



# RESPONSIBLE PROCUREMENT DUE DILIGENCE SUPPLIER GUIDELINES

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# RESPONSIBLE PROCUREMENT DUE DILIGENCE SUPPLIER GUIDELINES

## I. PURPOSE

The purpose of these guidelines is to outline Avon International Responsible Procurement processes and procedures for our suppliers, as part of our company commitment to exercise human rights due diligence.

## II. DEFINITIONS

**RPDD (Responsible Procurement Due Diligence)** - is how Avon International seeks to ensure that working conditions in in-scope facilities, third party manufacturing sites, and subcontractors meet the requirements set out in the [Natura &Co Supplier Code of Conduct](#), as well as all applicable laws and regulations in the countries in which the supplier operates. The Supplier Code of Conduct applies to all Avon International suppliers and their related supply chains.

**Social and Environmental Compliance Audit** – verification and monitoring of working and environmental conditions in the supply chain against international standards, ensuring that the suppliers/factories comply with the local legal demands and the requirements laid out in the Natura &Co Supplier Code of Conduct.

**Factories** - Sites that manufacture or refine complete, finished or end products, components or ingredients that are supplied to Avon International.

**Subcontractors** – Sites partially manufacturing or refining products, components or ingredients that are supplied to Avon International for finished and end products. This includes Intimate Apparel Subcontractors performing core processes such as sewing assembly.

**Outsourced Service Provider** – Activities rendered by subcontracted provider to support Avon International Operations such as labour provider (including housekeeping, cafeteria, security), 3PL, warehousing, etc.

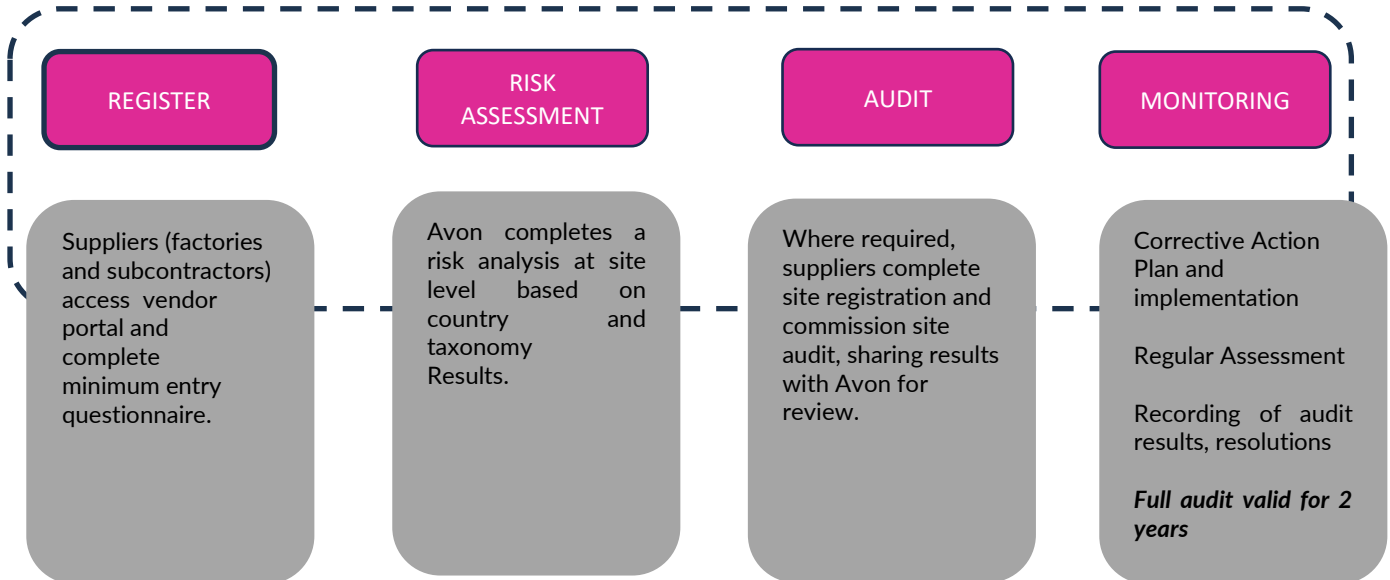
**CAP – Corrective Action Plan.** When non-compliances are found during a social and environmental compliance audit, it is important for Avon International to know what measures the factory/supplier is taking to remediate each issue within a dedicated timeframe.

**Follow-up audit** - audit to verify actions taken to correct the issues identified during the initial/periodic social and environmental compliance audit.

**SOP** – Supplier Onboarding Portal is the vendor portal used to manage and record due diligence activities. (Currently Service Now).

## III. PROCESS OVERVIEW

### Vendor on-boarding workflow & RP DD points



### Step 1: Register

#### Minimum Entry Questionnaire

Suppliers will be required to complete a set of questions triggered by category taxonomy in Supplier Onboarding Portal (SOP) to understand if they meet essential sustainability criteria as part of the vendor onboarding process. Questions may cover core sustainability topics, such as compliance with applicable Avon Critical Materials policies, carbon and packaging commitments, working and environmental conditions in production facilities.

Failure to complete the questionnaire or otherwise comply with Minimum Entry Requirements may result in failure to be onboarded as a supplier to Avon International.

Suppliers are responsible for ensuring their vendor details, including site address and information, are up to date in the Onboarding Portal.

### Step 2: Risk Assessment

#### In-scope suppliers

Suppliers and subcontractors of products or services in the follow categories are currently in-scope of the Avon International Responsible Procurement programme: ***Fashion and Home; Raw Ingredients; Packaging; Third party product manufacture; Logistics, Print and Paper.***

Avon may require an audit of any supplier or site which we consider poses a high risk to the Avon brand, e.g., sites producing Avon-branded products or suppliers operating on Avon-owned and operated sites.

Suppliers with sites that are in scope will undergo risk assessment to determine the additional level of required due diligence. This Risk Assessment will be carried out by the Avon Sustainable Procurement team using third-party risk assessment tools where applicable (e.g. SEDEX RADAR risk assessment tool). If a supplier or



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subcontractor sites are deemed high risk, a social and environmental compliance audit will be required. Level of risk is based on category, location, and other available information.

## Other Branded Product – out of scope

Finished Branded products that are retailed by Avon International but under a brand owned by another entity (i.e. such as Philips, Havanas, Remington etc) and not retailed exclusively by Avon are out of scope of Avon International responsible procurement programme. Working and environmental conditions in the supply chains for these products are the responsibility of the brand owner.

## Step 3: Audit

### Sedex Registration and use of SEDEX platform

Avon International is a member of the [Sedex](#) platform, which allows suppliers to share audit results with Avon and other buyers efficiently. All in-scope suppliers and factories who are considered 'high risk' must register on Sedex, commission a third-party site audit, link to Avon International using the registration number below and give viewing rights to Avon International to view their audit information.

- **Avon International SEDEX registration number - ZC406349058**

All suppliers must also ensure that their SEDEX Site codes (ZS) are also entered in our Supplier Onboarding Portal.

### Audit requirements

Avon accepts the following audit methodologies:

- Sedex Members Ethical Trade Audit - **SMETA 4 Pillar (preferred)**
- Business Social Compliance Initiative - BSCI
- Disney International Labor Standards (ILS) Social Audit

Audit reports must be:

- *Complete* – Avon International will only review complete initial audit reports that are submitted and will not accept sites self-assessments, corrective action plan reports, preliminary reports, follow-up audits or other forms of certification/guarantee.
- *Recent* – must have been carried out within the last 12 months
- *Professional* - Conducted by an [APSCA](#) registered audit company and auditor, to one of the accepted equivalent formats

### Sharing of audit results outside of SEDEX platform

SEDEX does not currently accept non SMETA audit results reports (such as BSCI, Disney). Suppliers must email a copy of social and environmental compliance audit reports to the relevant Avon Sustainable Procurement manager.

### Other third-party supplier sustainability assessment platforms

Avon International and suppliers may also use other supplier sustainability assessment platforms, such as EcoVadis. Supplier assessment by EcoVadis (regardless of score) is **not** currently accepted by Avon International as an alternative to SEDEX membership, site audit, or uploading of site audit results onto the SEDEX site, for in-scope suppliers. All other Avon suppliers are welcome to utilize the EcoVadis platform to share sustainability information with Avon.

## Audit Costs

The cost of SEDEX membership and all social and environmental compliance audits required must be paid for by the responsible supplier(s).

## Audit Results

<i>Classification/ Onboarding decision</i>	<i>Level of Compliance</i>	<i>Corrective Action Plan Required</i>	<i>Follow-up Audit Required</i>	<i>Audit validity</i>
<i>Green / Approved</i>	<i>Full compliance</i>	<i>No</i>	<i>No</i>	<i>Renewal Audit after 2 years</i>
<i>Yellow/ Approved with conditions</i>	<i>MINOR</i>	<i>To be sent to Avon RP team via email within 15 days of the audit</i>	<i>No — satisfactory outstanding CAP (corrective action plans) and supporting evidence (when necessary)</i>	<i>Renewal Audit after 2 years upon CAP approval</i>
<i>Orange / Approved with conditions</i>	<i>MAJOR</i>	<i>To be sent to Avon RP team via email within 15 days of the audit</i>	<i>May be necessary within 90 days of the audit</i>	<i>Renewal Audit after 2 years upon CAP resolution</i>
<i>Red / Failed</i>	<i>CRITICAL/ BUSINESS CRITICAL</i>	<i>To be sent to Avon RP or uploaded to ServiceNow within 15 days of the audit</i>	<i>Necessary within 90 days of the audit</i>	<i>Factories may not be approved while there are outstanding critical risk issues.</i>

## Step 4: Monitoring

### Audit Validity (cycles)

Suppliers are required to undergo a full social and environmental compliance audit for Avon International every two years. Audits are valid from the date of last full audit for up to two years, unless any follow up audit is required.

### Collaborative Human Rights Due Diligence

Avon International is committed to working with our suppliers with the intention of protecting human rights and ensuring working conditions are fully compliant with the Natura &Co Supplier Code of Conduct and all local laws & regulations. In line with our human rights statement, we aim to work in a spirit of collaboration and transparency with all our suppliers towards identifying, preventing and mitigating risks to people in our supply chain, understanding and addressing the root causes of identified violations, and promoting access to remedy where applicable. If our suppliers or workers become aware of human rights risks or violations in our supply chains, we strongly encourage them to proactively inform us so we can work together to resolve the issue.

### Violations and Termination

Within our terms and conditions with suppliers, and within these guidelines, however, Avon reserves the right to terminate a relationship with suppliers or subcontractors that do not respect Avon's corporate values, do not abide by the terms of the Supplier Code of Conduct, are not transparent and proactive in their communications with us about human rights risks, and/or deliberately or negligently engage in activities that



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pose a risk to human rights and/or the Avon brand. Termination of the business relationship may include (but is not limited to) rejection at onboarding, cancellation of orders and rejection of shipments, requirement to move production to other supplier sites, suspension or termination of contract, and being held responsible for remediation of harm.

Reasons for termination may include (but are not limited to)

- Child labour - Use of workers under the legal age of employment
- Any type of prison, bonded, indentured or forced labour -e.g. withholding of IDs
- Physical punishment or abuse
- Negligent risks to workers' safety/lives
- Attempts to subvert the audit process – e.g. falsification of records, attempted bribery of auditors, refusal of audit
- Persistent failure to implement a corrective action plan or otherwise address identified non-compliances and risks in a timely, responsive and transparent matter
- Other issues or conditions determined to be critical by Avon

For additional information and guidance on international labour standards on child labour, forced labour, occupational health and safety and other key human rights at work, please see [International Labour standards](#) or contact us.

## Re-activation/on-boarding for previously terminated suppliers/factories

Any suppliers subject to termination will not be considered for Avon business for a minimum period of 12 months after termination. After the 12-month period it may be possible for suppliers to apply for re-qualification (at Avon's discretion) but pending re-qualifying audits at the Supplier's expense for all proposed factories. Suppliers and/or factories must have fully addressed any previously identified issues and must meet the applicable current responsible procurement requirements before onboarding.

## IV. REFERENCES AND CONTACT

### Supplier Code of Conduct

- [Natura &Co Supplier Code of Conduct](#)

### Critical Materials policies

- [Paper](#)
- [Cotton](#)
- [Soy](#)
- [Palm](#)
- [Ethanol](#)
- [Mica](#)

### Contacts

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## V. APPENDIX

### ***APPENDIX – SMETA labour and environmental compliance audit and SEDEX Important links***

SMETA is the world's most widely used audit. Businesses use SMETA to understand and make improvements to working conditions and environmental performance in their business and supply chain. SMETA is an audit, which helps understand standards of labour, health and safety, environmental performance, and ethics within operations or at a supplier site. The SMETA audit is designed to help protect workers from unsafe conditions, overwork, discrimination, low pay, and forced labour.

- [About SEDEX](#)
- [Registration](#)
- [Approved Audit Companies](#)

**This policy is subject to regular review and may be updated at any time.**