

THE BEAUTY OF DOING GOOD

Responsible Business Report 2019

AVON



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Avon is more than just a beauty brand: it is a movement connecting millions of women to each other and to a better life. This is the real value behind each sale made by our Representatives around the world, and beauty is the journey that gets us there.

We are at the beginning of a truly meaningful chapter in our 130-year history. We are delighted to have been welcomed into the Natura &Co family in 2020 – a group of purpose-led businesses, committed to making a positive difference. As part of Natura &Co, we don't just want to be the best company in the world, we want to be the best company *for* the world.

The World Economic Forum's Global Gender Gap Report 2020¹ is a stark reminder that not only will few of us see gender equality in our lifetime, but neither will our children. Facing this reality, we have embraced the role we can play in achieving the ambitions set out in the UN Sustainable Development Goals², in particular Goal 5 of gender equality and empowering all women and girls, and Goal 8 of decent work and economic growth. Avon's "North Star" is to create more opportunities for women to earn and learn, in their own way, and on their own terms.

Creating more beautiful lives goes beyond our core business to partnerships and programmes to support women's health and wellbeing. Our activities during Breast Cancer Awareness Month in 2019 reached millions of women globally, spreading the word about the risks and signs of breast cancer and how to take positive action. Additionally, new partnerships with organisations, such as the World Association of Girl Guides and Girl Scouts (WAGGGS), have encouraged more people to #SpeakOutListenUp for signs of violence against women and girls.

¹ Source: World Economic Forum (2020). *Global Gender Pay Gap Report*. Available at: <https://www.weforum.org/reports/gender-gap-2020-report-100-years-pay-equality> (Accessed: February 2020).

² Source: United Nations (2015). *About the Sustainable Development Goals*. Available at: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/> (Accessed: April 2020).

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At Avon, we recognise the part we can play in addressing the challenges of rapid climate change and inequality of income and opportunity. Therefore, in 2019, we expanded our sustainability strategy to ensure that we consider our environmental impact throughout our operations.

We've doubled down on this mission, whilst continuing to minimise our environmental impact by operating as a company that makes and sells high-quality, responsibly sourced products. We are well on track to achieve our 2020 environmental goals but recognise that there is much more to do. That is why we have now set even more ambitious targets – to improve packaging sustainability, and further reduce our carbon emissions and water use. We are also proud, in 2019, to have become the first global beauty company to end animal testing across all products in every country in which we operate.

I have been privileged to be part of Avon for over 20 years. And, more than two decades in, I am more inspired than ever about our purpose and role in the world. I am excited and proud to be in a position to lead this new chapter in our history.

I invite you to read further about the many actions we took in 2019 in pursuit of our purpose, in this report and on our website, and about our plans for 2020 and beyond.



Angela Cretu
Chief Executive Officer
Avon International

“We are also proud, in 2019, to have become the first global beauty company to end animal testing across all products in every country in which we operate.”³

³ Source: Euromonitor International (2019). *op 10 Global Beauty and Personal Care Companies data*. Available at: <https://www.euromonitor.com/beauty-and-personal-care> (Accessed: April 2019).

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AVON AT A GLANCE

For 130 years, Avon has stood for women: providing innovative, high-quality beauty products, which are primarily sold to women, by women.

Our millions of independent sales Representatives across the world sell iconic Avon brands through their social networks, building their own beauty businesses on a full- or part-time basis. Avon supports women’s empowerment, entrepreneurship and health & wellbeing, and has contributed over US\$1.1 billion to women’s causes through Avon and the Avon Foundation for Women.

THE FACTS

As of 31st December 2019



NEARLY 20,000 EMPLOYEES WORLDWIDE



5 MILLION ACTIVE INDEPENDENT AVON SALES REPRESENTATIVES



US\$4.8 BILLION TOTAL REVENUE



EVERY SINGLE SECOND, SOMEWHERE IN THE WORLD, AVON SELLS 3 LIPSTICKS AND 2 NAIL ENAMELS



AVON SELLS MORE FRAGRANCE THAN ANY OTHER BRAND

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2019 HIGHLIGHTS

WE STAND FOR HER



MORE THAN 5 MILLION AVON SALES REPRESENTATIVES WORLDWIDE



CREATED OPPORTUNITIES FOR MILLIONS OF WOMEN TO EARN AND LEARN THROUGH OUR CORE BUSINESS - OFFERING A FLEXIBLE EARNINGS OPPORTUNITY WITH SUPPORT, TRAINING AND DEVELOPMENT



DELIVERED EDUCATIONAL GRANTS TO REPRESENTATIVES AND THEIR FAMILIES THROUGH A SCHOLARSHIP PROGRAMME IN 25 COUNTRIES



BEGAN TO MAP THE GENDER DIVERSITY OF THE OWNERS OF OUR SUPPLIERS IN PARTNERSHIP WITH WECONNECT INTERNATIONAL



CONTRIBUTED MORE THAN US\$6.7 MILLION TO DELIVER THE BREAST CANCER PROMISE: HELPING WOMEN KNOW THE RISKS, KNOW THE SIGNS, AND HOW AND WHEN TO TAKE ACTION



CONTRIBUTED MORE THAN US\$3.6 MILLION TO DELIVER THE PROMISE TO END VIOLENCE AGAINST WOMEN AND GIRLS ENCOURAGING CONVERSATION, PROVIDING INFORMATION, AND IMPROVING SUPPORT FOR WOMEN AND GIRLS EXPERIENCING ABUSE

WE RESPECT NATURE



BECAME THE FIRST GLOBAL BEAUTY BRAND TO END ANIMAL TESTING IN ALL MARKETS IN WHICH WE OPERATE



REDUCED ABSOLUTE WATER USAGE BY 51% AND WATER-INTENSITY PER UNIT BY 38% FROM OUR 2005 BASELINE



REDUCED CARBON EMISSIONS BY 52.7% FROM OUR 2005 BASELINE, AND 45.6% FROM 2018, TAKING INTO ACCOUNT RENEWABLE ENERGY PURCHASED



50% OF OUR ENERGY-USE CAME FROM RENEWABLE SOURCES



ACHIEVED 93% RECYCLING IN OUR OPERATIONS



98.7% OF OUR BROCHURE PAPER GLOBALLY CAME FROM CERTIFIED SUSTAINABLE SOURCES (UP 6.7% FROM 2018, ON TRACK FOR 100% IN 2020)



100% OF CORRUGATE IN EMEA AND 85% IN LATAM CAME FROM CERTIFIED SUSTAINABLE SOURCES



SET NEW 2025 GOALS FOR CARBON EMISSIONS, WATER USE, WASTE, RECYCLABILITY AND SUSTAINABLE PACKAGING



INTRODUCED A SUSTAINABILITY SOURCING FILTER TO AID SELECTION OF RAW INGREDIENT SUPPLIERS

WE TREAT PEOPLE WELL



DEVELOPED OUR GLOBAL ONBOARDING COMMUNITY, "WELCOME TO AVON", TO PROVIDE EXTRA SUPPORT FOR NEW ASSOCIATES IN THEIR FIRST 90 DAYS



CREATED "INSIDE AVON", OUR NEW LEARNING AND COMMUNICATION PLATFORM FOR ASSOCIATE TRAINING



LAUNCHED OUR FIRST FUTURE LEADERS PROGRAMME TO IDENTIFY AND DEVELOP 26 TALENTED EMERGING LEADERS



MORE THAN 99% OF OUR ASSOCIATES COMPLETED OUR ONLINE ETHICS & COMPLIANCE TRAINING



CONDUCTED 279 SUPPLIER AUDITS ACROSS AS PART OF OUR SOCIAL RESPONSIBILITY MONITORING PROGRAMME



ENHANCED OUR SUPPLIER CODE OF CONDUCT TO INCLUDE A COMMITMENT TO WOMEN'S RIGHTS AND TO SOUND ENVIRONMENTAL MANAGEMENT



JOINED SEDEX, THE GLOBAL ETHICAL TRADE MEMBERSHIP ORGANISATION TO IMPROVE TRANSPARENCY IN OUR SUPPLY CHAIN



RECOGNISED BY THE TOP EMPLOYERS INSTITUTE IN THE UK, POLAND, SOUTH AFRICA, ROMANIA AND THE CZECH REPUBLIC FOR OUR LEADERSHIP AND BENEFITS, ASSOCIATE DEVELOPMENT AND ADOPTING INDUSTRY-LEADING HR PRACTICES

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OUR RESPONSIBLE BUSINESS COMMITMENT

This year saw the creation of our enhanced corporate responsibility and sustainability strategy, which sets out how we will deliver our purpose in a way that positively impacts all our stakeholders and the planet. It considers people and planet as well as profit in all the decisions that we make; using the power of beauty to improve lives for all.

There are three pillars to this strategy:



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Our approach to responsible business will build on our strong track record of supporting women’s causes, minimising our environmental impact, and will put new, ambitious targets that will lead to an accelerated, positive change across our business. We have set new forward-looking goals and targets across our three strategic focus areas to ensure we keep our purpose at the heart of the decisions that we make.

Our ambition is that, by 2050, we will move towards having a “net-positive” impact – making sure that we leave the world better than we found it. This means thinking about renewable energy, the sustainability of our raw ingredients, moving towards net-zero emissions, making sure our packaging is sustainable and recyclable, and continuing to find ways to measure and report on our impact.

In assessing the impact Avon has on the world, we have identified the **UN Sustainable Development Goals (SDGs)**, which, through our business model, we can make a specific contribution to.

Through our support for women’s causes – educating women about the signs of breast cancer, working to end violence against women

and girls, and enabling and encouraging women’s entrepreneurship and economic participation – and our extensive work to ensure women’s rights in our supply chain, we are aligning with:

- SDG 3:** Ensuring healthy lives and promoting wellbeing for all at all ages
- SDG 5:** Helping to achieve gender equality, and empowering women and girls
- SDG 8:** Decent work and economic growth
- SDG 16:** Peace, justice and strong institutions

That’s why “standing for her” 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 reduce our environmental impact and operating as a company that makes and sells high-quality, responsibly sourced products. In our operations, we strive to make a positive impact to leave the world better than we found it, contributing to:

- SDG 12:** Responsible consumption and production
- SDG 13:** Climate action
- SDG 14:** Life below water
- SDG 15:** Life on land



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HOW WE APPROACH RESPONSIBLE BUSINESS AT AVON

Responsible business governance

Corporate responsibility and sustainability is overseen by the Director of Corporate Responsibility & Sustainability who works in partnership with relevant executives and teams. The Director is also the chair of the Corporate Responsibility Steering Committee.

Steering Committee members meet regularly to review the progress of key performance indicators, discuss emerging issues and risks arising from stakeholder engagement, agree upon resource allocation and prioritisation, and ensure corporate responsibility is integrated throughout the business. The Committee is composed of senior executives from business functions, such as supply chain, research and development, and environmental affairs and regulation. Direction and decision-making on key issues are discussed with and approved by relevant leaders from Avon’s executive team.

Material issues & stakeholder engagement

In 2019, we conducted a survey with key stakeholders to explore which issues matter most to the people that matter to us – our associates, Representatives and our customers – to inform our new sustainability strategy. We also surveyed commercial stakeholders, trade organisations and regulators separately to ensure that our sustainability strategy is aligned to the needs and priorities of all key stakeholders.

There were five issues that were frequently prioritised over others, with a third or more stakeholders ranking them in the top three issues of ten: animal welfare, support for women’s causes, product and ingredient safety, preservation of natural resources, and welfare of workers in the supply chain.

We used these highly material issues to inform our enhanced sustainability strategy and 2025 goals and targets; therefore this report focuses on the topics that are 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. We maintain a continual dialogue with all our stakeholder groups so that we can better understand, and incorporate their expectations into our business strategies and operations.

TOP 5 MATERIAL ISSUES

1 ANIMAL WELFARE

2 SUPPORT FOR WOMEN’S CAUSES

3 PRODUCT AND INGREDIENT SAFETY

4 PRESERVATION OF NATURAL RESOURCES

5 WELFARE OF WORKERS IN THE SUPPLY CHAIN



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WE STAND FOR HER



In 2019, we launched stand4her, Avon’s global plan to create a better world for women, through women.

Stand4her seeks to help women break down the barriers still holding them back by **giving them the freedom to earn** through the **power of beauty** and helping them lead **safe and healthy lives**. It builds on our legacy of supporting women by providing greater and more meaningful opportunities for our Representatives, customers and associates, and for the women in our supply chains and the communities in which we operate.

To do this, we have expanded some long-standing initiatives and will launch multiple new ones over the next ten years.

FREEDOM TO EARN

We stand for the freedom to earn and learn on your own terms and in your own way

50%

of women do not feel they live in a culture that encourages female entrepreneurs

POWER OF BEAUTY

We stand for democratic beauty and celebrate women

55%

of women say they feel comfortable with their bodies

SAFE & HEALTHY LIVES

We stand for safe and healthy lives, campaigning, raising money and throwing a spotlight on issues that matter

21%

of women feel unsafe in public ⁴

VIEW THE FULL STAND4HER REPORT HERE

⁴ Source: Avon stand4her (2019). *Creating a Better World for Women, Through Women*. Available at: <https://www.avonworldwide.com/dam/jcr:1ad3d31c-9aa6-4c29-ac38-79761783c4c6/avon-stand4her-full-report.pdf> (Accessed: April 2020).

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FREEDOM TO EARN

We want to be an agent of change, to break down barriers and open up opportunities – for the women who work with us and those who buy our products. Our goal of providing a flexible, accessible earning opportunity is as relevant today as it was when Avon was founded in 1886.

However, we know that many women are still held back from reaching their full potential. To understand the extent of this problem, in 2019 we published a report on **women's economic empowerment** in partnership with **Oxford Economics**. As well as exploring the barriers that hold women back, the report showed that the benefits of work outside the home have a wide-reaching social ripple effect:

- **77% OF WOMEN SAY THAT WORKING INCREASES THEIR CONFIDENCE**
- **74% OF WOMEN SAY THAT WORKING HAS INCREASED THEIR ABILITY TO BE A ROLE MODEL FOR THEIR CHILDREN⁵**

This is why we believe that women having the freedom to earn is so important. Our commitment to helping women improve their earning potential through the power of beauty is exemplified by our membership of the Business for Social Responsibility (BSR) organisation's Business Action for Women group. Together with other global corporate leaders, Avon and the Avon Foundation for Women works with the Business Action for Women group to raise the ambition and effectiveness of corporate action to advance women's empowerment.

“Our goal of providing a flexible, accessible earning opportunity is as relevant today as it was when Avon was founded in 1886.”

⁵ Source: Avon stand4her (2019). *Creating a Better World for Women, Through Women*. Available at: <https://www.avonworldwide.com/dam/jcr:1ad3d31c-9aa6-4c29-ac38-79761783c4c6/avon-stand4her-full-report.pdf> (Accessed: April 2020).

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Opening up Avon for our Representatives

With minimal upfront personal investment, our network of beauty entrepreneurs can start their own businesses, selling products to their networks of customers, in ways that work for them and their lifestyles. To find out more about our Representatives across the world, visit [Avon Worldwide](#).



KRISHMA TAILOR, UK

Krishma joined Avon as a way to earn extra income to supplement her part-time job as a People’s Service Advisor, as she was unable to take on extra hours due to looking after

her family. She says, “Being a mother of three, having a part-time job and a husband who travels a lot, I can pick up working on Avon around this. [...]”

“With Avon, I don’t have to worry about organising childcare and can schedule around my lifestyle.”

She recalls a time before Avon when she wanted to buy her daughters a big wooden play kitchen for Christmas but couldn’t afford the gift. The extra income she earns now means that she no longer has to worry about stretching her budget to treat herself and her children.



ANGELINE NEBRES, PHILIPPINES

Angeline joined Avon in 2015 as a Franchise dealer, having previously worked as a cleaner, to supplement her and her husband’s incomes and family needs. She quickly progressed to

Sales Leader, then, within a year, to Advance Unit Manager.

Through Avon, she has been able to support her children’s college education (her eldest daughter was able to pass her teaching exams and become a qualified teacher) and has plans to renovate her home with income earned through Avon. She’s passionate about finding new ways to grow her sales and is embracing digital selling to reach new customers.

“In just two years, we were living our lives to their full potential, all because of Avon.”

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ALEJANDRA GIRALDO,
COLOMBIA



JUANA MARÍA MORENO,
NICARAGUA



HABIBA ERROUCHI,
MOROCCO



BUSISIWE MNVANGWANA,
SOUTH AFRICA



ELIZABETH CORAZA,
MEXICO



ANCA PETRISOR,
ROMANIA



MILENE ABRAM,
POLAND



VIRGINIA FINIELLO,
ARGENTINA



JESS TESTAR,
UK

We have created the “Avon Academy”, a global training platform for Avon Representatives, revolutionising the way Representatives experience training as we transform into a digital-first, social selling, fast-beauty brand. The Academy is already live in 27 markets, with another 25 to be live by the end of June 2020. When fully rolled-out across all our markets, the Avon Academy is projected to train 20,000 Representatives every month by the end of 2020.

In May, Avon launched the new mobile app to help our millions of Representatives manage their businesses on the go. “**Avon On**” rolled out after successful trials, opening up access to the brand with high-tech and high-touch solutions. The app helps Representatives increase their productivity and manage their businesses faster and more easily, whilst harnessing the power of their own networks through enhanced social sharing capabilities. Avon On has launched in 37 markets since May 2019, registering 523,000 Representatives and giving them access to products, branded social content, help and support.

Representatives are now able to share Avon branded content, and our data suggests that they are able to increase their customer reach significantly through the use of the app, compared to traditional paper brochures. Currently, nearly 200,00 Representatives have placed orders using Avon On, and there have been over 30 million visitors to our digital brochures.

Avon On has launched in 37 markets since May 2019, registering 523,000 Representatives and giving them access to products, branded social content, help and support.”

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OPENING ACCESS TO BANK ACCOUNTS AND FINANCIAL FREEDOM IN BRAZIL

Avon Brazil and Brazilian bank, **Bradesco**, formed a partnership to remedy the fact that over half of the women in Brazil do not have a bank account, by making it easier for Representatives to open a digital account through an app. Since the partnership announcement, approximately 87,430 Representatives have opened bank accounts. They are now able to access debit

and credit cards and loans. This partnership also includes another important element – financial literacy. Studies show that individuals who have bank accounts can better plan and manage their income and expenses and save and invest their money. From 2020, Bradesco will offer free online financial courses, exploring topics from finance control to responsible use of financial instruments.

The Avon Foundation for Women **donated** US\$100,000 to the **Malala Fund** – a charity that champions every girl’s right to twelve years of free, safe, quality education. The donation will help advance education for girls in Brazil, one of Avon’s largest markets. The donation will be directed towards one of Malala Fund’s “Gulmakai Champions”, a leading advocate working to advance girls’ education in Brazil by sparking social and systemic change for girls.



AVON FOUNDATION REPRESENTATIVE GLOBAL SCHOLARSHIP PROGRAMME

The Avon Foundation offers a **Global Scholarship Programme** to support the education of Avon Representatives and their families. The Foundation has awarded over US\$9.3 million to 3,768 recipients to date. In 2019, the Avon Foundation committed US\$500,000 per annum, supporting up to 200 scholarships a year, and broadened the eligibility criteria to include all Representatives and their children and grandchildren. In 2020, we will relaunch the Programme to make it even more impactful and beneficial to recipients.

2019 RECIPIENT – FATMA SENA KARALOĞLU, TURKEY BEAUTY ENTREPRENEUR

Twenty-year-old **Fatma Sena Karaloğlu** has been an Avon beauty entrepreneur for just over two years, working part-time whilst studying psychology at university. Her ambition is to study for a master’s degree in neuropsychology. To help fund her studies she applied to the Avon Foundation’s Scholarship programme and received a US\$2,100 grant in early 2019.

“ I didn’t realise the privileges available to Avon Reps before I joined. I was intrigued by Avon’s global scholarship programme. Avon makes my life beautiful; I look forward to continuing to be a part of this family.”



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Supporting women-owned businesses

In 2019, we became a partner of **WEConnect International**, an NGO that supports women-owned businesses in global supply chains to help us identify them in our own supplier network and promote greater gender diversity in the future. Our South African business is piloting the programme and is already working with two women-owned suppliers that were identified through the partnership. Avon’s South Africa business is also encouraging women-owned businesses to register with WEConnect International to expand their own network and grow their businesses. The partnership has changed perceptions by encouraging us to consider aspects beyond price in the procurement process, and has highlighted the importance of diversity, which we believe will make our supply chain more robust, effective and resilient.

Worldwide, women-owned businesses earn less than 1% of the money spent on suppliers by large global companies. The partnership has increased our awareness of the value of diversity for making our supply chain more robust, effective and resilient. We are looking at rolling out the partnership to other countries, with the aim of providing more products for women, made by women.

We also formed a partnership with **Women Startup Competition**, championing a new generation of female start-ups, whilst also opening up Avon’s innovation pipeline. For the beauty category winners, Avon provided a customised mentoring programme to help support business growth and the potential for future collaboration in commercialising their ideas, products or brands.



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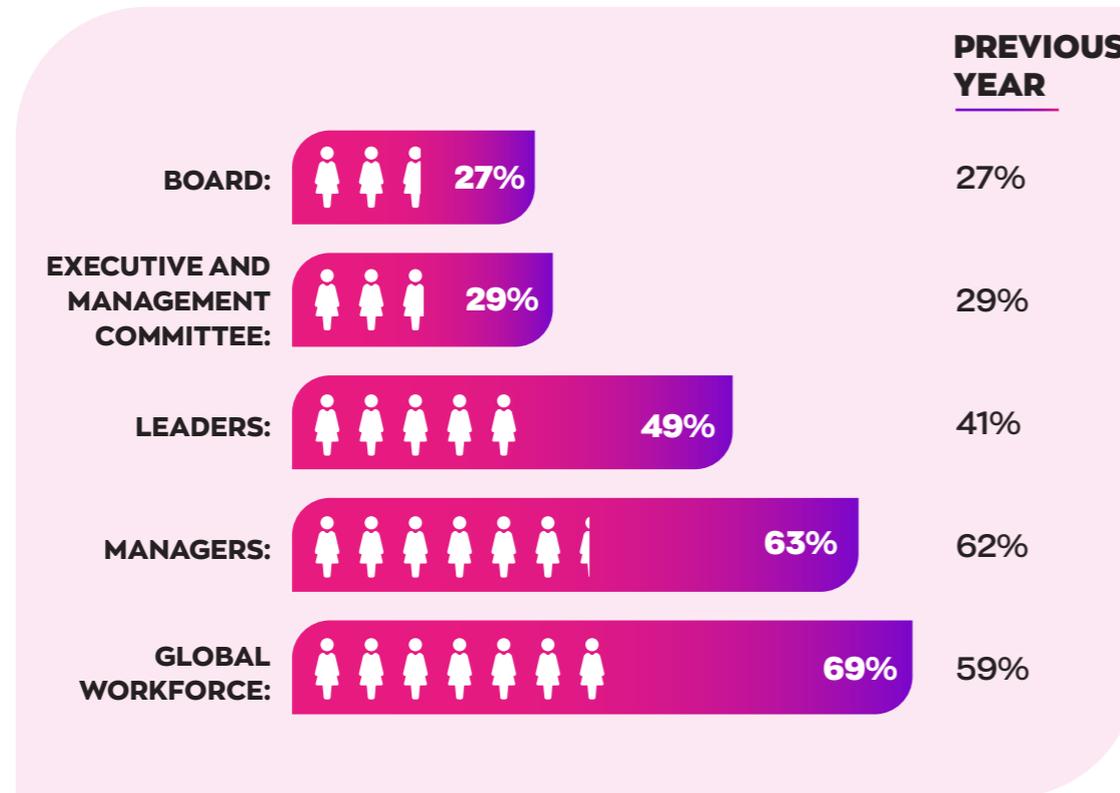
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Advancing women in our workforce

We strive to address to gender equality in our workforce and provide women with the opportunity and working conditions to thrive, and foster an equitable and inclusive workplace that works for everyone. The infographic below shows the percentage of women at different levels of our organisation.



At the same time, we are committed to implementing innovative family-friendly working practices for all employees, through our **Global Women's Strategy**, and so understanding how we benchmark externally in terms of gender equality is a focus.

Avon has been accepted to the **Bloomberg Gender-Equality Index (GEI)**, for the second year running, which distinguishes companies committed to transparency in gender reporting and advancing women's equality. As one of 230 companies selected, Avon achieved above-benchmark scoring across 67 criteria in a survey that awards points for disclosure and examples of best-in-class practices for investing in women.



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INVESTING IN OUR INTERNAL TALENT PIPELINE: FUTURE LEADERS PROGRAMME

In 2019, we established our Future Leaders Programme to invest in our internal talent pipeline. We selected 25 associates to be a part of the 12-month development scheme and paired them with a Senior Leader Mentor to support career progression. Of the 25 associates, 60% are women and, since the programme began in June 2019, 25% of the associates have been promoted – half of whom were women.

Sarah Gillespie, Sales Training Manager, 2019 Future Leaders Programme: “Being part of the programme has given me an opportunity to invest in my personal development, this has had a positive impact on my current role as well as enabling me to build knowledge and confidence for future leadership roles within Avon.”

GENDER WORKING GROUP IN THE UK

In 2017 we established a Gender Working Group in the UK. This group has continued to take a proactive role into 2019 in driving and supporting our Gender Action Plan (GAP) across the UK business. We provide formal and informal development opportunities to inspire women to achieve their ambitions, such as our training and development tool in partnership with Everywoman, that we this year expanded from 20 to 75 associates. We also have “lunch and learns” for all managers, to train them on our flexible working policy and how this should be implemented within their teams.

AVON'S NEW CEO, ANGELA CRETU: A GLOBAL EXAMPLE OF THE RECOGNITION OF OUR FEMALE TALENT

At the start of January 2020, Angela Cretu was promoted to CEO of Avon and is a great example of our female talent pipeline. Angela started at Avon in 1999 in Romania and has worked in many different roles at country, region and global level, whilst balancing her career with family commitments. With Avon’s support Angela has gained broad experience through lateral moves and promotion, most recently having held the position of General Manager for Central Europe.

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POWER OF BEAUTY

At Avon, we believe that the power of beauty cannot be underestimated; for many women it is key to building self-confidence. As part of our stand4her commitment we support self-expression by challenging stereotypes, supporting freedom of expression, democratising beauty and representing a wide range of women.

Earlier in 2019, Avon released a new white paper, "[Beauty, happiness and the rise of the 'perfectly me'](#)", exploring issues around women, happiness and ever-evolving attitudes to beauty. This white paper will help shape our thinking into 2020 and beyond, both highlighting the importance of beauty in women's lives and the responsibility of companies like Avon to enrich and inspire women everywhere. Read the full report [here](#).



SPOTLIGHT ON THE UK

In 2019, as part of global stand4her initiative, Avon UK was the first beauty brand to sign up to charity **Changing Faces**' pledge to feature people with visible differences in more of its campaigns. We hope that by seeing more diversity in beauty campaigns, we will help to break down the stigma around visible difference and show that true beauty is about being free to express oneself.

Avon UK also joined the new **British Beauty Council**, established to represent the voices, opinions and needs of the beauty industry. As a key player in this new venture, Avon will use its more than 130-year heritage in breakthrough innovation and insight to help open up growth and excellence in the beauty sector. We were also attracted to this partnership by the British Beauty Council's pledge to support inclusivity – to celebrate diversity and the interests of the entire industry, regardless of age, ability, gender, race, religion or culture. This aligns with Avon's own longstanding commitment to democratise beauty, by delivering high-quality beauty products at accessible prices and championing every kind of beauty.

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SAFE AND HEALTHY LIVES

We are proud of our history of supporting breast cancer education and awareness and working with partners to help end violence against women and girls.

Through our **Breast Cancer Promise** and our **Promise to Help End Violence Against Women and Girls** we focus on awareness and education. We raise funds through product sales and events, as well as sharing vital life-saving information and resources to millions of women in our brochures, online and elsewhere.



OUR FOUNDATIONS

The **Avon Foundation for Women** (“Avon Foundation”), founded in 1955, is a public charity that tackles the causes that matter most to women, taking a female-centric approach to break down traditional barriers and build a better future for women. Its ethos is based on the belief that the greater the support, the more empowered women feel to take control of their own safety and health. Over the last six decades Avon and the Avon Foundation have together contributed over US\$1 billion to the causes that matter most to women.

For 17 years, the **Instituto Avon Brazil** has been dedicated to saving lives. That is why it has always supported and developed actions to overcome two of the main challenges for women: breast cancer, and violence against women and girls. Year after year, Instituto Avon’s work has relied on important partnerships and on the collaboration and dedication of many people and organisations to inform more people about the causes and how to respond. Instituto Avon has invested more than R\$170 million in social causes for women in Brazil, supporting more than 350 projects and benefitting more than 5.7 million women.

Avon Fundación Argentina was founded in 1999 and, since then, has developed hundreds of initiatives to promote women’s wellbeing. It aims to support the causes that most affect women and promote their physical, social and emotional health, with a strong emphasis on human rights. The Avon Fundación Argentina social programmes are organised into three pillars of action: the Avon Breast Cancer Promise, the Avon Promise to Help End Violence Against Women & Girls, and the Avon Foundation Solidarity Women Award.

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PEOPLE WELL**Avon Breast Cancer Promise**

Over the last 27 years, Avon and the Avon Foundation for Women have contributed more than US\$939 million to breast cancer causes around the world and funded breast health screening for over 20 million women.

The Avon Breast Cancer Promise aims to educate 100 million women each year and ensure that every woman knows the risks and signs of breast cancer, how and when to take action to protect her breast health, and where to go for help.

- **DISTRIBUTED US\$6.7 MILLION GLOBALLY IN 2019 TO SUPPORT THE PROMISE THROUGH GRANTS AND DONATIONS, AVON EDUCATION CAMPAIGNS AND OTHER AWARENESS EVENTS**
- **HELD OVER 1,300 EVENTS GLOBALLY BY MARKETS DELIVERING THE PROMISE FOR OVER 1 MILLION ATTENDEES**
- **PROVIDED FREE BREAST CANCER SCREENINGS TO 263,000 WOMEN**
- **REACHED 61.3 MILLION PEOPLE ABOUT THE BREAST CANCER CAUSE, THROUGH DIGITAL CHANNELS, EVENTS, GRANTS AND DONATIONS AND CAUSE MESSAGING IN PRINTED MATERIALS**

Breast Cancer Awareness Month 2019

October 2019 marked Avon's 27th year of support for **Breast Cancer Awareness Month** (BCAM). Hundreds of thousands of people around the world took part in Avon BCAM events, 3.3 million miles worldwide were covered in Avon walks and runs, and 2.3 million products were sold to raise funds for breast cancer charities.

Avon's campaign in 2019 focused on the need to **Take A #BreastBreak**, encouraging people to take the time for a self-exam or a mammogram. To promote breast health awareness, Avon undertook initiatives across the world, including a walk of 20,000 people in South Africa and the Pink Light Night Run & Walk in the Philippines, encouraging employees, Representatives and customers to get involved.



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Avon breast cancer stories



SUE SAUNDERS, UK

Sue is a strong advocate for Avon’s Breast Cancer Promise to know the signs, the risks and how to take action. She regularly checks herself ever since her mother was diagnosed with breast cancer in 2010.

One day, in 2018, she found an abnormality that she immediately had checked by her doctor. She always thought that the disease was something that only affected older women, remembering the feeling that she was going to such appointments 25 years earlier than she should have been. Two weeks later, at the age of 38, she was diagnosed with breast cancer, which was followed by a mastectomy and chemotherapy.

Sue is a mother of two and has worked for Avon for 14 years and was grateful for the support she received from Avon whilst she was ill, and the ability to take off time to recover and spend with her children. She explains that,

It’s important for everybody to check, including men, and it really does take two or three minutes.”



MARCELA CAROLINA PINHEIRO MARTINS, BRAZIL

Breast cancer changed **Marcela’s** life. “The day I finished treatment, I saw the world differently,” she says. “I began to value things I hadn’t before, such as starting to pay attention to the flowering ipê trees when walking down the street.” Her illness also inspired her to

become an Avon Representative.

Marcela credits her faith with helping her get through the treatment – and joining Avon. “Faith in God first of all, and I’ve always worked in sales, which is why I chose to stay active and began selling Avon, because of its commitment to breast cancer as a cause.”

For Marcela, Avon is more than a beauty company. “I chose Avon because it’s a company committed to this cause. I already like the products and decided I wanted to help other women,” she says.

Today, she is passionate about sharing her story.

Talking about cancer is still taboo, but I’m not ashamed, I’m not scared. I like talking about my story, sharing to help other women. Being scared doesn’t help treatment.”

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Avon Promise to Help End Violence Against Women and Girls

For 16 years, Avon and the Avon Foundation for Women have been speaking out against violence against women. Last year, we reaffirmed our commitment, launching the Promise to Help End Violence Against Women and Girls. The Promise encourages conversations about gender-based violence, provides information to help people recognise and respond to violence safely, and improves support by working with local and global organisations.

Since 2004, Avon and the Avon Foundation for Women have contributed more than US\$80 million globally to support these goals.

- **DISTRIBUTED US\$4 MILLION GLOBALLY TO HELP END VIOLENCE AGAINST WOMEN AND GIRLS AND SUPPORT VICTIMS AND THEIR FAMILIES THROUGH GRANTS AND DONATIONS, AVON EDUCATION CAMPAIGNS AND OTHER AWARENESS EVENTS**
- **HELD OVER 244 VIOLENCE AGAINST WOMEN AND GIRLS EVENTS AND ACTIVITIES FOR OVER 180,000 ATTENDEES**
- **FUNDED 17 HELPLINES AND 14 REFUGES/SHELTERS**
- **REACHED 58.3 MILLION ABOUT VIOLENCE AGAINST WOMEN AND GIRLS THROUGH DIGITAL CHANNELS, EVENTS, GRANTS & DONATIONS AND CAUSE MESSAGING IN PRINTED MATERIALS**

Avon Foundation for Women and Vital Voices Global Partnership

The Avon Foundation for Women awarded a US\$200,000 grant to NGO, **Vital Voices**, to fund **Voices Against Violence** – an initiative that builds on Avon’s long-standing commitment to help women and girls live safe lives, free from violence. The donation marks the Avon Foundation’s tenth year partnering with Vital Voices, bringing its total funding to the NGO to over US\$4 million.

The initiative brings together NGOs, law enforcement agencies, service providers and advocates to improve investigation, prosecution, victim safety and survivor support. The partnership provides a training programme to help advocates – including Avon associates and Representatives – to support women and girls impacted by violence. A new website has also been launched to provide awareness of and resources around gender-based violence. To improve and enhance support for survivors, it also works to remove barriers for survivors in accessing justice and vital support services.



AVON
PROMISE TO HELP END
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WAGGGS Partnership

The Avon Foundation for Women launched a new partnership with the **World Association of Girl Guides and Girl Scouts (WAGGGS)** to encourage more people to speak out against signs of violence, harassment and abuse. The partnership responded to Avon Foundation-funded research which revealed that 38% of abuse victims are unsure where to seek help and 60% do not believe they will be taken seriously. As part of the partnership, in 2020 the Avon Foundation for Women and WAGGGS will launch a new training and awareness programme in South Africa, Philippines and Argentina.



#SpeakOutListenUp

In line with the **16 Days of Activism against gender-based violence** in November 2019, Avon called on the world to #SpeakOutListenUp. Through fundraising, events and activities, Avon empowered survivors to speak out about their experiences, and to encourage the world to listen. These included a **song and video** with a famous singer-songwriter, Çağrı Sinci, in Turkey, which shares a first-hand account of domestic violence and forced marriage, and the launch of **“Avon Alert”** in Poland – an app that allows women to report acts of violence and receive support in a safe and discreet way. Over 16,500 users visited the website in first week.



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Violence Against Women & Girls: personal stories

To encourage more women to speak out about gender violence, Avon partnered with [Peace One Day](#) to tell three women’s stories. Launched on Peace Day in September 2019, the videos document the experiences lived by Thulisile in South Africa, Ana in Mexico and Gemma in the UK, demonstrating the devastating personal impact of this global issue.



ANA ISELA MARTINEZ HERNÁNDEZ, MEXICO

Ana joined Avon with low self-esteem after leaving a physically abusive marriage. Her husband became violent when she was pregnant and fear

kept her from being able to speak out.

She gained financial independence as an Avon Representative, then later a Sales Leader, which gave her greater self-confidence and enabled her to discover skills she didn’t know she had. Ana says she has learned to love and value herself as a woman.

“Don’t be silent, look for help. There will always be someone who can help you.”



THULISILE MOGALE, SOUTH AFRICA

Thulisile is an Avon Sales Leader who was able to leave an abusive relationship of ten years after building a solid Avon business in just three

years. She was financially dependent on her former partner, who became abusive after the birth of their first child and wanted to keep her from her friends and education. She is now able to support herself and her two children, and even built her own house with the income from her Avon business.

“Getting my own independence brings out the best in me... Now I can do what makes me happy, any time I want.”



GEMMA EVANS, UK

Gemma is an Avon customer and former associate who was previously in an abusive relationship in which she was not “allowed” to wear

makeup. Having come through the dark times, makeup has a deeper significance for her as part of her freedom to be and express herself.

“When Avon gives you a business and the opportunity to meet people, as well as empowering women to put makeup on, [...] not only are they giving you the financial reward, but a second chance at life.”

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There's no doubt 2019 was a watershed year for the environment. The growing threat posed by climate change and the impact of pollution on fragile ecosystems sparked unprecedented public concern and activism, across geographies and generations.

Climate change caused by human-made greenhouse gas emissions is one of the greatest challenges of our time for the planet, people, society and businesses. Against this backdrop, we are more aware than ever of the role we at Avon can, and must, play in preserving the Earth's natural resources and respecting animal welfare.

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PROGRESS TOWARDS OUR GOALS

This year, we made significant progress towards reducing our greenhouse gas (GHG) emissions, using less water in our operations and reducing the amount of the waste we generate. We continued increasing recycling rates globally across our operations and sourcing sustainable paper, and are confident of meeting all of our 2020 goals.

As we enter a new decade, we will continue to reduce our environment impact, operate responsibly and will work towards setting science-based targets.

We have now set new and more ambitious goals for 2025 to ensure that we continue to minimise the impact that we have on our planet. From a 2020 baseline, we are aiming to reduce both our GHG emissions and our water intensity by 5%, we want to achieve a 95% recycling rate in our own operations, and 65% recyclability of our product packaging in Europe and in line with available infrastructure globally. We have also set new targets for consumer packaging, and we are aiming to achieve 30% post-consumer recycled (PCR) plastic in our bottles and 100% certified sustainable carton in our packaging. Having joined the Natura &Co family in early 2020, we will be looking to expand our goals to align even more closely with the group's 2030 goals going forward.

In 2019, we started to consider the sustainability credentials of our suppliers when sourcing raw materials and ingredients. This included inserting specific questions about their environmental commitments and requests to provide evidence of those commitments in the bidding process. We also enhanced our Supplier Code of Conduct, which stipulates specific requirements from our suppliers to demonstrate sound environmental and ethical management in their operations.



2020 GOAL

20% reduction of total GHG emissions from Avon operations on an absolute basis

Baseline year 2005 / **EXCEEDED TARGET**

NEW GOAL

Further 5% reduction in GHG emissions by 2025 from 2020 base



2020 GOAL

30% reduction in waste on a per unit basis

Baseline year 2005 / **EXCEEDED TARGET**

NEW GOAL

Aim for zero waste to landfill



2020 GOAL

40% reduction in water intensity

Baseline year 2005 / **ON TRACK TO ACHIEVE**

NEW GOAL

Further 5% reduction in water intensity reduction by 2025 from 2020 base



2020 GOAL

Increase total recycling rate to 90%

Baseline year N/A / **EXCEEDED TARGET**

NEW GOAL

95% recycling of waste in own operations by 2025



2020 GOAL

100% of paper purchased from certified or post-consumer recycled content sources

Baseline year 2011 / **ON TRACK TO ACHIEVE**

NEW GOAL

We are expanding our Paper Promise to packaging (more information below)

65% recyclability in Europe and in line with infrastructure in rest of the world by 2025
30% PCR in plastic bottles by 2025
100% sustainable carton in packaging by 2025

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CARBON EMISSIONS

In 2019, we reduced our GHG emissions by 11.8% compared to 2018 and by 23.2% when compared to 2005 levels, meaning that we exceeded our target of a 20% reduction by 2020. When the purchase of renewable energy is taken into account, our emissions reduced by 52.7% from a 2005 baseline.

Before 2019, we were working towards reducing our carbon emissions target while still relying on energy from fossil fuels. We also separated from our North American business, which slowed our progress in reducing our carbon emissions, as after the separation we had fewer sites with zero-emissions contracts in place. However, we've made significant progress towards reducing our carbon emissions, through energy efficiency projects, including green building initiatives, and increasing awareness among Avon associates and suppliers.

By the end of 2019, 50% of the energy we used came from renewable sources, verified by **I-REC** certificates. Accounting for this, in 2019, we achieved an overall 52.7% reduction in GHG emissions from our 2005 baseline.

Having surpassed our 2020 target, we are aiming to reduce our actual GHG emissions by a further 5% from a 2020 baseline by 2025 and to continue the use of renewable energy where possible.

ENERGY EFFICIENCY IN BRAZIL AND ARGENTINA

In Brazil, we reduced our consumption of natural gases by 8% by replacing our boilers and gas burners. We have also reduced our material and energy waste by reducing the cycle time of nail enamel processing by 50%, whilst maintaining yield and removing acetone usage in the cleaning process. To treat water, we have optimised the process and reduced the use of chemicals, which has resulted in decreased water consumption.

In Argentina, we have made our transport more efficient between facilities to reduce our overall impact by better utilising the capacity of trucks to transport the same volume of goods, hence reducing carbon emissions.

2020 target: 20% reduction in carbon emissions from Avon operations from a 2005 baseline

Progress towards goal in 2019: 23.2% reduction

GHG location-based emissions* (metric tons)

Progress towards goal: 23.2%



GHG market-based emissions* (metric tons)

Progress towards goal: 52.7%



* Figures have been recalculated from prior years' reporting to adjust for the sale of China operations and our exit from the Australian market

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WASTE AND RECOVERY

Our recycling rate globally across our operations increased by 0.5% compared to 2018 and by 37.3% compared to 2005. Our recycling rate globally is now 93.4%, compared to a 68% baseline rate in 2005, which means we have exceeded our target of 90% by 2020.

We have set a new target to achieve a 95% recycling rate globally by 2025 across Avon's operations and to aim for zero waste to landfill where infrastructure is available to support this. Currently, two of our global sites' operations (in the UK and Brazil) already send zero waste to landfill.

We have achieved a 31.1% reduction in waste generated per unit since 2005, exceeding our target of 30% by 2020.

This year, we have continued to educate and train our manufacturing associates around the world on the importance of a responsible approach to waste reduction. We have also implemented waste reduction programmes, such as converting waste into energy and reusing wastewater sludge. We also continue to partner with Terracycle in Brazil to minimise consumers' waste from our packaging and are looking at ways to expand the programme in other countries.

MANUFACTURING IN THE PHILIPPINES

In the Philippines, we have implemented a project to improve the packaging process and reduce the waste of component and final ingredient waste within packaging. The goal of the project is to identify top drivers of material waste and spoilage during the production process, and to select teams to develop action plans to eliminate the root causes of inefficiencies.

2020 Goal: 30% reduction of waste on a per unit basis compared to a 2005 baseline

Progress towards goal: 31.1% reduction

Waste generated per unit* (pound/thousand units)
Progress against baseline: **31.1% reduction**



Recycling (%)

Progress against baseline: **37.3%**



* Figures have been recalculated from prior years' reporting to adjust for the sale of China operations and our exit from the Australian market

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WATER STEWARDSHIP

In 2019, our water consumption increased per unit by 3.3% from 2018. Compared to our 2005 baseline, overall water consumption per unit has decreased by 38%, close to our target of a 40% reduction by 2020.

This was a bold ambition when it was set, and we are pleased with the progress we have made towards this, through continued optimisation of equipment cleaning practices, despite encountering technical issues with the implementation of one of our water re-use projects. While we are currently falling just short of our water reduction target, we remain optimistic we will find a way to fully meet our ambitious 40% reduction goal. Our overall consumption of water has decreased from 346,542,000 gallons in 2005 to 169,633,000 gallons in 2019, which is a reduction of 51%.

Looking beyond 2020, we have set a new goal to further reduce our water intensity by 5% from 2020 levels by 2025.



2020 Goal: 40% reduction in water intensity compared to 2005 baseline

Progress towards goal: 38% reduction

Total water consumption per unit*
(gallons per thousand units)

Progress towards goal: **38% reduction**



Water consumption (thousands of gallons)

Progress: **51% reduction (not stated as a goal)**



* Figures have been recalculated from prior years' reporting to adjust for the sale of China operations and our exit from the Australian market

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SUSTAINABLE PACKAGING

We are committed to reducing our environmental footprint through our approach to product packaging, and we have set targets for recyclability and use of post-consumer recycled material in our packaging for the next five years.

By 2025, we want 65% of all packaging that we use to be recyclable in Europe and our recycling rates elsewhere in the world to be aligned with the infrastructure that exists to support recycling. We are aiming to increase post-consumer recycled content in our plastic bottles to 30% by 2025. We are also striving for 100% of our carton packaging to be made from recycled materials or certified sustainable sources by 2025 as an extension of our Paper Promise.

We continue to partner with the **Sustainable Packaging Initiative for Cosmetics (SPICE)** and are working on implementing a life cycle analysis tool as part of this partnership.

TERRACYCLE IN BRAZIL

Our partnership with **Terracycle**, which upcycles our plastic packaging, is ongoing in Brazil and has had a significant impact. At the end of 2019, the programme had donated approximately US\$20,000 in total to public schools and charity programmes chosen by consumers, and had collected and recycled 4.45 million units of packaging, equivalent to over 36 tonnes of waste.

SUSTAINABLE PACKAGING IN EMEA AND ARGENTINA

In July 2019, we redesigned the closures of our Bubble Batch products in EMEA to reduce their weight by 50%. As a result, we decreased our use of polypropylene (PP) plastic consumption by 39 tonnes in 2019 and we forecast that we will save 78 tonnes per year hereafter. Towards the end of 2019, the protective paper liners that we use inside all of our products' packaging in EMEA were replaced with liners made from Kraft material, which is FSC-certified and is also stronger to better protect products.

In January 2019 in Argentina, we reduced the weight of Avon Care bottles, decreasing annual High-Density Polyethylene (HDPE) consumption to seven tonnes per year. We also reduced the size of our labelling by roughly 30%, which further reduced our PP consumption by 1.6 tonnes in 2019.



PHASING OUT PLASTIC BAGS IN POLAND

As of 2019, we no longer use plastic bags in our 12 service outlets in Poland. Instead, we use 100% recycled paper bags or large canvas bags. Our team in Poland is constantly looking at ways to increase sustainable practices in this market; our largest in Europe.

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THE DISTILLERY RANGE

In 2019, we launched the **Distillery** range: our first eco-conscious skincare and make-up brand. The range is vegan and contains potent, concentrated ingredients. Water content is minimised to reduce its impact on the environment and making for a more active concentration; seven of the nine products are completely waterless.

Packaging is environmentally conscious and is our first carton-line that is certified by the **Forestry Stewardship Council (FSC)**. Distillery skincare products use recyclable glass, rather than plastic, and our cartons are recyclable. By 2025, we are aiming to make 100% of Distillery packaging recyclable.

The Distillery Day Cream, Night Cream, and the Purifying Oil use a compostable protective wrap. The wrap is 89% bio-based and sourced from responsibly managed forests. Our Vitamin C shot will also use this wrap in the future.

The skincare range’s caps are made from recyclable aluminium, and across the makeup range, we are using paper compacts to reduce plastic consumption and removing mirrors to improve recyclability.

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TACKLING DEFORESTATION

It is important to us to consider the environmental impact of the way in which we source our products and packaging, as well as the way we manufacture them. We are committed to supporting responsible and sustainable production of palm oil and its derivatives, as well as the paper that we use in our brochures and packaging.

Commitment to sustainable palm oil

Palm oil’s association with peatland depletion and tropical deforestation is something that Avon takes seriously. Although we predominantly use ingredients that are derivatives of palm oil and are a relatively small user of palm oil or palm kernel oil (PKO) as a whole, we are committed to ensuring that we source these sustainably. We are a committed member of the **RSPO (Roundtable on Sustainable Palm Oil)** and in 2019 we were 100% RSPO compliant. We also inserted a requirement for No Deforestation, Peat or Exploitation (NDPE) commitments into our procurement process as a further filter for decision making and holding our suppliers accountable.

Avon Paper Promise

To promote the protection and responsible use of forests, we continue to abide by our **Avon Paper Promise** policy and have made significant progress towards our goal of

purchasing 100% of our brochure paper from certified or post-consumer recycled content sources by 2020. At the end of 2019, 98.7% of Avon’s brochure paper met our Paper Promise goal, sourced from certified sustainable sources; up by 4.9% from 2018. We are working to find certified sources for some types of paper where there is a lack of sustainable supply, in order to achieve our goal of 100% by the end of 2020.

In 2019, we chose to extend our Paper Promise, which previously applied only to our brochures and printed materials, to include packaging cartons. We have set a goal to use 100% certified sustainable carton in packaging by 2025. We are also working to increase the percentage of sustainable corrugate year-on-year and are currently using 85% certified sustainable corrugate in LATAM and 100% across EMEA. Across our global operations this year, our consumption of corrugates saw a 5% decrease from 2018.

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ANIMAL WELFARE

Respect for animal welfare is a cornerstone of Avon's product safety and approach to ethical business. In 2019 we ended all regulatory-required animal testing, becoming the first global beauty company selling in China to stop all animal testing of ingredients and products across all brands⁶.

We are proud that this work has been recognised by animal rights charity, **PETA**, by our inclusion in 2019 on its [list of companies](#) "Working for Regulatory Change". This accreditation recognises a small number of companies who have demonstrated ongoing commitment to promoting the development and acceptance of non-animal methods. We have supported the development of non-animal approaches to product testing and development, and have worked in partnership with organisations such as the [Institute for In Vitro Sciences and Humane Society International \(HSI\)](#) to promote their acceptance by regulatory authorities around the world for over 30 years.

Earlier in 2019, we also joined Humane Society International's [#BeCrueltyFree](#) campaign to outlaw cosmetic animal testing in key global beauty markets, and to support government safety regulators, smaller companies and other key stakeholders in building capacity to make a full transition to animal-free safety assessment for cosmetic products and ingredients.

We are proud that this work has been recognised by animal charity PETA by our inclusion in 2019 on its list of companies 'Working for Regulatory Change'.

PETA

IIVS
Institute for In Vitro Sciences Inc.



HUMANE SOCIETY INTERNATIONAL



⁶ Source: Euromonitor International (2019). *Top 10 Global Beauty and Personal Care Companies data*. Available at: <https://www.euromonitor.com/beauty-and-personal-care> (Accessed: April 2019).

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Health & safety

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Maintaining a high level of ethical conduct and integrity is important to us.

We strive to ensure high standards of transparency in our supply chain, the safety of our ingredients, and the health and safety of our associates, Representatives and the people who work in the factories and fields to supply our products and ingredients.

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GREAT PLACE TO WORK

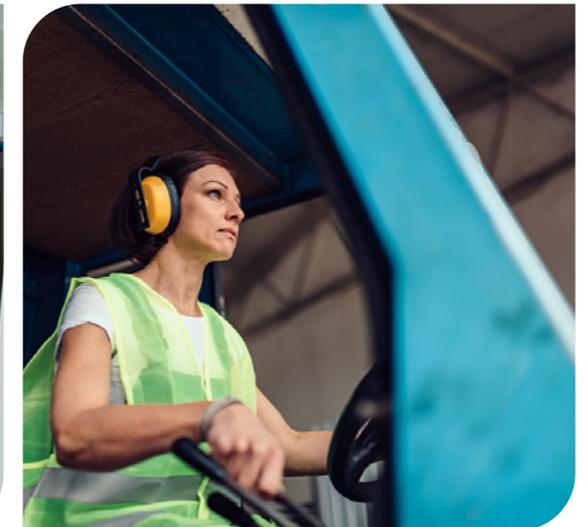
With a global workforce of nearly 20,000 associates, we are committed to being a great place to work by fostering an inclusive culture in which all our associates feel valued and that their development is supported.

Support, training and development

In 2019, we asked all new associates to complete surveys 30 and 90 days after joining Avon, so that we could review and improve our onboarding and induction process. As a result of feedback from this survey, we launched our global onboarding community, “Welcome to Avon: your 90-day onboarding journey” to provide new employees with consistency and support throughout the first 90 days.

2019 also saw the launch of “Inside Avon”. This is our new learning and communication platform for associates to improve business performance and deliver our growth strategy, “Open up Avon”. “Inside Avon” enables all associates to pursue areas of learning and development that matter to them, and to develop their skills and capabilities. The platform provides access to external content, information about Avon and the beauty industry, and a variety of webcasts, online courses and learning plans. Associates can create tailored learning journeys as well as sharing and collaborating with their colleagues across Avon.

To identify and develop our emerging leaders, we launched a new Future Leaders programme in 2019 and selected 26 talented associates to participate. Each participant receives leadership diagnostic sessions, as well as mentoring from senior leaders to identify and build on their strengths. They also take part in “Talent Labs” to challenge them to think more strategically, including sessions at our global innovation centre in New York.



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Diversity & inclusion

At Avon, we strive to create and maintain an inclusive culture of diverse associates, to reflect that of our Representatives and their customers worldwide.

We are committed to ensuring that there is no discrimination in our business, and we continue to support the **United Nations Standards of Conduct for Business** to tackle discrimination against LGBTQIA+ people throughout our organisation.

WOMEN IN TECH: NEXT TECH GIRLS

Currently in the UK, only 17% of people working in the tech industry are women. We continue to support the **UN's Women's Empowerment Principles** as a way of empowering women and girls. Digital investment is a significant part of Avon's transformation and we are proud to have partnered with **Next Tech Girls Initiative 2020** in a joint mission to tackle disparity at the grass-roots level and improve gender equality and representation in the tech sector. In the summer of 2020, our Digital team will pilot a work experience and apprenticeship scheme in our global head office for 14-18 year-old girls who want to explore a career in tech.

External recognition

The **Top Employers Institute** award recognises organisations with the highest standards of excellence in HR practices against established international benchmarks. Top Employer audits conduct comprehensive assessments of training and development, career development and working conditions within a company. Avon has received this award in Poland, South Africa, Romania and the Czech Republic for multiple consecutive years, and in the UK in 2019, recognising us for our leadership and benefits, associate development and adopting the best HR practices in top markets again this year.

We also received the **Brandon Hall Group** Gold Award in partnership, with Global English, for excellence in learning, recognised for training our associates to improve customer service, productivity and English language skills.

Beyond this, Avon Russia and Avon Brazil were listed in the top 50 **Universum Top Company List**. Avon Russia received the "Most Attractive Employer" award as a result of its internship programme. On completion of the programme, we hired nine interns for permanent roles.



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ETHICS & COMPLIANCE

Ensuring high standards of ethics is fundamental to the way we do business at Avon. Maintaining a culture of integrity is important to us and we continue to strive to ensure we have a best-in-class Ethics & Compliance (E&C) programme.

Code of Conduct and policies

In 2019, we simplified our **Code of Conduct** and global policies to ensure better associate understanding and engagement. Our updated Code includes FAQ sections based on everyday work scenarios to make it easier for Avon associates to understand the Code as it applies to their jobs. The Code is available in 20 languages and applies our core values to business operations. The launch was supported by a “Speak Up” campaign with information about our Integrity Helpline.

Training and communications

Our senior leaders continue to set the “Tone from the Top”, including disseminating user-friendly guidance to associates with a focus on “doing the right thing” and connecting our ethical culture to our values and mission for women. We have trained these senior leaders on E&C since 2017 to ensure that the approach is embedded throughout the business. These messages also come through in our Town Halls, team meetings, newsletters and internal social media. In 2019, we held 13 Ethics Days in markets worldwide about the importance of our values, where associates had fun learning about our Code.

Our goal is to regularly train our associates on our core values and the key policies that apply to their jobs. In 2019, we provided in-person E&C training in 30 markets for approximately 4,400 office-based associates, and approximately 6,000 associates from our manufacturing and distribution sites.

We provide online training sessions covering 20 languages. In 2019, online training became accessible through mobile devices, which has increased access for all

employees; especially those based in the field. These sessions continue to cover key topics from our Code, such as anti-corruption, antitrust and competition laws, conflicts of interest and data privacy. In 2019, we had a completion rate of approximately 99% for online training, received by approximately 13,000 associates. We also provided targeted training to more than 1,500 associates specific to their roles and responsibilities.

Measuring our progress

In 2019, we enhanced our risk assessment by partnering with our finance and procurement teams. We conducted in-person visits to six of our markets, and conducted remote monitoring in 12 markets, where we surveyed approximately 100 associates. We also received 2.89 reports per 100 associates to our Integrity Helpline, significantly above the industry average, indicating that our associates feel comfortable speaking up. We provide quarterly reports to management.

Anti-Corruption Programme

In 2019, we supported Avon’s “Open Up Access” strategy by reviewing high-risk activities. We analysed 5 new market entries, reviewed 105 gifts (including hosting) to government officials, conducted due diligence on 357 suppliers, reviewed US\$18.3 million in charitable contributions, and reviewed the engagement of 66 government officials or entities.

Data Privacy

Data Privacy joined the Ethics & Compliance programme in 2019. As Avon focuses on enhancing its digital and e-commerce capacity, we reviewed 94 projects in 2019 to ensure that privacy principles and laws were followed. Furthermore we used our protocol to review any potential compromises of personal information and conducted due diligence on all suppliers who handle personal information, while also ensuring that our standards were upheld in their contracts.

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RESPONSIBLE SUPPLIERS

Avon's Supplier Social Responsibility Programme protects the health, safety and employment conditions of people who work in our third-party supply chain worldwide.

Our suppliers include vendors, agents, factories, and other third-party production sites. Avon expects all 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 or in their supply chains. Any factory producing finished goods for Avon or Avon-branded beauty components are considered to be an "in-scope" site and are subject to active monitoring of working conditions to ensure they meet the requirements of our Supplier Code of Conduct.

Supplier Code of Conduct

Our **Supplier Code of Conduct** is publicly available on Avon's corporate website in eleven languages. It sets out our minimum expectations regarding compliance with all applicable laws and regulations, environmental performance as well as working conditions and labour rights. In 2019, Avon reviewed the Supplier Code of Conduct in conjunction with **Business for Social Responsibility (BSR)**, a global non-profit, and the terms of the Code were updated and launched in January 2020. The revised terms explicitly reflect our commitment to gender empowerment and gender equality and give clear protections for women in our supply chain.

Our suppliers are contractually obliged to adhere to the Code's terms, and in-scope suppliers will also receive a copy of **Avon's Social Responsibility Guidebook for Suppliers** which includes information about our Social Responsibility Programme and related procedures to provide guidance on how to implement the Code. We also provide supplementary in-person training sessions and e-learning modules where appropriate.

Avon expects all 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 or in their supply chains."

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Supplier auditing programme

We are committed to working with suppliers and production sites to make sure that working conditions and labour rights are aligned with our own values and expectations. We monitor standards by requiring regular social audits at the production sites that supply us. Suppliers may either submit an existing, recent social and ethical audit conducted in line with a robust methodology for their production site, or the site will undergo an Avon audit with our approved third-party audit company.

Our audit programme consists of initial reviews, followed by targeted follow-up visits where appropriate. Any issues that are identified in an audit are ranked and prioritised accordingly for corrective action plans. Before starting a commercial relationship with a new, “in-scope” supplier and factory, the factory must be audited to make sure it complies with the minimum level of acceptable working conditions; thereafter, we require a full audit to take place at in-scope sites every two years.

In 2019, Avon joined the global ethical trade membership organisation, **Sedex**, to support our social responsibility programme and align audit data for reporting and analysis. Our objective is for all in-scope suppliers and factories to register and link with Avon to help increase our supply chain transparency, but also to facilitate the sharing of audit data and details of corrective actions. Looking forward to 2020, the objective is to complete Sedex onboarding for all in-scope suppliers and factories. In 2019, we conducted 279 audits across all procurement categories in our direct supply chain. We also reviewed and accepted an additional 165 social audits from other audit protocols that were submitted to us by our suppliers and their factories. Finally, through the process of getting our in-scope suppliers and factories to register on Sedex and link with Avon, we were given access to a further 141 audits conducted on behalf of other retailers or brands.

The most common issues cited in both initial audits and follow-up audits are in the Health & Safety category, followed by Working Hours, Environment & Land Rights and Wages & Benefits.

In total, from the audits conducted for Avon in 2019, 69 were rated Red, signalling at least 1 critical risk issue present on site, 129 audits were rated Orange and 61 were rated Yellow. The remainder were either rated Green (16 sites) or were not given an overall rating, because of access problems or other audit difficulties (4).

Our supply chain social responsibility team works closely with auditors and sites to address any issues identified quickly and effectively and, where necessary, to conduct further audits to check on progress.

Finally, Avon continues to support the work of the **Bangladesh Accord** on Fire and Building Safety. As a signatory to the Accord, we work closely with our suppliers and the factories in Bangladesh that they buy from to ensure that safety plans are fully implemented, that regular inspections are completed and that worker safety training is undertaken.



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HEALTH & SAFETY

Being a responsible business also means ensuring a safe and healthy environment across our facilities. As such, we monitor accident information across all Avon-owned manufacturing plants and distribution centres. The data collected is published in our quarterly global safety reports, to ensure we maintain high standards by identifying excellent performance, as well as areas of improvement.



2019 performance:



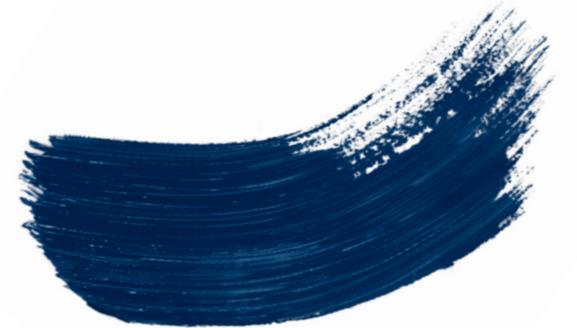
41 Avon Recordable Cases (ARC) – the number of incidents considered to be serious enough to be recorded, including lost time plus medical treatment beyond first-aid. This has reduced from 48 in 2018.



0.33 Total Recordable Case (TRC) rate (against a target of 0.40) – which is the total number of ARCs per 100 full-time associates in Avon-owned global manufacturing plants and distribution centres. This has very slightly increased from last year’s rate of 0.32.



0 fatalities among Avon associates in supply chain operations in 2019, which stayed the same as last year.



A photograph of four women standing outdoors, smiling, with a green color overlay. The women are dressed in elegant, modern clothing. The woman on the far left wears a light-colored sleeveless top and a patterned skirt. The woman next to her wears a light-colored sleeveless top and a pleated skirt. The woman in the center wears a patterned, long-sleeved dress. The woman on the far right wears a light-colored sleeveless top and high-waisted trousers. The background is a lush green outdoor setting.

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