



AVON PRODUCTS, INC. THE AVON PAPER PROMISE

I. VISION & PREAMBLE

Avon Products, Inc. recognizes that business leadership carries a responsibility to the environment and the world's forests. The global pulp and paper industry is associated with significant environmental impacts, from forest degradation and destruction, to water and air pollution, including carbon dioxide and other greenhouse gases that contribute to climate change. At the same time, wood and paper are renewable natural resources that, when sourced under a responsible program, can represent a sustainable material choice. It is Avon's vision to achieve just this – sustainable use of forest resources. Because Avon is a significant consumer of paper products, Avon is positioned to influence both supply and demand in the market, and thus contribute to the development of environmental solutions that conserve, protect and restore forests.

Avon fully supports those responsible forest management practices that both protect biodiversity and ecosystem integrity and result in long-term social and economic benefits to communities.

One of the principles that guide Avon is the commitment to meet fully the obligations of corporate citizenship by contributing to the well-being of society and the environment in which it functions. In support of this principle, and in particular to responsible brochure paper procurement, the **Avon Paper Promise** is to procure paper in a way that:

- Promotes sustainable Forest Use. Purchase 100% of our paper from certified and or post consumer recycled content sources by 2020 with a certification preference of FSC (Forest Stewardship Council); effectively not contributing to deforestation
- Protects Forests. Protect Old Growth, High Conservation or Endangered Forests and ecosystems.
- Reduces demands on Forests.
- Promotes clean production practices.
- Promotes continuous improvement, and is transparent to customers, shareholders, and other stakeholders.

Though we do not own or manage forests, we have a responsibility through our procurement practices to ensure sustainability of the world's forest resources. As such, we are committed to understanding the sources of our pulp fiber, transparency in sourcing, and ensuring that sustainable forest management practices are used. We realize the field of paper sourcing and certification is evolving and we are committed to working with our paper and other forest product suppliers and other stakeholders, on a continuous improvement basis, to ensure that all paper and forest products used in our operations originate from sources that are managed in a manner that is consistent with the conservation of natural resources, environmental protection, and the protection of the rights of indigenous peoples in local communities.

As a decentralized company, much of Avon's paper procurement is carried out by individual Regions. In some regions and countries where we operate, preferable sustainably certified options for paper will be limited, not yet available, or cost-prohibitive. Therefore, this policy is designed to be broad and flexible enough to accommodate the different paper options offered to individual Regions. That said, all Regions will be expected to analyze available options, conform to the intent of this policy, and re-evaluate options to improve performance over time. In these regions, through our sourcing strategies, we will influence the creation of certified sources to fulfill future needs in support of our Paper Promise.

Avon hereby establishes the following policy commitments that sets forth our vision and provides principles that will guide our purchasing decisions, to ensure the sustainability of our business, and to promote the development of markets for environmentally responsible forest products. Our vision supports the entire paper and forest products lifecycle, from commercial timber management to manufacturing to re-use and recycling. Our scope includes all paper purchased by Avon with an immediate prioritization on our brochure paper purchasing given its significance relative to our other purchasing streams. Our practices are grounded within a framework of pragmatic and sound business disciplines.

II. SUSTAINABLE FOREST USE

Avon is committed to the following principles related to sustainable forestry:

- Procure paper from forests with independent 3rd party certification of responsible forest management, and from mills and distributors with chain-of-custody certification.
- Forest growth at a rate equal to or faster than the rate at which it is being harvested in support of our paper needs.
- Independent verification that non-FSC papers from outside the priority conservation areas referenced in section III do not come from old growth, Endangered Forests, and the other types of controversial sources recognized by this paper promise.
- Post-consumer recycled content use.

In support of our vision, Avon has a goal of purchasing 100% of our wood fiber from an environmentally preferred mix of recycled fiber and or certified fiber by 2020 where available and cost effective (effectively not contributing to deforestation). Avon will give preference to wood fiber from forests certified under FSC standards (Forest Stewardship Council) with a specific purchasing preference for paper that contains fiber from FSC FM certified forests (paper bearing the FSC "pure" label). The next level of preference will be given to paper that is partially from FSC FM certified forests (paper bearing the FSC "mixed sources" label) and or from mills or paper distributors or printers with independent FSC chain-of-custody (CoC) certification. To support our vision, Avon will as necessary participate in socially and environmentally responsible afforestation and reforestation initiatives including REDD (reducing emissions from deforestation and forest degradation).

For purposes of this policy, “certified fiber” will mean the following five schemes: Forest Stewardship Council (FSC); Sustainable Forest Initiative (SFI); Canadian Standards Association’s National Sustainable Forest Management Standards (CSA); Sistema Brasileiro de Certificacao Florestal (CERFLOR) in Brazil; and Program for the Endorsement of Forest Certification Schemes (PEFC) and other forest certification schemes meeting broadly recognized performance based criteria¹.

Sourcing recycled fiber can reduce overall pressure on natural forests and other important natural resources, especially when fibers from post-consumer wastes are used in paper production. Avon regards recycled fiber as an environmentally responsible fiber and will pursue opportunities to increase the use of recycled fiber as appropriate. In selecting recycled fiber, Avon’s intent will be to only purchase post-consumer sources of recycled fiber. Avon will support efforts of suppliers, governmental authorities and non-governmental organizations to increase wastepaper collection rates and improve recycled fiber quality.

Paper manufacturing is a resource-intensive process that can lead to air and water emissions that impact overall environmental quality.

- Avon will purchase paper only from suppliers that meet or go beyond legal environmental performance requirements for pollution control.
- Avon encourages its suppliers to monitor and reduce overall emissions by adopting the latest technologies that minimize pollution impacts.
- Avon will not purchase papers manufactured using elemental chlorine bleaching processes and encourages its suppliers to move toward process chlorine free, elemental chlorine free, and or totally chlorine free bleaching.

III. PROTECTING FORESTS

Avon recognizes the need to support and encourage the adoption of environmentally and socially responsible practices to ensure that fiber used in our paper is sourced from well managed timberlands, and that land use choices and management practices contribute to the conservation of natural resources and environmental protection. Avon will use commercially viable, environmentally responsible suppliers.

¹ Examples of performance-based criteria for an acceptable third-party verified forest certification scheme include:

- Conformity with international legislation, agreements and accords;
- Compliance with national and local legislation and regulations;
- Scientific support for forestry practices;
- Commitment to forest regeneration and reforestation;
- Protection of soil quality, riparian zones and water quality;
- Protection of ecologically and culturally unique forest areas;
- Maintenance and conservation of biological diversity;
- Participation by interested and affected stakeholders;
- Continuous improvement in forestry practices; and
- Third-party verification of forestry practices and chain of custody for wood fiber.

- Conservation of Endangered Forests and Protection of Biodiversity and Ecosystems: Avon will give preference to suppliers who work toward conservation of endangered forests and the protection of biodiversity and ecosystems contained within these forests.² Avon will source paper only from suppliers that are believed to share the corporations respect for fundamental human rights. Avon also recognizes that certain regions have been identified as priority regions for forest conservation and biodiversity by the conservation science community and other stakeholders, and will work toward phasing out and finding suitable alternatives to any fiber sourced from these regions, specifically:
 - o Endangered Forests and ecosystems.
 - o Forests harboring a rich array of biodiversity that have been heavily impacted by human activity³
 - o Global forest types that are naturally rare and threatened and mapped as “G1” (globally ranked critically imperiled) or “G2” (globally ranked imperiled) communities by NatureServe/Natural Heritage Network
 - o Forested wilderness areas, including those that are rich in species diversity,⁴ contain threatened species⁵, or provide critical ecosystem services
 - o Old growth forests that have not previously been subject to commercial logging and conversion of natural forests to plantations and non-forest land uses
 - o Areas mapped by the government as park or conservation reserve where commercial logging is prohibited
 - o Illegally harvested wood⁶
 - o Conflict timber⁷

Avon is committed to work with suppliers that do not have 3rd party independent certification to ensure the source of the paper does not come from the aforementioned areas. Additionally, Avon will help protect endangered forests in regions where its suppliers source forest and paper products, and recognizes the following conservation priority regions: Canadian boreal forests, U.S. National Forests, Canadian and U.S. coastal and inland temperate rainforests, Indonesia, Chile, Atlantic forests of Brazil, and the Cumberland Plateau of the U.S. where commercial fiber production for pulp and paper plays a defining role in land use choices and natural resource

² Avon recognizes definitions and identifying traits and characteristics and traits of endangered forests, which have attained broad acceptance by the conservation science community, environmental NGOs or other stakeholders, such as the Wye River Coalition’s Endangered Forests definitions.

³ Of particular note are the forested “biodiversity hotspots” – ecoregions located mainly in the tropics and identified by conservation scientists as having a minimum of 1500 endemic plant species and as having already lost 30 percent or more of their original habitat.

⁴ Wilderness areas are characterized by at least 1 million square kilometers that have a population density of less than 1 person per square kilometer. The “high biodiversity wilderness areas” include a minimum of 1500 endemic plant species.

⁵ Threatened species as designated by the IUCN Red List as well as NatureServe’s Conservation Status rankings (including S1, S2, and S3 species) for imperiled species that are at high risk of extinction due to very restricted range, very few populations (often 20 or fewer), steep declines in populations, or other factors. See <http://www.natureserve.org/explorer/ranking.htm#mean>.

⁶ Wood fiber obtained in violation of applicable government forest management requirements or other applicable laws and regulations.

⁷ Timber that was traded in a way that drives violent armed conflict or threatens national or region stability.

management. In these conservation priority regions, it is Avon's intent to only use FSC certified material.

Avon will give preference to paper suppliers who supplement their land management plans with natural forest restoration and recovery initiatives, particularly in areas where most of the original extent of habitat has been lost and where continuing deforestation pressures threaten large numbers of species with extinction.⁸

IV. REDUCING DEMANDS ON FORESTS

Avon is committed to reducing demand on the world's forests and other resources. Avon is focused on source reduction in the long term.

Avon is committed to continue to optimize our overall use of paper in every area of our business. Our options includes optimizing distribution methodologies, basis weight reductions, reductions in brochure size, and increasing the use of electronic media as a replacement for paper based products. To this end, we will continue to leverage technology and establish paperless processes wherever possible.

As part of our continuous improvement, Avon has already implemented several key initiatives designed to significantly reduce paper usage at our locations worldwide including:

- Conversion to on-line and mobile phone product orders from paper order forms, with an average of nearly 42% of orders being placed on line in 2009. In North American in 2009, approximately 75% of 2009 orders have been placed on-line, saving over 350 tons of paper, followed by Central and Eastern Europe at 71%.
- Double sided printing for paperwork such as reports and invoices, and double sided printers installed in offices

Additionally, Avon encourages suppliers to conduct research into the use of alternate fiber sources.

V. REPORTING & IMPLEMENTATION

Over the next three years, Avon will report on its activities to implement this policy to interested stakeholders through Avon's Sustainability report. Avon will implement a verification system for its wood fiber procurement activities to meet the objective of using environmentally responsible fiber and applying its stated preferences in accordance with this policy. Over the next three years, Avon will track and report the amount of wood fiber it purchases from suppliers certified under each of the forest certification systems. Avon will conduct periodic consultations with

⁸ The biodiversity hotspots are ecoregions located mainly in the tropics and identified by conservation biologists as having a minimum 1500 endemic plant species and as having already lost 30 percent or more of their original habitat.

external stakeholders to review emerging issues related to environmentally responsible fiber and Avon's implementation of its Paper Promise.

Avon will encourage its suppliers to adopt the FSC forest certification scheme and to take other actions to increase the availability of wood fiber certified to FSC standards. Avon will review the integrity of environmental and social responsibility practices followed by its paper suppliers and consider the supplier's practices as part of the initial supplier selection process and when supply agreements are renewed. Avon will inspect its wood fiber suppliers periodically and require its suppliers to report regularly concerning their compliance with this policy. In the event that a supplier to Avon does not have certification of its forest lands or wood fiber procurement activities or the supplier is sourcing material in conflict with our protecting forests objectives, that supplier will be given reasonable time to achieve certification. If a supplier is not in compliance with any applicable provisions of this policy, Avon will take appropriate action to address non-compliance, which may include (i) an action plan for compliance or (ii) termination or non-renewal of the supply contract.

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