



AVON

THE BEAUTY OF  
DOING GOOD

**Responsible  
Business  
Report 2020**

# A MESSAGE FROM

## Angela Cretu, CEO of Avon International



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For all of us, much changed in 2020 – but particularly for women. Covid-19 caused gender gaps to widen, damaging women’s employment and earnings prospects. Meanwhile, instances of gender-based violence soared during national lockdowns. Reversing these trends takes many years.

At Avon, we want to create opportunities for women – and men – to earn and learn, in their own way, and on their own terms. Beauty is more than skin-deep. It’s the independence and self-esteem that comes with financial empowerment; it’s the confidence that comes with learning new skills; it’s the sensual indulgence of a special fragrance; it’s being healthy and happy, and the best you can be.

In 2020, we worked hard to address the changing needs of our employees, Representatives and communities, to make sure we continued to support them, even when circumstances were changing fast. We repurposed our production lines to produce hand sanitiser, supported our Representatives to accelerate the transition to online selling, and worked with our NGO partners around the world to reach out to and support women at increased risk of gender-based violence.

This took place against the backdrop of a milestone for Avon. At the start of 2020, we became part of the Natura &Co family. We are proud to be part of a global family of purpose-led businesses, all committed to making a positive difference – and to being not just the best beauty company in the world but also the best beauty company *for* the world. Every company within Natura &Co has its own story, but we are all moving in the same direction.

As part of Natura &Co, we’ve set ambitious targets in line with the Group’s [Commitment To Life](#), which sets out to tackle some of the world’s most pressing issues. Together, we’re challenging ourselves to do more and go faster, addressing the climate crisis, ensuring equality and inclusion, and focusing on circularity and regeneration. We’ve committed to becoming a [B Corp](#) by 2025, joining over 3,500 businesses globally to meet the highest standards of social and environmental performance, transparency, and balance between profit and purpose.

Meanwhile, we’ll work towards Avon’s vision of creating a better world for women, which is a better world for all. This report, and information online, shows the progress we made in 2020 and our future plans, supporting emerging issues and continuing to support the causes that have always been close to our hearts at Avon.

**Angela Cretu**

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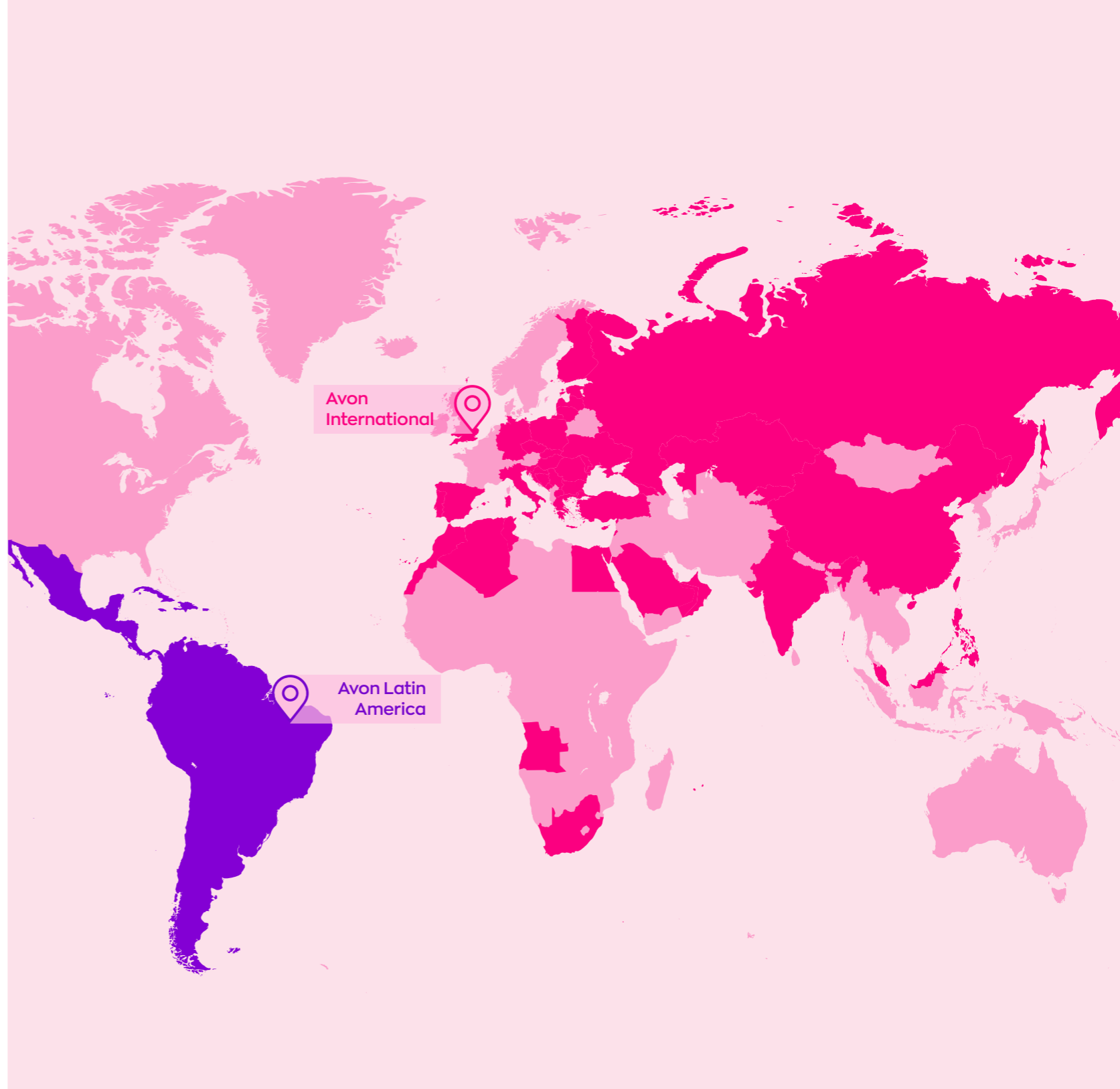
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# REPORTING SCOPE

This report covers the year to 31st  
December 2020.

Our manufacturing operations in Latin  
America are now integrated with those of our  
sister company operation in Natura &Co and  
those Avon employees who are based in Latin  
America now work for Natura &Co. Outside  
this region, Avon International operates as  
a stand-alone business. This means that  
we've changed the way we report on our  
key performance indicators this year.

Where applicable, we've separated out our  
environmental data to distinguish between  
the Latin American operations and the  
Avon International business. All company  
data relating to employees refers to Avon  
International and excludes Latin America.



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# AVON AT A GLANCE

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

We have over five million independent sales Representatives, in countries across the world. They work in their own way, and on their own terms, to sell Avon products on a full or part-time basis, building their own businesses and developing skills as they do.

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

## The facts\*



**5 million active independent Avon sales Representatives in 68 countries**



**102 lipsticks, 60 mascaras and 121 nail enamels sold by Avon Representatives every minute**



**The biggest fragrance brand in the world**



**Over US\$1.1 billion donated over the years to help women live safe and healthy lives**

\* As of 31st December 2020

# OUR APPROACH TO RESPONSIBLE BUSINESS AND SUSTAINABILITY

We've re-focused our approach to responsible business and sustainability to align with Natura &Co's 2030 sustainability vision, Commitment To Life. This vision addresses some of the world's most pressing issues. We're setting our goals as a business to ensure they support progress towards the Natura &Co Commitment To Life.

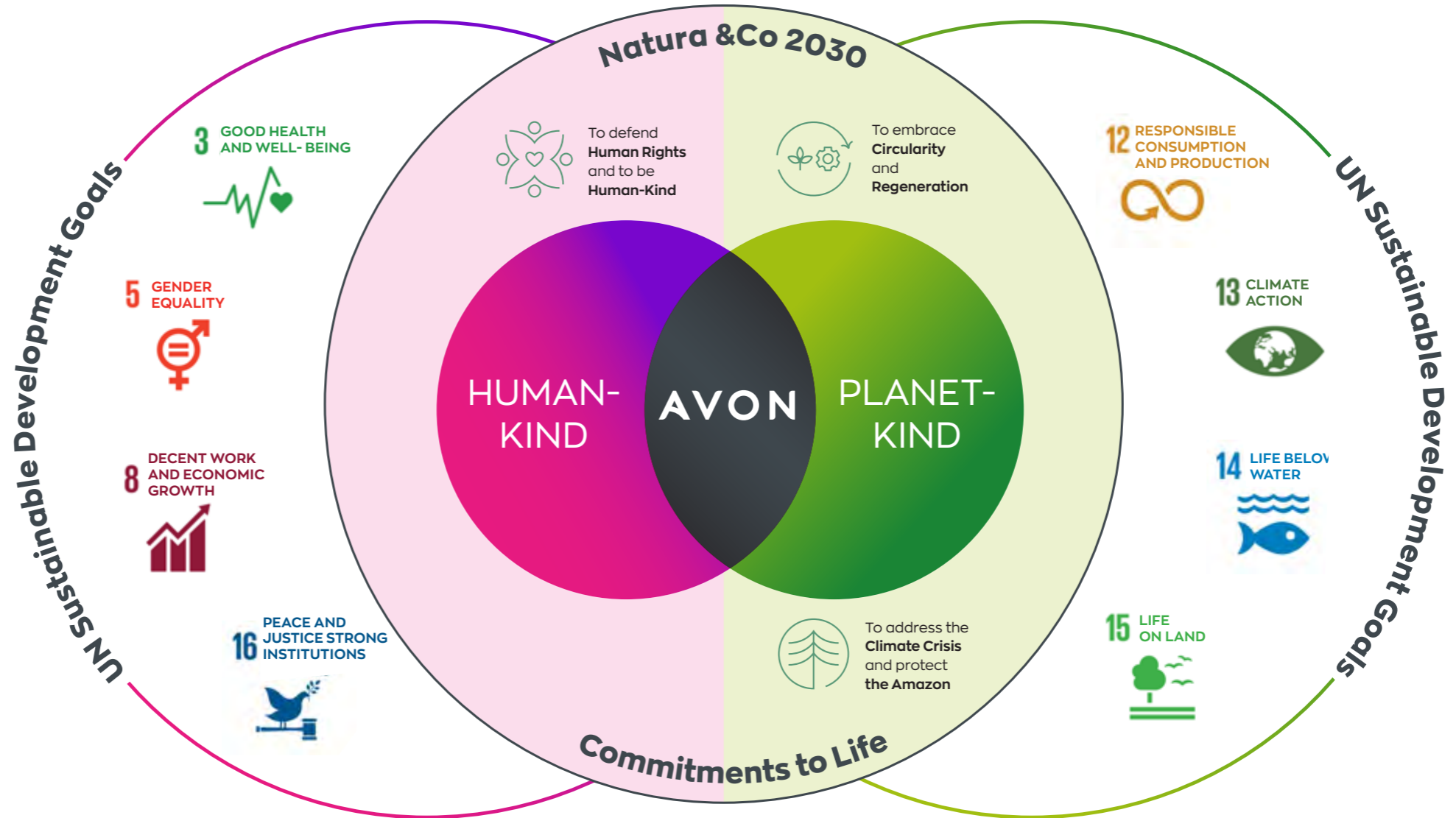
This report addresses our efforts to be Human-kind and Planet-kind. Human-kind is about supporting Representatives and employees, and supply chain partners and the communities we're in. It also covers our work to campaign, fundraise and create positive change around the two causes we support: raising awareness of breast cancer and gender-based violence. We want to create a better world for women, which is a better world for all. We seek to help women overcome the challenges they face, and become the best they can be.

This report also examines what it means to be Planet-kind, which includes the work we're doing to address the climate crisis, embrace circularity and regeneration and lower the environmental footprint of our operations.

Our approach to responsible business is informed by the UN Sustainable Development Goals (SDGs). We continue to support the delivery of the goals, with a particular focus on the eight SDGs where we can make the biggest difference.



A better world for women, which is a better world for all: our approach to sustainability



## How we do business responsibly

Corporate responsibility and sustainability are overseen by the Director of Corporate Responsibility & Sustainability, who works in partnership with relevant teams and executives. We also have a Corporate Responsibility Steering Group. The group meets regularly to review the progress of key performance indicators, discuss emerging issues, agree resource allocation and prioritisation, and ensure corporate responsibility is integrated throughout our business.

The Corporate Responsibility Steering Group comprises senior executives from business functions including Supply Chain, Procurement, HR, and Research & Development. The Group is chaired by Avon's Group Vice President of Research & Development and Sustainability, who is a member of both Avon's Senior Leadership Team and the Natura &Co Sustainability Network of Excellence. The latter is headed up by the Natura &Co Group's Sustainable Growth Officer and is focused on delivering the Group's Sustainability Vision 2030:

[Commitment To Life.](#)

## Identifying our material issues

In 2019, we conducted a survey with key stakeholders to explore which issues matter most to the people that matter to us – our employees, our Representatives and our customers – to inform our 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.

These issues inform our strategy and goals, and we will repeat the exercise in 2021, making sure that we understand and incorporate stakeholder expectations into our business through sustainability strategies and operations.

## Awards and recognition

We're proud to be continually recognised for how we do business in a responsible and sustainable way. Highlights in 2020 include being recognised by the Women Economic Forum in Colombia among the 'Iconic Companies' that create a better world, and winning at the Global Business Excellence Awards for our breast cancer awareness campaign in Turkey. Find out more about our awards and recognition, historically and in 2020, [here](#).

What matters most  
to our stakeholders



**ANIMAL  
WELFARE**



**SUPPORT  
FOR WOMEN'S  
CAUSES**



**PRODUCT AND  
INGREDIENT  
SAFETY**



**PRESERVATION  
OF NATURAL  
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**WELFARE OF WORKERS  
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# 2020 HIGHLIGHTS

## Human-kind

We launched our #Isolated NotAlone campaign, reaching over 96 million people on social media

We donated **US\$9.2 million** across the world, tackling breast cancer and violence against women and girls to date

We produced over **9 million units of hand sanitiser** and over 4 million face masks globally

We expanded our portfolio of make-up shades to match a **wider range of skin tones**

We implemented our **gender-based violence protocol**, providing support to any survivors who work for Avon

We launched **Avon's Essence**, our new employee value proposition with a focus on inclusion and purpose

## Planet-kind

We **achieved all of our 2020 environmental targets** for carbon emissions, waste and recycling, and water use

We achieved zero Scope 2 emissions from electricity use, with 100% of energy purchases coming from **renewable sources**

All of our brochures were printed on **sustainably sourced paper**

We continued our commitment to **never testing our products or ingredients on animals**

We achieved a **90% recycling rate** in our operations

We updated our Supplier Code of Conduct with **new environmental requirements**



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A close-up photograph of two women with blonde hair, smiling warmly and embracing each other. The woman on the left is slightly behind the one on the right. The background is softly blurred, suggesting an outdoor setting. The overall mood is positive and supportive.

# BEING HUMAN-KIND

**CREATING A BETTER  
WORLD FOR WOMEN,  
WHICH IS A BETTER  
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# RESPONDING TO COVID-19

In 2020 Covid-19 forced all of us to fundamentally change how we live and work. Women faced particular pressures as a result of the pandemic – from a stark increase in gender-based violence around the world to the main burden of caring responsibilities falling on women.

In response, we focused on supporting our Representatives to continue to sell safely and effectively, helping our employees manage their changing work environments, and by increasing our investment in and support for our NGO partners around the world who work to address gender-based violence.

We've campaigned to end violence against women for more than a decade. We know that Covid-19 has had a significant impact on rates of gender-based violence, particularly in domestic settings. This year we [launched a new policy](#) providing access to extra paid leave and support for any employees who find themselves in an abusive relationship. More detail on this is provided [here](#), and information about the work we did to support our communities and partner NGOs [here](#).



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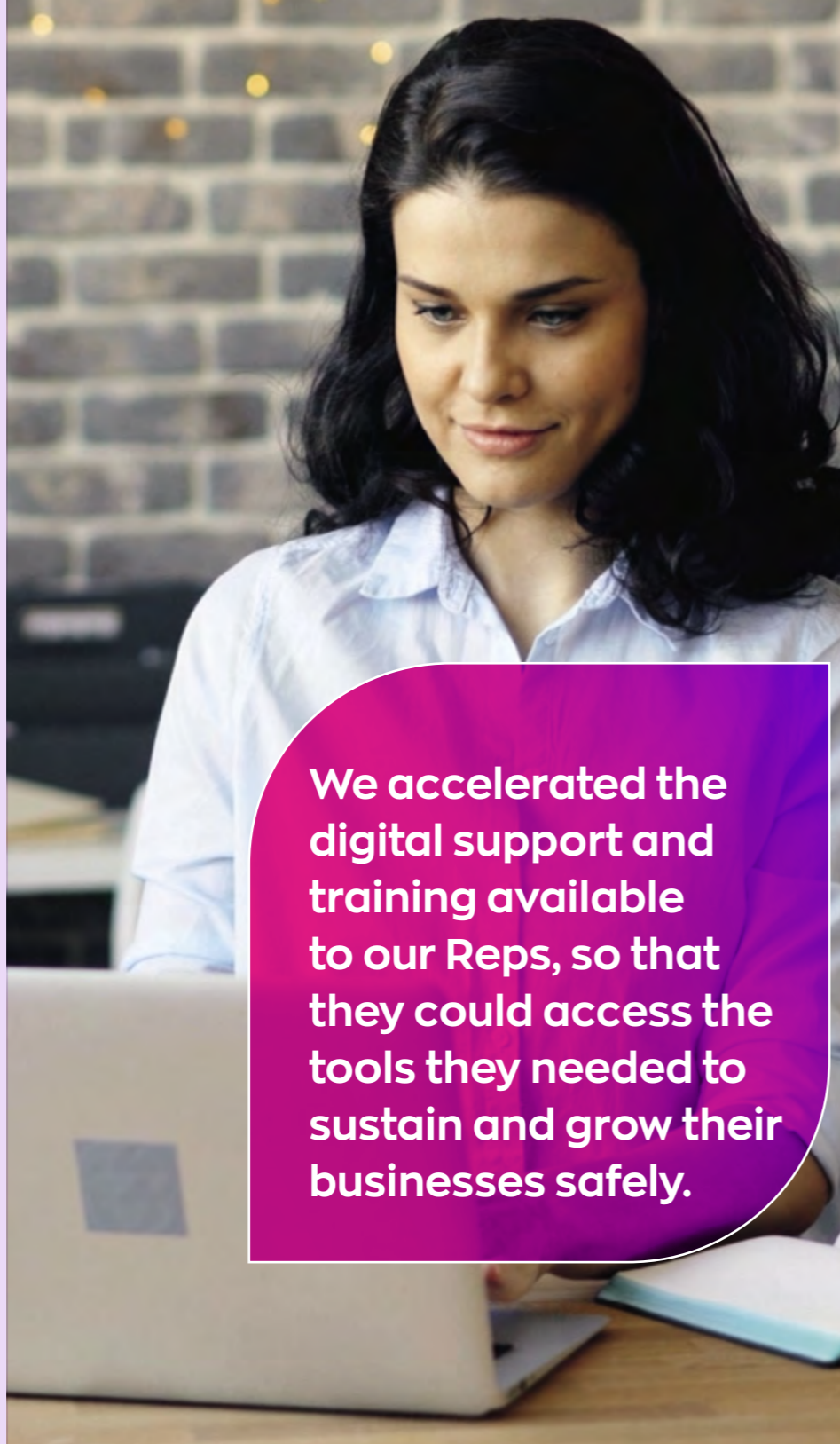
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**We accelerated the digital support and training available to our Reps, so that they could access the tools they needed to sustain and grow their businesses safely.**

## Supporting our Representatives

When the pandemic hit, we needed to support our self-employed Representatives, many of whom depend on their Avon business for supplemental or total income. We provided thousands of soap and hand sanitisers to our Representatives, and accelerated the digital support and training available to them, so that they could access the tools they needed to sustain and grow their businesses safely.

In the UK we reduced our earning threshold, so that Representatives now earn money from their first £1 of sales. This, together with our [Watch Me Now](#) campaign and the fact that women worked in many of the sectors that were hardest hit by lockdown, led to a two-fold increase in new Representatives joining our UK business. This gave them access to new earning opportunities and a greater degree of financial independence.

## Supporting mental health

We also trained 25 volunteers for our Mental Health First Aider programme in the UK. This gave employees someone to speak to about issues affecting their mental health at work. To complement this, we conducted 'Leading With Heart' training for managers on how to support employees during the pandemic; emphasising stability, positivity and the importance of meeting their team's needs. After the session, managers said they would prioritise random acts of kindness to keep their team smiling and focus on asking what they can do to help.

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## Supporting our communities

It became clear early in the pandemic that there was an urgent worldwide need for more hygiene products to halt transmission of the virus. As shortages of hand gel became widespread, we [developed a new hand sanitiser product](#) and switched some of our production capacity to manufacturing this to meet the demand worldwide.

**We developed a new hand sanitiser in response to the needs of our communities worldwide.**



Across [Latin America](#), Avon and Natura donated 2.8 million units of soap to local communities.



In the [Czech Republic and Slovakia](#), we donated 3.5 tonnes of liquid soap and shower gel to care homes and oncology centres.



In [Brazil](#), Avon and Natura partnered with energy drinks company Usina São Martinho, to provide 15,000 kilos of alcohol gel and 150,000 litres of medical grade alcohol to the São Paulo State Health Department. This was recognised as one of the most remembered brand actions during the pandemic by the Estádio Marcas Mais awards.



In [Poland](#), we donated seven tonnes of Avon products including soaps, shampoos and pre-purchased antibacterial gel to hospitals and public services.



In New York State, [employees at the Avon Innovation Center](#) donated over 8,000 masks and gloves to the Good Samaritan Hospital to keep critical workers safe.



Our team in Russia participated in #MyVmeste (#WeAreTogether), providing support for vulnerable people. Our contact centre operators staffed a special hotline to help pensioners and people with limited mobility, dealing with over 5,000 requests for grocery and medicine supplies, support with making payments and other services. This was recognised with an award from the Russian President.

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# ACTION AGAINST GENDER-BASED VIOLENCE

At Avon, we've been speaking up and speaking out about violence against women and girls since 2004. Over that period, Avon and the Avon Foundation have contributed more than US\$85 million globally to the cause.

Our work is focused on education and awareness. We do this by encouraging conversation, signposting information to help people recognise and respond to violence safely, and supporting frontline service provision, such as helplines and refuges.

In addition to our usual contributions, Avon and the Avon Foundation for Women also donated over US\$1 million to support NGOs across the world in response to the spike in domestic violence, including £150,000 to Refuge in the UK.

In 2020:

**Distributed US\$4.7 million globally to help end violence against women and girls and support survivors and their families through grants and donations, Avon education campaigns and other awareness events**

**Funded 36 helplines and online support services, and 90 refuges**

**Helped 277,867 people through our funding to NGOs**

**Sold over 13 million product units whose profits go towards tackling gender-based violence**

**Provided training for 916 employees in partnership with [Vital Voices](#) on recognising the signs of gender-based violence and where to get support**

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## Covid-19 and gender-based violence

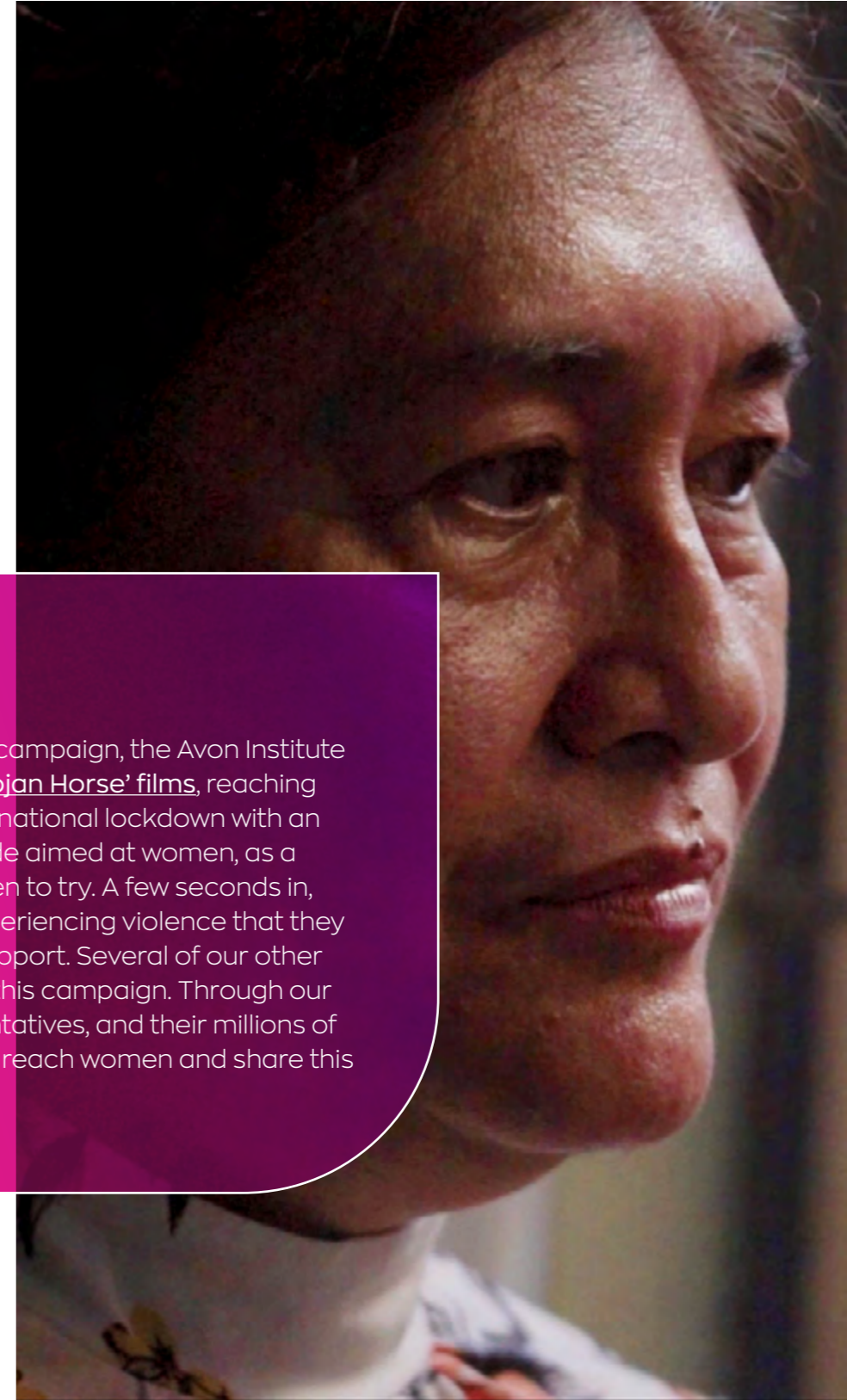
Global data from 2020 showed a dramatic increase in the incidence of violence in homes and relationships, due to Covid-19 restrictions imposed to curb the spread of the virus. In response, we doubled-down on our efforts to support local [NGO partners](#) to provide culturally relevant support and help for people at risk of gender-based violence. The Avon Foundation for Women also donated an additional US\$1 million to support 50 NGOs in 37 countries to provide much needed additional funding.

In partnership with our Natura &Co sister brands, we created and led the [#IsolatedNotAlone](#) campaign, uniting with national and international organisations that deliver frontline services to survivors of domestic violence. The campaign raised awareness of the increase in incidents this year, via an open letter that called on global governments to increase funding and resources. The campaign also signposted support for those at risk, reaching 200 million women worldwide through our online channels.

We also launched our Gender-Based Violence (GBV) protocol internally, which provides support and guidance for any employees experiencing domestic violence. This gives them access to support from our specially-trained GBV Ambassadors, flexible working and additional paid leave to handle issues arising from their situation, and signposts them to local services.

## #IsolatedNotAlone

As part of our global [#IsolatedNotAlone](#) campaign, the Avon Institute in Argentina created a series of three '[Trojan Horse](#)' films, reaching out to women potentially experiencing a national lockdown with an abuser. Each film starts as a cooking guide aimed at women, as a chef introduces a simple recipe for women to try. A few seconds in, the voiceover changes to tell women experiencing violence that they are not alone and where they can find support. Several of our other markets were inspired to use and adapt this campaign. Through our digital access to our five million Representatives, and their millions of customers, we are in a unique position to reach women and share this kind of life-saving information.



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# BREAST CANCER SUPPORT AND AWARENESS

At Avon, we have a long tradition of promoting breast cancer awareness. Our Breast Cancer Promise helps people to notice the signs of breast cancer, understand the risks, and know when and how to take action.

Over the last three decades, with the Avon Foundation for Women, we've donated more than US\$943 million to breast cancer causes and funded breast health screening for over 16.3 million women.

Through events and product sales, we raise funds to support the cause, as well as sharing vital lifesaving information and resources to millions of women in our brochures, online and elsewhere.

The impact of the coronavirus pandemic meant health services had to focus on emergency care for those affected, leading to other services being temporarily suspended. This made it more urgent than ever to ensure that everyone knows the risks and signs of breast cancer, and when to get help. To raise awareness of this and encourage people to check their breasts, we have increased our communications around breast cancer to ensure that people get to know their bodies and what is normal for them, and seek medical advice if they notice a change or have any concerns. We have spread this message through our network of 5 million Representatives to amplify the reach of this important campaign.

In 2020:

**Distributed US\$4.2 million globally to support breast cancer education and awareness through grants and donations, Avon education campaigns and other awareness events**

**Funded 27,608 free breast cancer screenings**

**Helped 272,082 people through our NGO funding**

**Sold over 18 million products whose profits go towards tackling breast cancer**

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Stories from our communities



Franz Tolentino

**Franz** was diagnosed with breast cancer after finding a lump in her breast and noticing it changing in size.

During her treatment, she became one of the first members of the Avon Breast Care Center Support Group at Philippine General Hospital during her treatment, and was asked by Avon to share her story at our National Sales Convention.

Inspired by meeting Avon Representatives and seeing their success, Franz decided to become a Rep herself.



**I was able to send my children to college and finance my house through my Avon earnings... As a representative, I learned a lot from the training, gained a lot of friends and increased my network too."**



Melissa Lammas

**Melissa** is one of Avon's Sales Leaders. She was diagnosed with breast cancer, after being mis-diagnosed with mastitis whilst breastfeeding.

In the UK, we collaborated with breast cancer survivors to launch a care pack of three products. The bundle's Caring Scalp Balm replenishes skin to leave the scalp feeling healthier during treatment. Melissa was invited to be an early user of the Care Pack to give us feedback.

100% of the Pack's profits are donated to Look Good Feel Better, the only cancer support charity helping to boost the physical and emotional wellbeing of people undergoing treatment. In 2020 alone, the pack raised £34,600 since its launch in October.



**[It's] absolutely amazing - thank you to everyone who developed it. After three weeks of using the Caring Scalp Balm, my skin felt nourished and my hair regrowth was more obvious. It really worked wonders for my scalp."**



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## #BoobWatch

During the pandemic, many people were reluctant to attend medical appointments for fear of contracting the virus and many regular screening appointments were postponed. Breast health awareness became even more important in the absence of early warning check-ups and regular screening appointments. For Breast Cancer Awareness Month in October 2020, we launched our [#BoobWatch](#) campaign to encourage women to get to know their breasts and understand what is normal for them, in order to [#WatchForChange](#) and go to their general practitioner if they notice changes. The campaign featured women's personal experiences with checking their breasts and encouraged other women to do the same.

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Being a great place to work means creating an inclusive culture for all our employees, where everyone feels valued and that their development is supported.

In September 2020, we launched our new employee value proposition for Avon International: Avon's Essence. This communicates what we believe as a company, and sets out our purpose and what employees can expect when they work for Avon. Supporting and promoting diversity and inclusion has been a particular focus for us in 2020, as well as continuing to develop our training opportunities.

## Our commitment to the living wage

We want to provide everyone with an income that reflects the real cost of living. This year, we analysed the salaries of our employees to ensure everyone was being paid at least the Living Wage or the equivalent in their countries. Most were found to be at these rates. However, we identified 106 employees who were earning slightly less than this, so we are investing in closing this gap by the end of 2021 (with individual increases capped at 20% for each pay instalment) to ensure salary progression equity with local peer positions.

## Our Employee Value Proposition

- PURPOSEFUL WORK
- MEANINGFUL CAREERS
- BEAUTIFUL TO BE YOU
- RELATIONSHIPS AT HEART
- WORK THAT WORKS FOR YOU
- TRULY REWARDING



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## DIVERSITY & INCLUSION

We have long been proud of our diverse and inclusive workforce. Avon is open to all. The events of 2020 strengthened our resolve to ensure we recognise and celebrate diversity, and respond to the needs of all of our employees. We believe that no form of discrimination is acceptable, and we are committed to equality and to inclusive beauty.

In November, we launched our anti-racism commitment, which you can find out more about [here](#).

In 2020, we also continued our support for the United Nations Standards of Conduct for Business to tackle discrimination against the LGBTQIA+ community; we celebrated PRIDE as well as looking at ways to improve the inclusivity of our marketing messages and products.

We are moving ahead with our work on diversity and inclusion across the business. For example, we are assessing how diverse and inclusive our recruitment processes are at all stages and whether our products are genuinely representative of our consumers. Through our employee resource groups, we are improving our corporate culture and the experience of our consumers, and we work with our brands and external partners to improve the inclusivity of our products.



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## Employee resource groups

We're also building a more inclusive culture through employee resource groups (ERGs). These are networks for employees to have conversations about the issues that matter to them.

Existing ERGs include the Global Women's Network, Avon Pride for LGBTQIA+ employees and allies, and Beauty in Colour. We are also launching a PossAbility group in 2021 to support employees with disabilities and carers.

Through our VIBE community (Valuing Inclusion, Belonging and Equity) on our intranet, these groups have been able to continue to meet virtually to discuss and raise awareness of important topics.

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## Inclusive beauty

### Beautiful to be you: employee resource group

This year, we have focused on product innovation, to make our beauty products more inclusive, and championing women of colour who work for us.

The Beauty in Colour employee resource group has developed a charter to make improvements to our company's culture, consumer experience, and through our brands and partnerships. Included in the Group's aims are improving diversity across our talent base, providing anti-racism training and education, and pay transparency based on ethnicity. We also want to ensure that the holidays we celebrate are multi-cultural, and in 2021 we will launch a Global Diversity Calendar.

The group also commits to ensuring our products are inclusive of women of colour, that we are attracting a diverse base of Representatives, and that our external communications are diverse and inclusive. When it comes to brand partnerships, we will assess the diversity of our collaborations to ensure we are supporting communities and entrepreneurs of colour. We want to create a global network of brand ambassadors, influencers and collaborators that support people of colour. The group is also championing outreach to minority communities through initiatives like mentoring and tackling discrimination.

### Black Beauty Campaign

In Brazil, in November 2020, we launched our Black Beauty campaign to celebrate women of colour and showcase our range of cosmetics to suit dark skin tones. We also conducted a Black Beauty workshop to better understand Black women's challenges when finding the perfect shade of foundation for them. As a result of the workshop, we have increased our range of foundations to include more transitional tones to suit more women, expanding our range from 17 to 22 shades in Brazil, which we will roll out in other countries in 2021. We have also expanded our global shade palette for foundation and concealer, which now includes one extra tone for each colour category.

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# Inclusive beauty

## Beauty in Colour

The beauty industry has not always met the needs of women of colour, and many product ranges are unsuitable for darker skin tones.

Addressing this has been a focus of ours for some time. In October 2020, we launched our Beauty in Colour Start-Up competition for women of colour aspiring to become beauty entrepreneurs. The competition acted as an accelerator programme to make the beauty industry more inclusive of women of colour, who often find that beauty products have not been designed with them in mind. The winner of the competition was awarded a £20,000 investment to support the development of their product, with two runners up being given access to support and mentorship from Avon's leading beauty experts.

## Herstory Fragrance launched for Changing Faces' #PledgeToBeSeen campaign

In the UK, we continued our partnership with Changing Faces to celebrate people with visible differences; embracing what makes them unique and challenging beauty stereotypes. Changing Faces is the UK's leading charity for everyone who has a mark, scar or condition that makes them look different.

In 2020, we launched Herstory fragrance as part of our #PledgeToBeSeen commitment to represent more people with visible differences and celebrate their stories. 50% of the sales of every bottle of Herstory was donated to Changing Faces to help them to provide advice and support, challenge discrimination, and campaign for a world that respects uniqueness. In total, the fragrance raised £124,000 for Changing Faces in 2020.

We're inviting other beauty companies to join us and commit to #PledgeToBeSeen to increase representation of visible difference across the beauty industry.



AVON UK TEAMS UP WITH **CHANGING FACES**

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## Representation of women

Creating a better world for women is fundamental to our business mission and social purpose, and we strive to provide women with equal opportunities and an inclusive working culture where they can thrive.

For the third year running, we are delighted to have been accepted onto the [Bloomberg Gender-Equality Index](#) (GEI), which celebrates companies that are committed to transparency in gender reporting and advancing women's equality. Criteria include disclosure and examples of best-in-class practices for investing in women.

We champion the economic freedom of women and take our responsibilities seriously. There is still work to be done, within Avon and society at large, and we will continue to be a strong voice for women, and to stand up for equality in all its forms. We remain committed to closing the gender pay gap. We will do this by continuing to strengthen our internal talent pipeline, improve our recruitment processes and champion flexible working policies so we remain open and attractive to a wide range of people.

We are delighted to have been accepted onto the Bloomberg Gender-Equality Index (GEI), which celebrates companies that are committed to transparency in gender reporting and advancing women's equality.

Our Agile Working Policy provides flexibility for all employees, regardless of their personal situation, to have a good work-life balance. We also benchmark ourselves against our peers to make sure we are providing the best support we can to the women who work for us.

*All employee information relates specifically to Avon International. Avon employees who are based in Latin America now work for Natura & Co.*



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## Percentage of Women in Senior Leadership Positions

	2018	2019	2020
<b>Vice Presidents and above:</b> Vice Presidents, including our CEO, who is a member of the Natura &Co Group Operating Committee	<b>29%</b>	<b>29%</b>	<b>42%</b>
<b>Leaders:</b> all of Avon International's directors	<b>41%</b>	<b>49%</b>	<b>55%</b>
<b>Managers:</b> all of Avon International's and senior managers	<b>62%</b>	<b>63%</b>	<b>67%</b>
<b>Total workforce:</b> all 8,756 employees of Avon International	<b>59%</b>	<b>69%</b>	<b>67%</b>

The table above shows the percentage of women at different levels within Avon International. We previously included a board level section, but as part of Natura &Co, Avon no longer has a board of independent directors. The 'VP and above' population now represents the most senior level of decision making within Avon, with the oversight of the Natura &Co. board.

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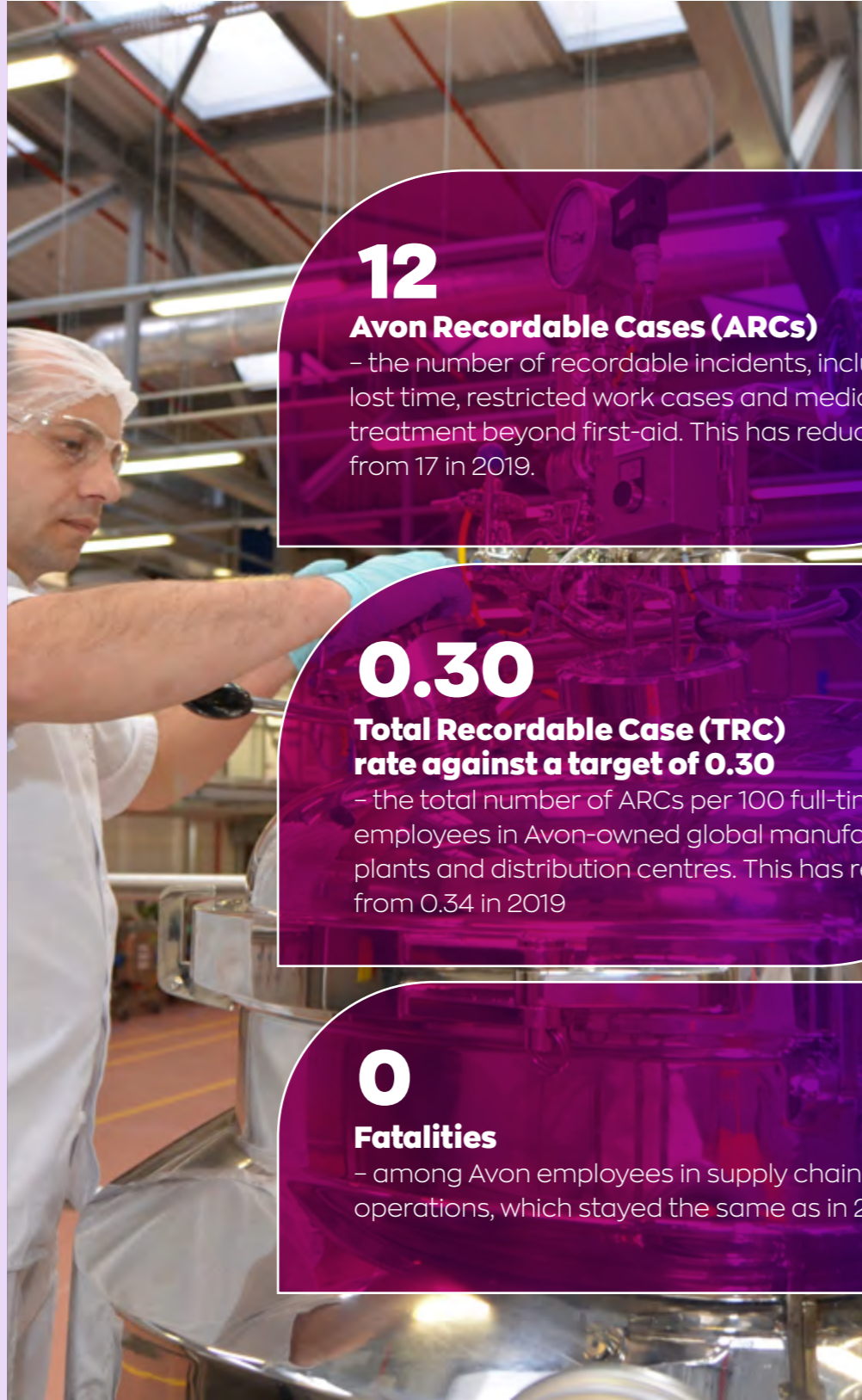
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**12**

**Avon Recordable Cases (ARCs)**

– the number of recordable incidents, including lost time, restricted work cases and medical treatment beyond first-aid. This has reduced from 17 in 2019.



**0.30**

**Total Recordable Case (TRC) rate against a target of 0.30**

– the total number of ARCs per 100 full-time employees in Avon-owned global manufacturing plants and distribution centres. This has reduced from 0.34 in 2019



**0**

**Fatalities**

– among Avon employees in supply chain operations, which stayed the same as in 2019.



## Keeping those who work for and with us safe

While workplace safety is always a priority, Covid-19 created new risks and we put enhanced measures in place to ensure our facilities were Covid-secure. For those in our factories, we implemented social distancing by avoiding face-to-face meetings and adapting shift patterns to reduce the number of people in locker rooms and factory spaces. We also enhanced our sanitisation procedures, provided more personal protective equipment, and checked temperatures of workers and visitors on entry.

As always, we strive to ensure the safety of those working in our manufacturing sites and distribution centres. We, therefore, monitor accident rates across all of these Avon-owned locations, which we disclose and track in our quarterly global safety reports.

Most of our office-based employees have been working from home since Spring 2020. We created our Staying Connected online community on our intranet to help them feel connected to their colleagues. The community hosts sessions, such as virtual coffees, employee resource groups' meetups, advice on supporting families, fitness classes, and tips on self-care. Employees also had access to the **THRIVE** app, which provides guidance on health, mental wellbeing and personal development. An internal survey found that 95% felt well-connected to their team and 92% felt they were getting the support they needed.

**For comparison with 2019 data:**

Reporting is for Avon International only, as Avon operations in Latin America are now combined with the Natura &Co Group. In 2020, for Avon International and Avon LATAM combined, there were 19 ARCs in total (down from 41 last year), the TRC rate was 0.17 (down from 0.33) and there were 0 fatalities, as in 2019.

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# HUMAN-KIND SOURCING

Our Supplier Social Responsibility Programme protects the health, safety and employment conditions of people who work in our global supply chain. This includes suppliers – agents, vendors, factories and other third-party production sites - who provide our raw ingredients and who manufacture the products that we do not make ourselves.

We expect all suppliers to act responsibly and to ensure that no abusive, exploitative or illegal conditions exist in their workplaces or supply chains. Any factory producing finished goods for Avon, or Avon-branded beauty components, is considered to be an 'in-scope' site and its working conditions are actively monitored in line with the requirements of our Supplier Code of Conduct.

In India, we work with [BSR's HERproject](#), a collaborative initiative that supports workers through women's empowerment programmes in global supply chains. This year, we are supporting its HERrespect programme, which fights harassment, abuse and gender-based violence in workplaces and beyond. We are also signatories to the Bangladesh Accord, which ensures the safety of factory workers in Bangladesh through regular inspections, and engagement with suppliers and factories.



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## Supplier Code of Conduct

Our [Supplier Code of Conduct](#) sets out our minimum expectations regarding compliance with all applicable laws and regulations, environmental performance, and working conditions and labour rights. In-scope suppliers also receive our Social Responsibility Guidebook for Suppliers, which provides guidance on how to implement the Code and on our social responsibility programme. By signing the Code, our suppliers are required to adhere to its terms.

In 2020, we launched our updated Supplier Code with the support of BSR. The new Code explicitly includes additional protection for vulnerable workers, including women in our supply chain, and specific terms related to gender equality generally. The new Code was signed by 2,084 suppliers through our buying system in 2020.

## SEDEX

The [Supplier Ethical Data Exchange](#) (SEDEX) platform allows us to assess suppliers' environmental and social performance.

## Human-kind ingredients and materials

Some ingredients we use have particular social or environmental impacts. The [Commitment To Life](#) will ensure full traceability and/or certification of our critical supply chains by 2025. This includes the supply chains for the palm oil, mica, paper, alcohol, soy and cotton we purchase.

Mica, a mineral used in cosmetics to provide a shimmer effect, is an example of such an ingredient, because of a history of child labour in the mines where mica is found. Approximately 57% of the mica we source is from suppliers that are members of the Responsible Mica Initiative and, as part of the Natura & Co 2030 [Commitment To Life](#), we will ensure full traceability and/or certification of our critical supply chains by 2025. This Commitment includes the supply chains for the palm oil, mica, paper, alcohol, soy and cotton we purchase. For more information on how we source sustainable palm oil, please see our [Planet-kind](#) section.

In 2020:

**470**  
more factories  
were onboarded to  
SEDEX platform

**745**  
factories are  
onboarded in total

**60%**  
of our in-scope factories  
are onboarded

Target:



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# ETHICS AND COMPLIANCE

As part of the Natura &Co family, we are proud to build on our longstanding sustainable and ethical business practices.

We have been working with our sister companies to build the best beauty group for the world, staying true to our beliefs and ensuring that the values of sustainability and integrity are embedded in all our decisions and interactions. As part of this journey, Ethics & Compliance (E&C) is considered key for the group to achieve this goal.

## Code of Conduct and policies

Last year, we simplified our [Code of Conduct](#), published in 20 languages, and global policies to make them easier to understand and implement. We simplified the Code of Conduct with our 'Speak Up' campaign to encourage employees to raise concerns via our Integrity Helpline; in 2020, the Helpline received 1.5 reports per 100 employees.

## Commitment from Senior Management

We have trained our senior leaders on ethics and compliance issues and ask them to lead by example. This year, for example, during our virtual E&C weeks, we shared several interviews with General Managers about its importance. We also reinforce these messages through 'town halls', team meetings, newsletters and through our intranet.

## Training and communications

We are proud of how quickly we were able to adapt our training and communications plan during the pandemic to ensure there was no delay. We delivered E&C training to all employees, for example via eLearning courses, through which 11,500 employees were trained in 2020. 1,795 employees in 20 countries also received 'Our Values, Our Code' webinar training designed to give associates an overview of our Code of Conduct and certain critical policies. For our offline and field sales employees who interact with government officials, and for temporary workers, we delivered role-specific training.

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## Risk assessment and measuring our progress

In 2020, despite challenges caused by the pandemic, we carried out our annual risk assessment by partnering with our data privacy, finance and procurement teams, as well as our annual monitoring programme. Every quarter, we also provide E&C metrics reports to our management team. No major issues have been identified, as a result of the assessments.

Ethical expectations are a part of annual performance objectives and apply to all employees of all levels. They clearly pull together those fundamental behaviours, values, and ways of working that employees need to embrace and consistently demonstrate in order to achieve those objectives.

## Third-party management programme

As part of our third-party management programme, we conduct reviews of our activities. In 2020, we analysed possible new market entries, reviewed all

company-sponsored gifts (including hosting) to government officials, conducted due diligence on over 100 new suppliers, and assessed US\$16.2 million worth of contributions.

## Data Privacy

As our strategy focuses on increasing our digital and e-commerce capacity, we reviewed 73 projects and assessed 760 suppliers in 2020 to ensure that privacy principles and laws were followed with respect to data privacy.

This year, we also established our Data Privacy Centre of Excellence, staffed by a team of Data Privacy experts, who provide guidance, best practice and expert global support to the legal, IT and HR teams, and the rest of the business. In 2020, the team created a data privacy protection Covid-19 toolkit to respond to new risks created by an increase in remote working through the pandemic, among other issues. The team also provided support to the markets to make sure that the return to our offices was managed in a privacy-compliant manner, particularly with respect to the collection of the health-related data of our employees.

**In 2020, the team created a data privacy protection Covid-19 toolkit to respond to new risks posed by an increase in remote working...**

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# BEING PLANET-KIND

**WATCH US MAKE  
OUR WORLD MORE  
BEAUTIFUL**

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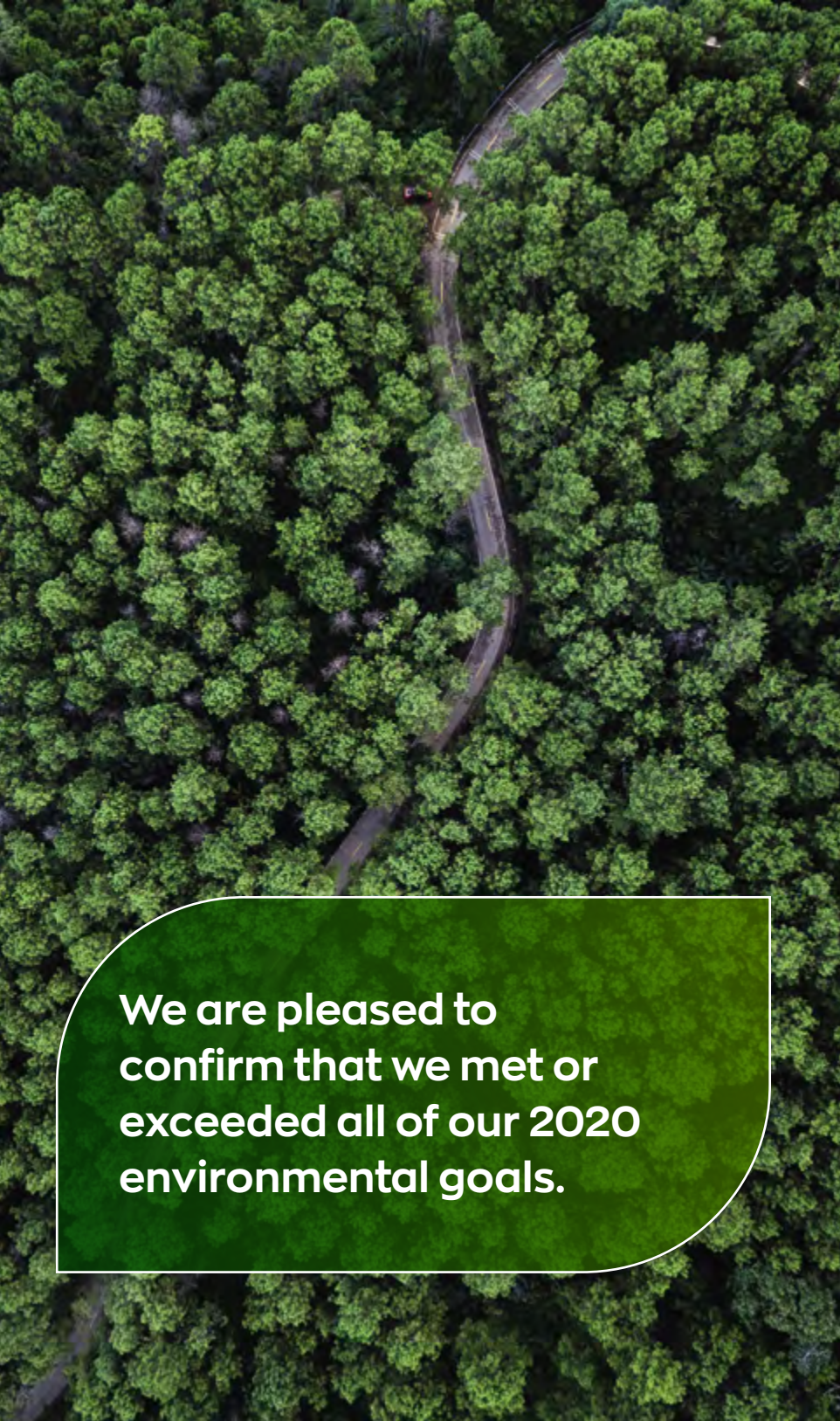


# OUR JOURNEY TO 2030 SO FAR

2020 was the date we set to achieve our 2015 environmental targets against a 2005 baseline. Last year, we were delighted to report that we had met many of these targets ahead of time. We are pleased to confirm that we met the remainder of these targets in 2020.

In 2019, we set new goals. Now, as part of the Natura &Co family, we have reframed some targets to support the journey towards the Natura &Co 2030 commitments, while pursuing our own business-specific targets where appropriate. In 2020, we focused on our two most material issues: carbon emissions and packaging.

Since joining Natura &Co, Avon's operations in Latin America have been integrated into Natura's operations, so products for both brands are manufactured at the same sites in Latin America. For the purposes of this report and future reporting, we have disclosed aggregated environmental data for Avon Global (comprising Avon International and Avon Latin America) to complete the reporting of our 2020 goals, as well as separated Avon International figures to allow comparison with previous years.



**We are pleased to confirm that we met or exceeded all of our 2020 environmental goals.**

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## Our journey to 2030 so far

	2020 GOAL	NEW GOAL
 <p><b>Carbon emissions</b> Baseline year 2005</p>	<p><b>20% reduction</b> of total carbon emissions from Avon operations on an absolute basis <b>EXCEEDED TARGET IN 2019</b></p>	<p><b>Net zero by 2030</b> We are now aligned with Natura &amp;Co's ambition to reach net zero by 2030</p>
 <p><b>Waste</b> Baseline year 2005</p>	<p><b>30% reduction</b> in waste on a per unit basis <b>EXCEEDED TARGET IN 2019</b></p>	<p><b>Zero waste to landfill by 2025</b> To send zero waste to landfill in our own operations</p>
 <p><b>Recycling</b> Baseline year N/A</p>	<p>Increase total recycling rate to <b>90%</b> <b>EXCEEDED TARGET IN 2019</b></p>	<p><b>95% recycling rate by 2025</b> To maintain a recycling rate of at least 95% in our own operations</p>
 <p><b>Water</b> Baseline year 2005</p>	<p><b>40% reduction</b> in water intensity <b>ACHIEVED IN 2020</b></p>	<p><b>5% reduction by 2025</b> To reduce our water intensity by a further 5% by 2025 from a 2020 baseline</p>
 <p><b>Paper promise</b> Baseline year 2011</p>	<p><b>100%</b> of brochure paper purchased from certified or post-consumer recycled content sources <b>ACHIEVED IN 2020</b></p>	<p><b>Promise extended to carton packaging</b> We have extended our Paper Promise to carton packaging and 100% sustainable carton in packaging by 2025 are still in place</p>
 <p><b>Packaging</b> Baseline year 2020</p>	<p>—</p>	<p><b>100% of all packaging material to be reusable, recyclable or compostable by 2030</b> This includes 50% post-consumer recycled (PCR) content in plastic packaging and 20% less packaging weight by 2030</p>



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# CARBON EMISSIONS

Last year, we reported that we had exceeded our 2020 target of reducing our carbon emissions by 20% from our 2005 baseline.

This year, in our combined Latin American and International operations, we further reduced our emissions, which are now 31% lower than our 2005 baseline. We are now setting new ambitious targets, so that we contribute towards the Natura &Co goal of net zero carbon emissions by 2030, and will report on these in 2021.

For our combined Latin American and International operations, we brought our Scope 2 net emissions down to zero by purchasing location-specific I-RECs to match our electricity consumption. This aligns with the principles of The RE100, a global initiative dedicated to driving the transition to 100% renewable energy.

Our renewable energy purchasing has increased from 50% in 2019 and means that our Scope 2 carbon emissions (those from energy that we purchase for use in our business) are now zero. This will also be the case in 2021. We have also begun our journey to measure our Avon International Scope 3 emissions (for those in our value chain) with support from the Carbon Trust.

We have purchased approximately 105,000 MWh of energy attribute certificates (EACs) from Schneider Electric, which was recently ranked the number one most sustainable company by Corporate Knights. Through this, we achieved our 100% renewable electricity goal globally. The EACs purchased represent a broad range of international environmental commodities, including wind from the Ventos de Indios project in Brazil. We are also one of the first global corporations to purchase EACs from Russia.

At our manufacturing sites, we are increasing the renewable energy that we generate ourselves and improving efficiency throughout our operations to reduce overall energy use. The data below show our progress on reducing emissions and exceeding our goal, compared to the previous two years.

## Improving our energy and water efficiency in Poland

This year, our manufacturing site in Poland completed a programme of roof enhancements and coatings that reflect heat. These reduce the need for artificial cooling, resulting in a reduction of approximately 275 metric tonnes of carbon annually. We also improved the efficiency for demineralised water at one of our plants to reduce water consumption. This will save 10,000 m<sup>3</sup> of water annually and approximately 170 metric tonnes of carbon emissions.

In 2021, we are planning a large-scale installation of a combined heat and power (CHP) unit at our biggest manufacturing site in Poland to generate on-site electricity. This will deliver 20% reduction of the site's carbon emissions.

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## Our journey towards our carbon emissions target

### % of energy purchased from renewable sources

<b>Avon (global)</b>	-	-	2019 <b>50%</b>	2020 <b>100%</b>
<b>Avon International</b>	-	-	2019 <b>31%</b>	2020 <b>100%</b>

### GHG location-based emissions (metric tonnes)

<b>Avon (global)</b>	Baseline (2005) <b>66,827</b>	2018 <b>58,186</b>	2019 <b>51,349</b>	2020 <b>46,239</b>
<b>Avon International</b>	Baseline (2005) <b>46,574</b>	2018 <b>44,445</b>	2019 <b>33,218</b>	2020 <b>29,086</b>

### GHG market-based emissions (metric tonnes)

<b>Avon (global)</b>	Baseline (2005) <b>66,827</b>	2018 <b>51,186</b>	2019 <b>31,626</b>	2020 <b>11,883</b>
<b>Avon International</b>	Baseline (2005) <b>46,574</b>	2018 <b>44,445</b>	2019 <b>33,218</b>	2020 <b>7,970</b>

## Upgrading our lighting systems in Poland and New York

In 2020, we completed two additional projects to upgrade our LED lighting: one at our manufacturing site in Garwolin, Poland and the other at our Global Innovation Center in New York. Annually, this will deliver a combined reduction in carbon emissions by 480 metric tonnes.

Across our global operations, we have upgraded to the latest, energy-efficient lighting available. This continues to be a significant part of our energy reduction strategy.

# WASTE AND RECYCLING

Last year, we achieved our 2020 waste reduction target ahead of time. In 2020, in our combined Latin American and International operations, we reduced waste by a further 5.9 pounds per thousand units.

This equates to 21.4% and 45.9% less waste compared to 2019 and our 2005 baseline respectively. Our new target is to send zero waste to landfill from operations by 2025 for Avon International, having already achieved this at 83% of our distribution centres.

We also exceeded our 2020 recycling target in advance last year. In 2020, in our combined Latin American and International operations, we increased our recycling rate to 95.8% (up from 93.4% in 2019). This equates to an increase of 2.6% and 41% from 2019 and our 2005 baseline respectively. Our new goal is to maintain a recycling rate of at least 95% by 2025 in our Avon International operations.

## Waste and recycling



### Recycling rate in operations

<b>Avon (global)</b>	Baseline (2005) <b>68%</b>	2018 <b>92.9%</b>	2019 <b>93.4%</b>	2020 <b>95.8%</b>
<b>Avon International</b>	-	2018 <b>-</b>	2019 <b>96.1%</b>	2020 <b>96.2%</b>



### Waste generated per unit (pounds/thousand units)

<b>Avon (global)</b>	Baseline (2005) <b>40.1</b>	2018 <b>26.0</b>	2019 <b>27.6</b>	2020 <b>21.7</b>
<b>Avon International</b>	-	2018 <b>-</b>	2019 <b>34.8</b>	2020 <b>29.7</b>

We will continue to maximise opportunities to reduce waste as a key part of our strategy. For example, by reusing suppliers' packing boxes and pallets, we reduced our annual waste by an additional 140 metric tonnes.

Avon 'global' figures show the aggregated data for Avon International and Avon Latin America. Avon International figures exclude our Latin American operations, which are now part of Natura & Co Holding SA group.

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# WATER STEWARDSHIP

In 2020, our water consumption in our combined Latin American and International operations decreased by 8.25 gallons per thousand units from 2019.

Our overall consumption of water has decreased from 346,542,000 gallons in 2005 to 158,723,000 gallons in 2020. This takes our consumption per unit to 6.3% less than in 2019 and 41.9% less than the 2005 baseline.

We are therefore pleased to report that we surpassed our target of a 40% reduction compared to our 2005 baseline on schedule this year. Beyond 2020, we've set a new goal to further reduce our water intensity at Avon International by 5% by 2025 compared to a 2020 baseline.

## Our water consumption



### Total water consumption per unit (thousands of gallons)

<b>Avon (global)</b>	Baseline (2005) <b>210.1</b>	2018 <b>126.2</b>	2019 <b>130.3</b>	2020 <b>122.05</b>
<b>Avon International</b>	-	2018 <b>-</b>	2019 <b>171.7</b>	2020 <b>166.2</b>



### Total water consumption (thousands of gallons)

<b>Avon (global)</b>	Baseline (2005) <b>346,542</b>	2018 <b>195,010</b>	2019 <b>169,633</b>	2020 <b>158,723</b>
<b>Avon International</b>	-	2018 <b>-</b>	2019 <b>104,876</b>	2020 <b>90,079</b>

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# SUSTAINABLE PACKAGING AND PAPER

We are a social selling company, and our products are delivered to our customers directly by our Representatives, so we balance the use of protective packaging to prevent damage during transit with the need to limit its environmental impact. By 2030, our goal is for 100% of our packaging to be recyclable, reusable or compostable worldwide.

## Avon Paper Promise

This year, we met our goal of purchasing all of our brochure paper from certified sustainably sourced or post-consumer recycled (PCR) content sources. We're also increasing the use of online brochures, which will further reduce overall paper use. We've now extended our Paper Promise to include packaging and our goal is to use 100% certified sustainable carton in our packaging by 2025.

## Packaging reductions

We have reduced the packaging content of our *Care and Senses* brands' 750ml and 720ml bottles respectively. These new bottles now use 18% less plastic than they did previously.

All our Advance Techniques bottles in Brazil, Colombia, Peru and Ecuador are now made from 98% renewable (or green) plastic that comes from sugar cane.



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## Our packaging goals

### PREVIOUS GOALS

**65%**  
of packaging to be recyclable, reusable or compostable in EMEA and in line with infrastructure in the rest of the world by 2025

**25%**  
PCR content in plastic bottles by 2025

**No goal**

**100%**  
certified sustainably sourced carton in packaging by 2025

**No goal**

### NEW GOALS

**100%**  
of packaging to be recyclable, reusable or compostable by 2030 worldwide

**50%**  
PCR content in plastic packaging by 2030

**20%**  
reduction in packaging material by weight by 2030

**100%**  
certified sustainably sourced carton in packaging by 2025

**100%**  
responsible disposal achieved through collection and reuse programmes to offset where recycling infrastructure is not available

## Partnering with TerraCycle

Our manufacturing teams in Brazil facilitate sending waste materials that cannot traditionally be recycled to TerraCycle, as part of a wider Natura &Co partnership.



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Being human-kind

Being planet-kind

- Journey towards our 2030 goals
- Carbon emissions
- Waste and recycling
- Water stewardship
- ▶ **• Sustainable packaging and paper**
- Planet-kind sourcing
- Animal welfare

## Our packaging's sustainability journey

### DESIGNING AND COLLABORATING ON SUSTAINABLE PACKAGING

Collaboration and sustainable design



We're members of the Sustainable Packaging Initiative for Cosmetics (SPICE), a collaborative industry effort to shape the future of sustainable packaging. SPICE develops and publishes methodologies and data to support decision-making to improve the environmental performance of packaging through the entire value chain. We participated in the design and launch of SPICE's Lifecycle Analysis (LCA) Tool, which calculates the environmental footprint of new and existing packaging, and we use this when developing new packaging to minimise its environmental footprint.

### PACKAGING RECYCLABILITY

Recyclability of packaging



As part of our efforts to improve the recyclability of our packaging, we are partnering with external organisations, such as [RecyClass](#) and [SUEZ.circpack®](#) in EMEA and [Boomera](#) in Brazil, to assess our current packaging and improve its recyclability. We have also analysed our entire packaging portfolio and are now working to ensure that 100% of our packaging will be recyclable, reusable or compostable by 2030. We are also reviewing and improving our messaging to consumers about how to recycle and dispose of our packaging responsibly when they have finished using the product.

### PACKAGING MATERIALS

Light-weighting packaging and reducing virgin plastic



Since 2019, we have implemented projects that have in total assessed 466 tonnes' worth of packaging by 2021 in terms of its weight, materials and end-of-life sustainability.

Small changes make big differences. We reduced the weight of our 500ml *Bubble Bath* HDPE bottles by 1.5g per unit, which will reduce plastic content by 12.9 tonnes each year and carbon emissions by 69 tonnes. Our 720ml *Senses* and 750ml *Care* HDPE bottles were reduced by 10g per unit. This equates to an 88 tonne annual reduction in packaging material and saves 569 tonnes of carbon emissions every year.

In EMEA, Brazil, Mexico and Central America, our *Anew 30ml Serums* packaging is now 74% lighter than its previous version, reducing the packaging material used by 26.4 tonnes per year.

In Brazil, we have re-launched our *Encanto* and *Advance Techniques' Serum* lines whose PET plastic bottles now contain 30% PCR plastic. This will save approximately 45 tonnes and 33.5 tonnes of virgin plastic for *Encanto* and *Advance Techniques* respectively.

[RecyClass](#) is an initiative to advance the recyclability of plastic packaging and establish a harmonised approach towards the use of recycled material across the FMCG industry in Europe.

[Boomera](#) and [SUEZ.circpack®](#) analyse our packaging to certify their recyclability based on current recycling infrastructure in Brazil and EMEA. With their support, packaging is tested in real recycling facilities to understand where recyclability issues may lie and develop solutions, so that they can be recycled by mainstream facilities.

A message from our CEO

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# PLANET-KIND SOURCING

## Planet-kind ingredients and materials

Being planet-kind means protecting biodiversity and preventing deforestation. As part of the Natura &Co family, our sourcing structure has become a group-wide effort to enhance our responsible sourcing work.

The [Commitment To Life](#) will ensure full traceability and/or certification of our critical supply chains by 2025. This includes the supply chains for the palm oil, mica, paper, alcohol, soy and cotton we purchase. Our Supplier Code of Conduct now includes new environmental requirements to increase their accountability. We also remain a committed member of the Roundtable on Sustainable Palm Oil (RSPO) and continue to be 100% RSPO-compliant.

This year, we joined the BSR initiative, [Action for Sustainable Derivatives \(ASD\)](#). ASD is a sector-wide initiative that brings together corporate users of palm oil and palm kernel oil derivatives in cosmetics, home and personal care, healthcare and oleochemicals sectors, to tackle environmental and social issues in the palm oil supply chain.

As a member, we will publicly commit to No Deforestation, No Peat and No Exploitation (NDPE) principles deforestation within six months of joining, which aligns with Natura &Co's [Commitment To Life](#). We also support increased transparency and monitoring of risks along the global derivatives supply chain, and joint efforts to drive market and supply chain transformation and positive impact on the ground. As part of our participation in the initiative, we receive bespoke traceability data, providing visibility of our supply chain at refinery, crusher and mill level, and risk assessment for sourcing regions and key supply chain players.

In 2020, we also began to eliminate packaging and product components made from polyvinyl chloride (PVC) in our Beauty+ (fashion and home) products.





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# ANIMAL WELFARE

We believe animal testing is unnecessary. Last year, [we ended all regulatory-required animal testing in China](#) and, in so doing, completely eliminated animal testing on our ingredients and finished products across all brands everywhere in the world. We are committed to meeting our customers' needs without compromising our commitment to animal welfare, product safety standards and adherence to regulatory requirements. We substantiate the safety of our products without the need for animal testing using well-established, non-animal testing methods including computer modelling and in vitro testing. People for the Ethical

Treatment of Animals (PETA) include us on their list of companies that are 'Working for Regulatory Change'. This means we are part of a small group of companies recognised for their ongoing commitment to promoting the development, validation and regulatory acceptance of non-animal methods. We also continue to collaborate with Humane Society International (HSI) and to support the Fund for the Replacement of Animals in Medical Experiments (FRAME) and the Institute for In Vitro Sciences (IIVS) in the development of alternative ethical scientific methods that will replace the need for animals to be used in testing.



## Our vegan ranges

We launched *Distillery* last year, which was our first eco-conscious, fully vegan product range. Five of our *Clear Skin* products in EMEA are in the process of being certified vegan in 2021.





**AVON**

For more information, please visit:  
**[www.avonworldwide.com](http://www.avonworldwide.com)**