.5% completion rate for online training, with more than 13,000 associates participating.

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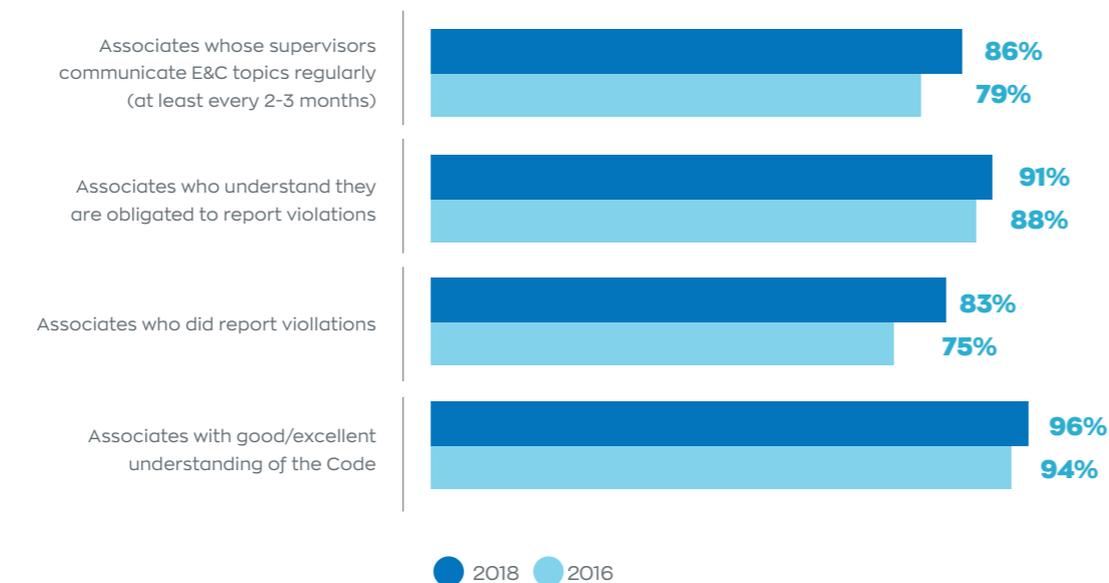
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ETHICS & COMPLIANCE

MEASURING OUR PROGRESS

Avon conducted our fifth global Ethics & Compliance (E&C) survey in 2018 to measure the progress in communicating our values, reporting and responding to possible violations, and helping all associates understand the Code of Conduct. The survey had a participation rate of 81%, or more than 12,000 associates, which underscores our associates' engagement in promoting a culture of integrity.

HIGHLIGHTS FROM THE 2017 E&C SURVEY (conducted in 2018)



Further, to ensure our culture of integrity is implemented in our markets, we conducted 10 E&C monitoring visits in 2017 (between 8-10 visits are conducted annually based on a risk assessment). During these visits, we review documents, test relevant processes and conduct interviews. Other groups, including Global Internal Audit, also review aspects of the E&C programme.

SPEAK UP CULTURE

We foster an open and honest 'speak up' culture that encourages candid communication and enables associates to report misconduct, raise ethical concerns, and ask questions knowing that Avon will not tolerate retaliation. Our Code states that each associate is responsible for reporting concerns or possible violations of the law or the Code, and every manager who receives any such report must, in turn, report it.

We maintain multiple channels for reporting suspected violations of the law and Code, including being able to report anonymously to our Integrity Helpline, which is available in 20 languages, 24 hours a day, 7 days a week.

In 2017, we received 805 reports that we recorded in our Helpline. Read more on our processes and protocols [here](#).

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Avon is firmly committed to ensuring integrity throughout our entire business operation. Our supplier social responsibility programme exists to protect the health, safety and welfare of the workers in our factories and those in our global supply chain. We expect our factories, third-party manufacturers, vendors and agents (defined as ‘our suppliers’) to act responsibly in all respects, and to do their utmost to ensure that no abusive, exploitative or illegal conditions exist at their workplaces. Any factory producing finished goods for Avon or components bearing Avon’s name falls within the scope of this programme.

SUPPLIER CODE OF CONDUCT

Our [Supplier Code of Conduct](#) (“the Code”) sets forth our minimum expectations of our suppliers throughout facilities where Avon products are manufactured. It helps ensure compliance with applicable local laws and regulations, as well as alignment with our internal standards regarding product safety and quality, environmental performance and human rights. The Code forms part of our contractual agreements with suppliers and acceptance of its terms are a prerequisite of use of our online supplier master system. It is publicly available on [Avon’s corporate website](#) in 20 languages.

To ensure compliance with the Code, suppliers receive [Avon’s Social Responsibility Guidebook for Suppliers](#), which includes the Code, as well as guidance on interpretation of key terms and guidance on implementing the Code. The Guidebook also contains broader information on our social responsibility programme and related sourcing policies.

In addition, training on the Code and guidance for suppliers is provided through our [e-learning training modules](#), as well as through in-person Code training sessions.

THE STEPS WE TAKE AGAINST SLAVERY AND HUMAN TRAFFICKING

In accordance with the requirements of the UK’s Modern Slavery Act (2015), we published our [Slavery and Human Trafficking Statement](#) covering the 12-month financial reporting period ending 31 December 2017. This statement outlines the steps we have taken to ensure slavery and human trafficking are not taking place in Avon’s supply chain or in any part of Avon’s own business.

SUPPLIER AUDITING PROGRAMME

As part of our ongoing commitment to working with suppliers and production sites that share our values and respect workers’ rights, we conduct audits to support, manage and improve working conditions in our supply chain. Our audit programme starts with initial reviews and proceeds with targeted follow-up visits. We rank the severity of issues identified in audits and prioritise corrective action plans.

We aim to conduct full audits at ‘in-scope’ sites – those producing Avon finished goods or Avon-branded components – every two years. In addition, before onboarding new in-scope suppliers, factories must be audited and demonstrate that working conditions meet a minimum level of acceptability before we can place any purchase orders with them.

In 2017, in conjunction with an appointed third-party inspection agency, Avon conducted 705 audits in 40 countries where production of finished or branded goods takes place, representing approximately 34% of active in-scope factories. The product categories covered by the audits conducted in 2017 include all Avon sourcing category areas – Beauty Boutique and Home (BBH); Beauty products and Indirect (goods not for re-sale, such as brochures or shopping bags).

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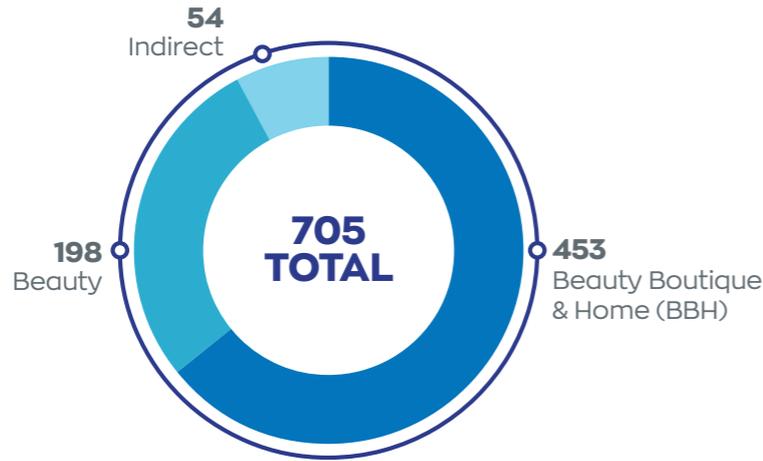
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RESPONSIBLE SUPPLIERS

AUDITS CONDUCTED IN 2017



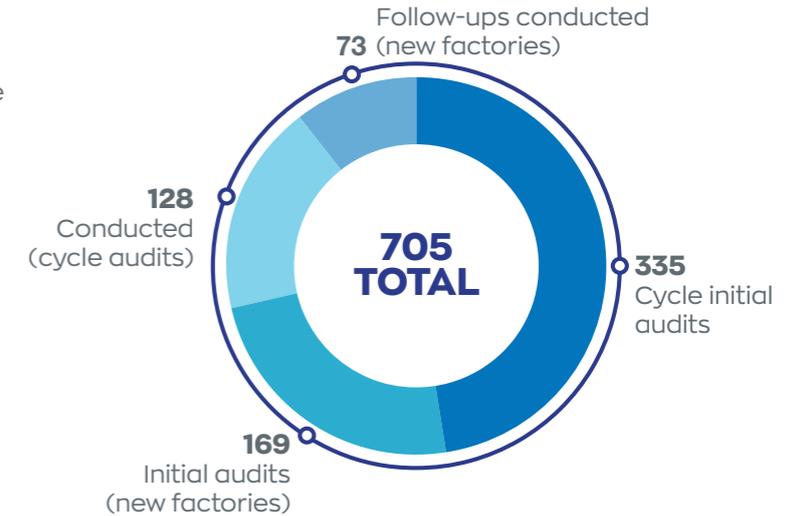
Auditing production sites is a key element of managing supply chain risk and an important tool in encouraging suppliers and production sites to adhere to Avon’s high ethical standards. Audits involve a thorough review of a production site’s policies, procedures and records, as well as a visual review of on-site conditions and confidential interviews with workers.

If an audit reveals egregious working practices – such as the use of any form of forced, bonded or child labour – established procedures ensure immediate reporting to Avon. Avon immediately handles issues of critical importance with input from suppliers and production sites.

Where an audit reveals instances of noncompliance with the Code or with an applicable local law, Avon works with suppliers and production sites to agree to a comprehensive Corrective Action Plan (CAP). The CAP includes details and a timeframe on actions to be taken and will assign responsibility to an individual within a production site for the implementation of key actions. Suppliers are required to review outstanding CAPs and manage the improvement process under Avon’s guidance. In certain cases, Avon may require a further audit to verify that corrective actions have been implemented appropriately and sufficiently.

The aim of Avon’s social responsibility monitoring programme is to encourage improvements in working conditions that offer longer-term benefits to suppliers, production sites and workers. Avon does, however, reserve the right to discontinue a relationship with any supplier or production site that fails to address critical issues or make the necessary corrections requested within a specified, reasonable time period.

AUDIT RESULTS IN 2017



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Once the audit is complete, the factory is assigned a risk level and colour code as follows: 'compliant' (GREEN), 'low risk' (YELLOW), 'major risk' (ORANGE), or 'critical risk' (RED) based on the non-compliances found. Consistent with prior years, the top three areas of critical risk identified during audits in 2017 were health and safety, wages and benefits and hours of work.

The colour code and audit score determine whether a follow-up audit is required. Most follow-up audits demonstrated good improvements in working practices, as shown below.

Follow-up audit results



The improvements in overall site ratings resulting from our audit programme positively affected 29,405 workers in 2017.

Rating improvements



Rating declines



TRAINING AND RAISING AWARENESS

In 2017, we enhanced our social responsibility training for sourcing and buying associates to increase awareness of modern slavery risks. The training focused on the common forms of modern slavery in supply chains, high-risk countries and industries and reiterated the unacceptability of any form of modern slavery within Avon's supply chain. The training emphasised that sourcing and buying team associates should raise any concerns regarding the conduct of suppliers or factories for further investigation. In 2017, 236 of our sourcing and buying associates participated in formal social responsibility training.



The focus for 2018 is on improving training coverage, particularly for associates to ensure understanding of policies and processes and the importance of sourcing with integrity. Additionally, we are reviewing the effectiveness of our audit programme and exploring reforms to the programme, such as process simplification and scope clarification. We are also looking to extend shadow and verification audit processes to ensure audits capture the reality of conditions in factories so we can focus on improving conditions for workers.

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Providing a safe and healthy workplace for our associates to enjoy is essential to being a responsible business.

We work to ensure all our sites meet regulatory safety standards and we have established stringent internal safety requirements to ensure consistency in safety processes across our global operations. We do so by conducting risk assessments of tasks performed; developing safe operating procedures; and providing new hire safety orientations, job training, and training for specific topics, such as ergonomics and electrical.

We track workplace accident information across Avon-owned manufacturing plants and distribution centres, using the data to publish quarterly global safety reports. These reports enable leadership to recognise excellent performance and identify areas for improvement.

We evaluate the level of importance attached to health and safety in our operations through the Site Safety Programme Review (SSPR), which we conduct annually through a self-assessment. All supply chain sites are evaluated and measured across four key categories: Occupational Health & Safety Commitments, Health & Safety Culture, Compliance to Corporate Standards of Health & Safety and Continuous Improvement. Our expectation is that no one operation has a result of less than 80% of the total SSPR score.



Avon sites are evaluated on three Global Safety key performance indicators (KPIs).

ARC TRC **Avon Recordable Cases** is the number of incidents that are considered to be serious enough to be recorded, including lost time plus medical treatment beyond first-aid. We also track the **Total Recordable Case (TRC)** rate which is the total number of ARCs per 100 full-time associates in Avon-owned global manufacturing plants and distribution centres.

2017 performance

37 ARCs

0.2 TRC rate (compared to target of 0.5).

Annual TRC by region: **0.2** LATAM, **0.2** EMEA, **0.1** APAC

0 Fatalities among Avon associates in supply chain operations in 2017.

SOR **Safety Opportunity Reports** are voluntarily submitted by associates to report unsafe conditions or actions, share ideas for improvement and record near-miss incidents.

2017 performance

15,362 SORs

were recorded and helped us improve safety conditions and prevent future incidents.

SAC **Safety Actions Completion** metrics track the number of safety action items completed by the defined due date.

2017 performance

By the end of 2017, **96%** of action items were completed.

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Product safety and quality and the environmental impact of our products is of utmost importance. To ensure that our customers worldwide can rely on the same high level of quality and efficacy, we rigorously develop, test and manufacture our products to stringent standards. We're proud of our more than 130-year safety record and consumers can be confident that all Avon products have undergone a thorough evaluation to ensure they are in full compliance with regulatory requirements.

If we determine through scientific inquiry that an ingredient can no longer be used safely, or if use of an ingredient is ever prohibited by law, we discontinue its use. We also consider consumer preference and provide formulation options when safe and effective alternatives are available. Read Avon's [Product Safety Statement](#) here.

Following are details on select ingredient and product issues of relevance:

MICROBEADS

As of 2017, Avon no longer manufactures products using synthetic plastic microbeads, such as exfoliants and cleansers. We reformulated products, which included Footworks scrubs, Clearskin facial scrubs and the mark body exfoliator, with the microbeads alternatives, including precipitated silica, hydrogenated vegetable oil beads, and various ground seeds and shells.

ANIMAL WELFARE

Respect for animal welfare is a cornerstone of Avon Products, Inc.'s product safety philosophy. Avon does not conduct animal testing to substantiate the safety of its products or ingredients and we were the first major cosmetics company to end animal testing nearly 30 years ago.

However, China, where we operate, legally requires animal testing on categories of products it designates as "special use"- such as sunscreens and deodorants - sold in China, as well as on ordinary cosmetics imported into the country. The Chinese government conducts the tests at laboratories accredited by the Chinese Food and Drug Administration. Avon does not agree that China's animal testing requirements are necessary to substantiate product safety and is committed to helping end China's practice of animal testing on beauty products. Avon supports the development of alternatives to animal testing by working in partnership with scientific organisations that are developing new approaches to product safety evaluation that don't use animals. Avon also works with personal care products industry associations to help advance government acceptance of non-animal testing methods with the goal of ending animal testing.

Avon is committed to minimising the number of its products requiring testing by the Chinese government. No Avon products that have been tested by China will be sold by any European or Latin-American Avon market by the end of 2018. Our goal is for no Avon products that have been tested by China to be sold by any Asia-Pacific Avon market other than China by the end of 2019. Read more about our [commitment to animal welfare](#).

CONFLICT MINERALS

In compliance with the U.S. Securities and Exchange Commission disclosure requirements regarding conflict minerals, Avon supports ending violence in the Democratic Republic of Congo and adjoining countries and has taken steps since 2014 to strengthen our supply chain due diligence capability and traceability with respect to certain conflict minerals.

In compliance, we are strengthening our due diligence capabilities and processes to identify the source of minerals used in company products and are committed to improving our ability to track and trace conflict minerals in our supply chain. Read Avon's [Conflict Minerals position and report](#).

PRODUCT LABELLING

An important part of packaging is product labelling. Consumers trust Avon's products to be safe and of high quality, and we aim to maintain that trust through accurate labelling in compliance with regulatory guidelines. To ensure that consumers know what ingredients are used in products, as well as how to safely use and dispose of them, we provide information for 100% of our beauty products both online and directly on the packages. Our customers can always find information on our product ingredients at [Cosmeticsinfo.org](#), an information resource provided by the Personal Care Products Council, of which Avon is a member. Read more about our commitment to product integrity and specific policies on ingredients on [avoncompany.com](#).

AVON

THE BEAUTY OF DOING GOOD

**RESPONSIBLE
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