



Avon Palm Oil Progress Report July 2018

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Background

In March 2017, Avon Products, Inc. (Avon) published a [Palm Oil Action Plan](#); this was our roadmap through to July 2018 to achieve a sustainable palm oil supply, as outlined in our [Avon Palm Oil Promise](#). The Promise, created in 2011 and updated in 2015, details Avon's No Deforestation, No Peat, No Exploitation (NDPE) commitment.

Avon is a member of [The Forest Trust \(TFT\)](#), a non-profit organization that is supporting our work to achieve a traceable palm oil supply chain that adheres to our Palm Oil Promise.

Progress on our 2017 Action Plan

Our 2017 action plan committed us to:

- communicate sourcing commitments to our direct suppliers;
- trace supply to a point in the supply chain where suppliers can demonstrate that the palm oil meets our sourcing principles;
- support transformation activities on the ground within our supply chain;
- track supplier progress towards achieving compliance with our commitment.

Avon's progress through end of July 2018 is as follows:

1. Communicate sourcing commitments to our direct suppliers

Avon achieved its commitment by the target date of end of June 2017 to complete initial evaluations of the palm oil sourcing policies or plans for our 10 key suppliers (representing >70% of Avon's palm-based ingredient supply by ingredient volume). We engaged with our 10 key suppliers to communicate our sourcing commitments, socialize our NDPE requirements and to request traceability information.

2. Trace supply to a point in the supply chain where suppliers can demonstrate that the palm oil meets our sourcing principles

Avon committed to identifying the first refiners supplying our top 10 suppliers and tracing the supply to the mill level by the end of July 2018. Over the past 18 months, Avon devoted significant time educating and building trust with our suppliers to enable them to provide the level of traceability we require. As of the end of July 2018, we have achieved traceability to mill for 7 of our top 10 suppliers that supply >70% of Avon's palm oil. We have engaged the remaining 3 suppliers and are working with them to ensure they achieve traceability by the end of 2018. We will begin traceability in

Q3 2018 with the suppliers providing us with the remaining 30% of our palm oil, beginning with the largest of these suppliers.

As part of Avon's commitment to traceability and transparency, we are publishing a list of the mills from our top 10 suppliers, which also includes the mill's parent company and the mill coordinates. These mills represent approximately 70% of the total volume of palm we source annually from our top 10 suppliers. We will update this list as we progress on our traceability work with the remainder of our supply chain.

Since we began our traceability work in March 2017, we have achieved traceability to mills for 83% of the supply chain with whom we have currently engaged, and 58% traceability for our entire supply palm oil supply chain. In 2018, we plan to engage with more suppliers and increase our overall traceability to mill.

Palm Oil Mill List

As part of Avon's commitment to traceability and transparency, we have published a [list of the mills](#) from our top 10 suppliers that includes the mill name, the mill's parent company and the mill coordinates. We will update this list as we progress on our traceability work with the remainder of our supply chain.

3. Partner with key suppliers to contribute to transformation work on the ground within our supply chain

Now that Avon has reached traceability to the mill with the majority of our top 10 suppliers, we have identified key points of leverage and risk within our supply chain where our support can affect change on the ground. Through our partnership with TFT, we are funding two transformation projects in Indonesia and Malaysia. Our traceability work and our mill list have enabled us to identify that these projects cover approximately 97% of Avon's known palm oil supply chain.

APT (Areal Prioritas Transformasi) Landscapes (Aceh Tamiang and Southern Aceh, Indonesia)

Avon is currently funding the [Landscapes Programme](#) that works to create resilient, thriving communities and ecosystems. This landscape level, multi-stakeholder approach will ensure robust, environmentally and socially sensitive land-use plans are in place for key geographies in Indonesia that are relevant to our palm oil supply chain, as well as to those of other supporting TFT members.

Directory of Services for Vulnerable Children (Sabah, Malaysia)

One of the challenges facing palm oil companies in Sabah is the lack of understanding of policy requirements and good practices to [prevent children working in plantations](#) and being exposed to hazardous environments. As part of an effort to encourage businesses to collaborate with local NGOs to strengthen child protection, Avon is funding the mapping of services for vulnerable children in Sabah. The resulting directory will be disseminated to local mills and plantations, workers who are parents and the local community.

4. Track supplier progress towards achieving compliance with our commitment

Avon expects suppliers to develop their own commitments for responsible palm sourcing, if not already established, or to commit to meeting the Avon Palm Oil Promise requirements. We have communicated these expectations to our top 10 suppliers during our traceability work. We will continue to meet regularly with these suppliers to track their actions taken to comply with our commitment.

Action Plan for 2018-2019

Avon will publish a new action plan for 2018-19 by end of September 2018.