



Avon Modern Slavery Statement 2020

Introduction

This is Avon's fifth statement published in accordance with the Modern Slavery Act (2015). It relates to the activities of Avon Products, Inc. and its applicable, consolidated subsidiaries (collectively 'Avon' or the 'Company') for the 12-month financial reporting period ending 31st December 2020.

Avon is committed to sourcing responsibly and to respecting human rights throughout our own business operations, within our own supply chain and in the local communities in which we operate. As a responsible business Avon recognises that modern slavery is a complex human rights abuse, which can take many different forms and requires us to invest time and resources to eliminate slavery and human trafficking practices from worldwide supply chains.

Since becoming part of the Natura &Co group in 2020, we've set ambitious targets in line with the Group's [Commitment to Life](#) which sets out to tackle some of the world's most pressing issues by 2030. One of the three key pillars within the Commitment to Life is to **defend Human Rights and to be Human-kind**. Avon, as well as the wider Natura &Co group, seeks to respect human rights and address human rights violations within our supply chain and our own business operations.

This year has been a challenging year with the Covid-19 pandemic, which has increased the risks of modern slavery around the world. It is worsening some drivers of modern slavery, such as poverty and restricted movement, making marginalised people more vulnerable to exploitation.

Throughout 2020, we kept in contact with our suppliers to understand the challenges they faced, including travel restrictions and reduced orders from other customers affecting workers' livelihoods. We endeavoured to maintain our levels of trade to protect jobs in our supply chains as well as within our business. We worked hard to continue paying our suppliers on time and did not impose any penalties for delayed deliveries. We are continuing with the same approach as the pandemic continues in 2021.

Our Integrity

Avon has proudly stood for women's empowerment since its founding, long before women's rights were formally recognised, and we continue to drive this powerful mission in the respect of human rights and combatting Modern Slavery today. For over 130 years Avon has stood for women, providing innovative and high-quality beauty products, which are primarily sold to women, by women.

At the heart of Avon's business is a five million strong network of beauty advisors, our independent Avon Representatives. This inspiring community has been the driving force for women for more than 135 years, championing women and helping them succeed, making



Avon 'a global force for women.' We are proud to say that Avon is a democratic beauty brand. Anyone can sell our products, we are inclusive and open to all in our pricing, brand positioning and marketing.

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

Our Business

Avon is a global manufacturer and retailer operating in 68 countries, serving 5 million active independent Representatives serving 100 million customers. Avon has 10 of its own global manufacturing hubs across Latin America, Europe, Russia and Asia, producing over 2 billion units each year. Avon provides innovative, quality products to customers at competitive prices. Our product lines include Avon make-up, Avon fragrance, ANEW skincare, Skin so Soft and Advance Techniques. Avon also sells an extensive range of wellbeing products, jewellery, lingerie, accessories and gifts.

Our Supply Chain and Ethical Standards

Our global Social Responsibility (SR) team work to ensure we meet our priority of being Human-kind by trading ethically and sourcing responsibly. Avon products and components procured for re-sale are sourced from 1977 direct suppliers in 55 countries. As with other brands and retailers, Avon's supply chain is complex and we face challenges when dealing with changing economic, political and environmental landscapes.

Avon is committed to supporting suppliers and their factories to improve working conditions in their production sites and supply chains. The SR team works directly with suppliers and factories to ensure that they build capacity and demonstrate compliance with the requirements of [Avon's Social Responsibility Programme](#). For example, Avon is a signatory to the [Accord on Fire and Building Safety in Bangladesh](#), which aims to provide safer working conditions for workers through regular fire, building and safety inspections.

We expect all Suppliers to act responsibly and to ensure that no abusive, exploitative or illegal conditions exist in their workplaces. These expectations also apply to our supplier's supply chains.

Avon has outlined its minimum expectations for all suppliers of goods or services in the Avon Supplier Code of Conduct. The terms of the Avon Supplier Code of Conduct prohibit:

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



The Supplier Code of Conduct forms part of our contractual agreements with all suppliers and acceptance of these terms are a pre-requisite of working with Avon.

The [Avon Supplier Code of Conduct](#) is publicly available online in 20 languages alongside further guidance for suppliers and factories – including [Avon’s Social Responsibility Guidebook for Suppliers](#), which includes the Code and guidance on implementation.

Our Policies

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

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

Since becoming part of the Natura &Co group in 2020, we have commissioned an external consultancy to develop a Natura &Co Group-wide Human Rights policy. This will include specific commitments on modern slavery, in line with the UN Guiding Principles on Business and Human Rights. The consultancy is also devising a human rights and environmental due diligence system, recognising the links between these areas and the need to consider them together. We hope to have this in place later in 2021.

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

- Global Integrity Helpline
- Country and market-specific employee engagement forums; for example the Have Your Say forum in the UK
- Regular employee ‘pulse’ surveys in key markets, building on a company-wide survey (Glint) completed at the end of 2020.
- New associate ‘lifecycle’ surveys and check-ins – conducted with new associates after 30 days, 90 days and 12 months of joining Avon.

Our Due Diligence Approach

Avon requires regular ethical audits on factories that are in scope of our Social Responsibility Programme. Factories that are in-scope include:

- Avon branded or non-branded finished products for re-sale
- Avon branded Beauty product components
- Selected Avon branded goods not for re-sale



Overall, in 2020 there were a total of 1070 direct and indirect suppliers and 1521 factories based in 53 countries within scope of the programme. Factories are audited to monitor compliance with the Avon Supplier Code of Conduct, which includes the terms prohibiting the use of any form of forced labour, or any involvement in human trafficking.

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

- Laws and Regulations
- Child Labour
- Forced Labour
- Harassment
- Wages and Benefits
- Hours of work
- Health and Safety
- Discrimination
- Women's Rights
- Freedom of Association and Collective Bargaining
- Environment
- Subcontracting
- Monitoring and Compliance

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

Overall in 2020, 386 audits were completed in approximately 30 countries. This includes Avon social audits, carried out by our appointed third-party auditing agency – Bureau Veritas, as well as other robust third-party audits that we accepted in lieu of Avon social audits, such as those conducted by SMETA or BSCI (which can be shared with other selling companies).

This year we have onboarded 470 more factories to [Sedex](#), a responsible sourcing online platform that helps us achieve better supply chain transparency in real time, to be able to manage and improve working conditions in our supply chain, making a total of 721 suppliers and 834 factories onboarded in total. We will continue to work with our suppliers and factories with the Sedex onboarding process in 2021.

Through our Social audits we uncover non-compliances against our audit standards and work with our suppliers and their factories to ensure that remediation is completed within a given timeframe. For example, through one of our social audits carried out in 2020, we discovered an issue relating to Modern Slavery in Taiwan.



Modern Slavery Case Study – Taiwan

We identified that foreign migrant workers had paid recruitment fees to agencies in order to secure work in three factories producing for Avon in Taiwan. This is considered a modern slavery/forced labour indicator because of the risk of workers being trapped in employment to pay off debts incurred in their recruitment. Payment of recruitment fees by workers is prohibited under ILO convention 181, and is potentially in violation of the Avon Supplier Code of Conduct of which prohibits the use of any form of forced labour, or any involvement in human trafficking. Our expectation is that:

- Suppliers have appropriate due diligence mechanisms to safeguard agency and indirect workers
- Suppliers incorporate and monitor the principles of our code in their whole supply chain, including sub-suppliers, subcontractors and temporary labour agencies

In Taiwan, foreign workers and employment agencies are governed by the Ministry of Labour (MOL) under the 'Employment Service' and 'Labour Standards' Acts, which state that worker placement fees can only be up to one month's salary. Agents in Taiwan can only charge service fees mandated by the government, and are not allowed to collect overseas loans on behalf of creditors. A formal documentation 'Foreign Worker's Affidavit' has been put in place to make wages and all fees explicit, including Service Fees collected every month by Brokers from migrant workers. This is signed by the employer, employee and all brokers (in the host/source country and Taiwan), and vetted by the relevant government agency in the host/sourcing country. Despite the robust law protection for migrant workers in Taiwan, collection of placement fees does happen in of workers' home countries, and their Taiwanese employers may not be aware of the excessive recruitment fees workers have already paid to secure employment.

In 2020, Avon commissioned three independent assessments through a third party consultancy who have specific expertise working on this issue in Taiwan. The assessments focussed on how the foreign contract workers were recruited, which covered assessing the factory, the outsourced labour provider and receiving country recruitment agent policies, procedures and practices, as well as encompassing the entire recruitment, management, and repatriation lifecycle. The aim of the assessments were to identify and quantify the recruitment fees paid by migrant workers back in their home country, and in Taiwan, and to identify other critical areas known to be linked to the vulnerability of migrant workers.

Workers from the Philippines, Indonesia, Vietnam and Thailand were employed by the three suppliers through multiple Taiwanese labour agencies, which were then connected with labour agencies in the migrant workers' home countries. Through the assessments, we confirmed that recruitment fees were paid by workers to the labour agencies based in their home countries. Taiwanese employers often have no oversight or knowledge of the recruitment practices of agents based in the sending/home countries and local agents' practices in Taiwan. Some workers indicated that they had borrowed money from lending



agents in their home country and worked with informal sub-agents to obtain the jobs. We also identified that one supplier held custody of workers' passports and savings passbooks.

Avon is committed to eradicating forced labour and labour exploitation within our supply chain. After identifying the potential forced labour risk in 2020, we have worked with our suppliers on remediating these forced labour risks within the labour agency supply chain, particularly regarding the importance of workers retaining their identity documents and of hidden recruitment fees that can be borne by workers. During 2021 we are planning to build upon our suppliers' understanding and capacity to recruit responsibly through the use of an interactive online toolkit created for suppliers on the topic.

Training

We have provided ongoing training on our Social Responsibility requirements to associates across Sourcing, Buying and Product Development. We provide ongoing training to our associates on how they can use Sedex to understand risks and more specifically modern slavery risks, within their supply chain as we continued to onboard more suppliers and factories throughout 2020.

Our Social Responsibility team is integral to our Sourcing and Buying processes. If Buying and Sourcing have any concerns relating to Modern Slavery and Human Rights risks these are raised to the Social Responsibility team for further investigation.

Since joining the Natura &Co group in 2020, our Social Responsibility team is now part of the newly formed group-wide Responsible Procurement team, which is responsible for defending human rights and ensuring decent work and Human-kind sourcing.

Future Steps

To continue to strengthen Avon's oversight and understanding of Modern Slavery and Human Trafficking risks in the supply chain and our own business operations, the following steps will be taken in 2021:

- Avon will continue to onboard in-scope suppliers and factories to Sedex, enabling Avon to use the Forced Labour Indicator reporting tool which will further strengthen our in-depth human rights risk assessment; helping us to map and understand our human rights and modern slavery risks.
- Avon will continue to identify areas of Modern Slavery and Human Rights risks in our supply chain and focus attention on these key areas in order to develop an approach to tackle risks – such as agency labour providers and distribution centres through the use of supplier guidance on responsible recruitment.
- Continue to align and support policy commitments under the Natura &Co group, most notably, The Commitment to Life, publishing a Group-wide human rights policy in line with the UN Guiding Principles on Business and Human Rights, including promoting decent work and addressing the links between the climate crisis and human rights risks.



- Review our specific measures to identify and end modern slavery to date and seek recommendations for key improvements such as developing meaningful, measurable indicators of progress and impact.
- Avon will continue to seek opportunities to collaborate and participate with other brands, retailers and stakeholders on tackling common modern slavery and human rights risks.

A handwritten signature in blue ink that reads "Angela". The signature is written in a cursive style with a prominent loop at the end.

Approval of Statement

This statement has been approved by the Board of Directors of Avon Products, Inc. and approved and signed by our CEO Ms Angela Cretu.