

# AVON PRODUCTS, INC.

## CORPORATE GOVERNANCE GUIDELINES

As amended by the Board of Directors as of October 6, 2016

### **I. Purpose of Guidelines**

These corporate governance guidelines are intended to set a proper “tone at the top,” by promoting good corporate citizenship and responsible business practices, and to establish a common set of expectations to assist the Directors in performing their duties in accordance with applicable requirements, and thereby build long-term value for the Company’s shareholders. These guidelines represent the policy of the Company, as adopted by the Board of Directors. The Board will review and, if appropriate, amend these guidelines from time to time.

### **II. Responsibilities of the Board of Directors**

The Board of Directors is elected by shareholders to oversee management and protect shareholders’ long-term interests in the Company.

#### Basic responsibilities

The Directors’ most basic responsibility is to exercise their business judgment to act in a manner that they reasonably believe is in the best interest of the Company and its shareholders, and, in discharging this obligation, may rely on members of the Company’s management and on the Company’s outside advisors and auditors. Directors must fulfill their responsibilities consistent with their fiduciary duties to the Company’s shareholders and in compliance with all applicable laws and regulations. Each Director must also comply with the applicable provisions of the Company’s Code of Conduct and the Trading in Avon Securities Policy.

#### Attendance and Participation

Directors are expected to attend all regularly scheduled Board meetings and meetings of the Board Committees on which they serve, and to use their best efforts to attend any special meetings and annual meetings of shareholders.

Directors are expected to spend the time and effort needed to discharge their responsibilities and to read the materials provided by the Company prior to each Board and Committee meeting and participate actively in each such meeting.

#### Orientation and Continuing Education

Within three months of being first elected to the Board, a Director is expected to participate in the Company’s orientation program for new Directors, including meetings with senior management to familiarize the Director with the Company’s business model, properties and operations, strategic plans, significant financial and accounting issues, compliance programs and principal officers, as appropriate. Thereafter, management will continue to keep the Directors informed of major business, financial, regulatory and governance trends and issues that may affect the Company’s business. The Company also encourages continuing education for its Directors and will provide reimbursement for

reasonable expenses associated therewith.

### Annual Self-Assessment

The Board of Directors and the Board Committees, through the Nominating and Corporate Governance Committee, conduct an annual self-assessment to determine whether the Board and its Committees are functioning effectively. Such assessment is based in part on each Director's evaluation of the Board as a whole and of each Committee on which he or she serves. The results of the assessment are discussed with the Board.

## **III. Membership on the Board**

### Size of the Board of Directors

The Company's Certificate of Incorporation provides that the Board shall consist of a minimum of 10 and a maximum of 20 Directors. The Company's By-Laws provide that the Board shall consist of 11 Directors, or such other number, not less than 10 nor more than 20, as shall be fixed by the Board from time to time, subject to the rights of the holders of shares of any class or series of preferred stock (or shares of common stock issued upon conversion of such shares of preferred stock). The Nominating and Corporate Governance Committee will periodically make recommendations to the Board regarding the appropriate size of the Board, such that the Board maintains its expertise and independence while still being able to function effectively as a body.

### Independence of the Members of the Board

A majority of the members of the Board of Directors must be "independent," as defined from time to time by the listing standards of the New York Stock Exchange and other applicable laws and regulations. The Board will strive to ensure that all non-management Directors are independent. The Board assesses the independence of its members on at least an annual basis.

A Director shall not be independent if:

- (1) (i) the Director is or has been within the last three years an Avon Associate or, in the case of his or her immediate family member, is or has been within the last three years an executive officer of the Company; *provided*, that employment as interim CEO or other executive officer does not disqualify a Director from being independent once that employment ceases; or
- (ii) the Director or his or her immediate family member, has received more than \$120,000 during any twelve-month period within the three prior years in direct compensation from the Company, excluding: (A) director and committee fees and pension or other forms of deferred compensation for prior service (as long as that compensation is not contingent in any way on continued service); (B) any compensation received for service as an interim CEO or other executive officer; and (C) any compensation received by an immediate family member for service as an Associate (other than an executive officer) of the Company; or
- (iii) (A) the Director is a current partner or employee of a firm that is the Company's internal or external auditor; (B) the Director has an immediate family member who is a current partner of such a firm; (C) the Director has an immediate family member who is a current employee of such a firm and personally works on the Company's audit; or (D) the Director or

an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company's audit within that time; or

(iv) the Director or immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers serves or has served on the compensation committee of that company; or

- (2) the Director is a current employee or an immediate family member is a current executive officer of a company that has made payments to, or has received payments from, the Company for property or services (excluding contributions by the Company to tax-exempt organizations) in an amount which, in any of the last three fiscal years, exceeded the greater of \$1,000,000 or 2% of that other company's consolidated gross revenues.

For purposes of these Corporate Governance Guidelines, "immediate family member" includes a Director's spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone (other than domestic employees) who shares the Director's home.

In addition, the Board must affirmatively determine at least annually that the Director does not have a material relationship with the Company, either directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with the Company. In making this determination, the Board will broadly consider all relevant facts and circumstances and will consider this issue not merely from the standpoint of the Director, but also from that of persons or organizations with which the Director has an affiliation. This consideration will include: (1) the nature of the relationship; (2) the significance of the relationship to the Company, the other organization and the individual Director; (3) whether or not the relationship is solely a business relationship in the ordinary course of the Company's and the other organization's businesses and does not afford the Director any special benefits; and (4) any commercial, industrial, banking, consulting, legal, accounting, charitable, familial and other relationships; *provided*, that ownership of a significant amount of the Company's stock will not, by itself, be a bar to independence. In assessing the independence of Directors and the materiality of any relationship with the Company and the other organization, the Board has determined that a relationship in the ordinary course of business involving the sale, purchase or leasing of property or services will not be deemed material if the amounts involved, on an annual basis, do not exceed the greater of (i) \$1,000,000 or (ii) 1% of Avon's revenues or 1% of the revenues of the other organization involved.

The Company will disclose either on its website or in its annual proxy statement any contributions it makes to any tax-exempt organization in which an independent Director serves as an executive officer if, within the preceding three years, contributions in any single fiscal year exceeded the greater of \$1,000,000 or 2% of that tax-exempt organization's consolidated gross revenues.

#### Other Qualifications

The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board regarding additional qualifications for Board membership. All Directors should possess the highest standards of personal and professional ethics, character and integrity. The Nominating and Corporate Governance Committee also takes into account all other factors it considers appropriate, which may include professional experience, knowledge, diversity of backgrounds and

the extent to which the candidate would fill a present or evolving need on the Board.

#### Other Board Service

The Board recommends that, except in unusual circumstances, if a Director is the CEO of a public company, such Director limit the number of boards on which he or she sits to the boards of one other public company (in addition to the Company's Board and that of his or her employer). If a Director is not the CEO of a public company, the Board recommends that, except in unusual circumstances, he or she sit on the boards of no more than four other public companies (in addition to the Company's Board).

A Director must notify the Chairman and the Secretary in advance of accepting an invitation to join a board of a public or private company or a non-profit or charitable organization.

#### Selection of Directors

The Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to become Board members, consistent with criteria approved by the Board, and for making recommendations to the Board regarding: (i) nominees for Board membership to fill vacancies and newly created positions, and (ii) the persons to be nominated by the Board for election at the Company's annual meeting of shareholders. In making its recommendations, the Nominating and Corporate Governance Committee evaluates each candidate based on the independence and other qualification standards described above. The Board then determines whom to elect to the Board, pending the next annual election by shareholders.

If there is a need for a new Director because of an open position on the Board or because the Board has determined to increase the total number of Directors, the Nominating and Corporate Governance Committee may retain a third-party search firm to locate candidates that meet the needs of the Board at that time.

The Nominating and Corporate Governance Committee does not solicit Director nominations, but will consider Director candidates recommended by shareholders if properly submitted to the Committee. Shareholders wishing to recommend persons for consideration by the Committee as nominees for election to the Board of Directors can do so by writing to the Nominating and Corporate Governance Committee, c/o Corporate Secretary, Avon Products, Inc., 601 Midland Avenue, Rye, NY 10580. Recommendations must include the proposed nominee's name, detailed biographical data, work history, qualifications and corporate and charitable affiliations, as well as a written statement from the proposed nominee consenting to be named as a nominee and, if nominated and elected, to serve as a Director. Shareholders of record may also nominate candidates for election to the Board by following the procedures set forth in the Company's By-Laws.

To be eligible to be a nominee for election or reelection as a Director, a person must satisfy the requirements set forth under Section 16, Article III of the By-Laws of the Company with respect to the completion and submission of a questionnaire and representation and agreement.

The By-Laws provide for the annual election of Directors by majority vote of the shareholders (in uncontested elections).

## Tenure

In accordance with the Company's Certificate of Incorporation and By-Laws, Directors serve one-year terms. The Board does not believe in limiting the number of terms that a Director may serve, as term limits could deprive the Company and its shareholders of valuable Director experience and familiarity with the Company and its operations.

## Resignation and Retirement

In an uncontested election of Directors (*i.e.*, an election where the only nominees are those recommended by the Board of Directors), any incumbent Director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election will promptly tender his or her resignation to the Board of Directors pursuant to Section 15, Article III of the By-Laws of the Company.

If a majority of the members of the Nominating and Corporate Governance Committee received a greater number of votes "withheld" from their election than votes "for" their election at the same election, then the independent Directors who are on the Board who did not receive a greater number of votes "withheld" from their election than votes "for" their election (or who were not standing for election) will appoint a Board committee amongst themselves solely for the purpose of considering the tendered resignations and will recommend to the Board whether to accept or reject them. This Board committee may, but need not, consist of all of the independent Directors who did not receive a greater number of votes "withheld" from their election than votes "for" their election or who were not standing for election.

If a Director's job or other professional responsibilities changes significantly from the job or responsibilities that the Director held when he or she joined the Board, the Director is expected to offer his or her resignation from the Board to the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will recommend to the Board whether or not such resignation should be accepted and the Board will decide whether or not to accept such resignation.

A non-management Director may not stand for reelection if he or she would be age 72 or older at the time of the election. The Board may, however, ask such Director to remain on the Board in extraordinary circumstances if the Board believes that such Director will continue to make significant contributions to the work of the Board. A CEO who retires or leaves the Company is expected to submit simultaneously his or her resignation from the Board and will not be renominated for membership on the Board unless otherwise determined by the Board.

To the extent that one or more Directors' resignations are accepted by the Board, the Nominating and Corporate Governance Committee will recommend to the Board whether to fill such vacancy or vacancies or to reduce the size of the Board.

## **IV. Chairman of the Board**

The Board believes that it is in the best interests of the Company and its shareholders for the Board, from time to time, to assess the Board leadership structure, including whether to separate or combine the roles of the Chairman and CEO, based upon the Company's circumstances at such time.

The rights and responsibilities of the Chairman shall include the following:

- (i) Presiding at all meetings of the Board, including executive sessions of non-management directors;
- (ii) Presiding at all meetings of the shareholders of the Company, or appointing another member of the Board to preside, in accordance with the By-Laws;
- (iii) Together with the CEO and Secretary and with input from the Lead Independent Director, establishing the agenda for each regular meeting of the Board;
- (iv) Calling special meetings of the Board, as appropriate, in accordance with the By-Laws, and establishing the agenda for any such meetings called by the Chairman;
- (v) Conducting a formal performance review of the CEO on behalf of the independent directors;
- (vi) Ensuring that there is an appropriate process for informing the Board through distribution of information and reports;
- (vii) Overseeing the annual self-assessment process of the Board and each Committee;
- (viii) Serving as the principal liaison between the non-management directors and management;
- (ix) Retaining such outside advisors as the Chairman deems appropriate;
- (x) Serving as an *ex-officio*, non-voting member of each standing committee of the Board of which he is not a member. The Chairman's participation as an *ex-officio* member at any meeting will not affect the presence or absence of such a committee's quorum. In acknowledgement of the numerous committee meetings, the Chairman will decide, in his sole discretion, which committee meetings he will attend in an *ex-officio* capacity;
- (xi) Receiving regular reports from the CEO;
- (xii) Coordinating periodic Board input and reviewing management's strategic plans for the Company;
- (xiii) Assisting and advising the Company's CEO in connection with corporate strategy and personnel and organizational matters;
- (xiv) Leading the Board's review of a succession plan;
- (xv) Assisting and advising the CEO in the development and monitoring of budgets, operations and similar plans;
- (xvi) Having a reasonable opportunity to review and comment on the agenda for any special meeting of the Board that is not called by the Chairman; and
- (xvii) Performing such other duties specified by the Board from time to time.

#### **V. Lead Independent Director**

The Board shall elect a Lead Independent Director. The Lead Independent Director shall have the right to (i) preside at all meetings of the Board at which the Chairman is not present, (ii) have a reasonable opportunity to review and comment on Board meeting agendas other than the agenda for any special meeting of the Board called by the Chairman, (iii) serve as a liaison between the Chairman and the other members of the Board (*provided* that, in no event shall the Chairman be restricted from communicating directly with the other members of the Board), and (iv) have the authority to call special meetings of the Board and establish the agenda for any such meetings (subject to Section IV(xvi)).

## **VI. Board Meetings**

### Frequency and Scheduling

The Board holds regularly scheduled meetings approximately six times a year. The scheduling of these meetings is determined by the Chairman, in consultation with the CEO and Secretary, with input from members of the Board. The Secretary prepares a schedule for such regular meetings on an annual basis and timely notifies the Board of any changes in the schedule.

### Strategic Review Meeting

At least once a year, the Board holds an extended meeting during which the Board reviews the Company's short-term and long-term strategic goals and initiatives and other significant issues that are expected to affect the Company in the future.

### Agendas

The Chairman of the Board, CEO and the Secretary establish the agenda for each regular Board meeting, taking into consideration subjects requested by the Directors and with input from the Lead Independent Director. The Chairman or the Lead Independent Director shall establish the agenda for any special meeting called by such Director. Any Director may suggest items for inclusion on the agenda and may raise at any meeting a subject that is not on the agenda. Certain items pertinent to the oversight and monitoring function of the Board are brought to the Board regularly. The Chairman shall be given a reasonable opportunity to review and comment on the agenda for any special meeting of the Board that is not called by the Chairman.

The agenda for a regular meeting generally includes an executive session of the non-management Directors, reports of Board Committee activities, a report of management and presentations on one or more business subjects.

### Briefing Materials

To the extent practical, the Secretary distributes the agenda and the associated briefing materials to the Directors approximately one week in advance of each Board meeting, to allow the Directors time to prepare for a meaningful discussion of the items at the meeting.

### Attendance of Members of Management; Access to Others

Members of management attend Board or Committee meetings or portions thereof to participate in the discussion or to make presentations relating to areas of the Company's operations for which they are responsible, as appropriate.

Directors have full and direct access to all Avon Associates and the Company's outside advisors. The Board may also retain its own independent legal, accounting, financial and other advisors, as it deems appropriate, for whom the Company shall pay the fees and expenses.

## Executive Sessions

The non-management Directors meet in regularly scheduled executive sessions, as needed, in connection with scheduled Board meetings, without the management Directors or other members of management. If the non-management Directors include a Director who is not independent, the independent non-management Directors will meet at least once a year in executive session.

The Company's Chairman presides at all executive sessions of the Board. In the absence of the Chairman from any executive session, the Lead Independent Director shall preside at such executive session. In the absence of both the Chairman and the Lead Independent Director, the non-management or independent Directors, as the case may be, will choose from amongst themselves one Director to preside at such executive session.

An interested person who wishes to contact the Chairman, the Lead Independent Director or the non-management or independent Directors as a group may do so by addressing his or her correspondence to the Chairman, the Lead Independent Director or the non-management Directors, c/o Corporate Secretary, Avon Products, Inc., 601 Midland Avenue, Rye, NY 10580. All correspondence addressed to a Director will be forwarded to that Director.

## **VII. Board Committees**

### Standing Committees

The Board of Directors has four standing Committees: Audit; Compensation and Management Development; Nominating and Corporate Governance; and Finance. The responsibilities of each Committee are set forth in its charter, as established by the Board of Directors, which are available on the Company's website.

### Membership on the Standing Committees

#### *Size of Committees; Qualifications for Membership*

Each Committee must consist of at least three Directors.

Each member of a Committee must meet the independence standard described above. The members of the Audit Committee and Compensation and Management Development Committee must at all times meet the additional independence and experience requirements applicable to such Committee established by the listing standards of the New York Stock Exchange and other applicable laws and regulations.

The Company has a policy prohibiting the members of its Audit Committee from serving on the audit committees of more than two other public companies, in addition to the Company's Audit Committee.

#### *Selection of Committee Members*

The Nominating and Corporate Governance Committee periodically makes recommendations to the Board regarding Committee membership assignments. In making such recommendations, the Nominating and Corporate Governance Committee considers the independence and other

requirements, as well as the mix of skills and experience needed for each Committee. In addition, for membership on the Compensation and Management Development Committee, the Nominating and Corporate Governance Committee will seek as one of several key factors experience other than serving as a current or former chief executive officer of a public company.

The Board rotates Committee membership periodically and generally rotates the Chairs of the Committees approximately every five years, although it retains discretion to make exceptions to this practice in appropriate circumstances.

Generally, each Director is expected to serve on at least one Committee. Due to the significant demands on their time, however, neither the Chair of the Audit Committee nor the Chair of the Compensation and Management Development Committee may serve as the Chair of any other Board Committee.

#### *Meetings of Committees*

The Chair of a Committee, in consultation with senior management, determines the frequency, scheduling and agendas of Committee meetings. Committee members may suggest items for inclusion on the agenda and may raise at any meeting a subject that is not on the agenda. The Secretary for each Committee distributes the agenda and, to the extent practical, the associated briefing materials to the Committee members approximately one week in advance of each Committee meeting, to allow the Committee members time to prepare for a meaningful discussion of the items at the meeting.

The Chair of each Committee ensures that sufficient time is allotted for each Committee meeting to ensure that the agenda is covered in its entirety. Meetings of the Audit Committee that are scheduled in conjunction with Board meetings are typically held on the day before the Board meeting to ensure that there is sufficient time for discussion of all pertinent issues.

The Committees meet in executive session from time to time, as needed.

#### *Access of and to Committees*

Each Committee has full and direct access to all Avon Associates and the Company's outside advisors, and has the authority to retain its own independent legal, accounting, financial and other advisors, as such Committee deems appropriate, for whom the Company shall pay the fees and expenses.

Any Associate who has a complaint or other concern involving accounting, auditing or other financial matters relating to the Company has direct access to the Audit Committee, in accordance with the Company's Code of Conduct and the procedures set forth therein.

### **VIII. Director Compensation, Stock Ownership Guideline and Indemnification**

#### Director Compensation

The Nominating and Corporate Governance Committee is responsible for periodically reviewing and making recommendations to the full Board regarding the compensation of non-management Directors. In setting this compensation, the Nominating and Corporate Governance Committee considers the form and amount of compensation necessary to attract and retain individuals who are

qualified to serve on the Board and to align the interests of the Directors with those of the shareholders. The Committee also considers the impact on the perceived independence of the Directors of compensation in excess of customary amounts and of indirect compensation, such as consulting contracts and charitable contributions to organizations with which a Director is affiliated.

Directors who are employed by the Company or any subsidiary of the Company receive no remuneration for their services as a Director. The Company maintains a Compensation Plan for Non-Employee Directors, which currently provides that each non-management Director may receive an annual retainer consisting of cash and an annual grant of restricted stock units. In addition to the annual retainer, each non-management Director receives a retainer for service on each Board Committee of which he or she is a member and an additional fee if he or she serves as Chair of a Board Committee, as Chairman or as Lead Independent Director.

#### Director Stock Ownership Guideline

The Board has adopted a stock ownership guideline for non-management Directors requiring them to own common stock of the Company having a value equal to or greater than \$350,000. Such Directors have five years from the date of their election to the Board to achieve the required ownership level. Shares of stock owned of record or beneficially by such Directors (including shares owned by members of their immediate families), shares of restricted stock and restricted stock units are counted toward satisfaction of this ownership guideline; vested and unvested stock options do not count toward the stock ownership guideline. The Board may waive this stock ownership guideline for any Director if the receipt of equity awards or the ownership of Company common stock by such Director would violate any policies or procedures to which such Director is subject in connection with his or her employment.

#### Director Indemnification

The Directors are entitled to the benefits of indemnification to the fullest extent permitted by law, the Company's Certificate of Incorporation and By-Laws. It is expected that the Company will maintain reasonable directors' and officers' liability insurance for the benefit of the Directors.

### **IX. Management Development and Succession Planning**

The Compensation and Management Development Committee shall, along with the Chairman, discharge the responsibilities relating to management development and succession planning including (i) responsibility for development actions and succession plans for the Company's Executive Committee, providing oversight of development plans for individuals identified as potential successors, and reviewing such plans with the Board (ii) reviewing and evaluating the Company's talent management and succession planning approach, philosophy and key processes; (iii) reviewing and recommending to the Board any actions relating to talent management and succession planning for the CEO succession plans and the development plans for those individuals identified as potential successors to the CEO and (iv) establishing and thereafter periodically reviewing, with input from the independent members of the Board, the policies and principles for the selection and performance review of the Company's CEO as well as CEO succession in the event of an emergency or the retirement of the CEO.

In consultation with the other independent members of the Board, the Compensation and Management Development Committee evaluates the performance of the CEO in light of established goals and objectives, and, based on this evaluation, determines and approves the compensation level of the CEO.

The Chairman, on behalf of the independent Directors, conducts a formal performance review with the CEO.