

Policy & Code

on Business Conduct

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LETTER FROM THE CHAIRMAN**August 2011**

Dear Colleague

POLICY AND CODE ON BUSINESS CONDUCT

I am pleased to enclose the latest version of the Policy and Code on Business Conduct.

The Policy and Code sets out the standards and values which the Avon Group strives to promote. I believe this document helps us all to understand the behaviour expected of us in our work activity and, as stressed in previous years, no employee will be prejudiced by adherence to the Code, even if business is thereby lost.

This year we have added more controls and guidance in relation to bribery and corruption, to coincide with the introduction of the UK Bribery Act. This is a UK piece of legislation but it impacts our operations globally, wherever people are acting on our behalf. I would encourage you to read sections 6 and 7 carefully and to look at the guidance on dealing with requests for bribes. Bribery is corrosive and undermining of society and fair competition. As a company operating in many different countries and as a defence contractor, we must be seen to openly reject all forms of corruption. By doing so Avon's reputation with customers and business partners will be enhanced.

Compliance with the Policy & Code is a matter of individual employee responsibility and the reporting structures are in place to allow you to report breaches and suspect practices to management. Anyone caught infringing the Policy & Code can expect the matter to be taken very seriously. This also applies to the associates and intermediaries who act on our behalf around the world, who must recognise and sign up to the Policy & Code under our agreements with them.

As always, we welcome employees' feedback on the Policy and Code.

Yours sincerely

**SIR RICHARD NEEDHAM
CHAIRMAN**

POLICY ON BUSINESS CONDUCT

This Policy on business conduct must be complied with at all times by all those employed by or acting for or on behalf of the Avon Group. Our business dealings and relationships shall always be carried on in such a way that our international reputation is not damaged if the substance or details were to become public knowledge.

Avon's Policy on Business Conduct is set out in the following paragraphs.

1. LAWS AND REGULATIONS

We will comply with the known laws and regulations in the countries in which we operate and in which we do business.

2. STANDARDS OF BEHAVIOUR

Employees will carry on their business activity in a way which will attract the respect of those we deal with, and which will not bring Avon's reputation into disrepute.

3. COMPANY POLICIES

Employees will abide by policies issued by the Company from time to time in the fields of financial control, health, safety and the environment, human resources, quality and continuous improvement. These policies are issued and will be reviewed and amended from time to time.

4. INTERNAL CONTROL AND ACCOUNTING

All Avon group companies must maintain a proper system of internal control and institute measures to ensure compliance with Avon policies. Compliance with prescribed accounting systems and rules, including those contained in the Group Internal Control Manual, is absolutely mandatory to ensure that the accounts at all times accurately reflect, properly describe and promptly record the transactions undertaken. No secret or unrecorded liabilities, funds of money, accounts or other assets may be established or maintained.

5. POLITICAL CONTRIBUTIONS

Avon will make no political contributions anywhere in the world unless permitted by law.

6. RELATIONSHIPS WITH THIRD PARTIES

Relationships with third parties will be conducted within the law.

7. PROHIBITION OF CORRUPT PRACTICES

Corruption, in the form of offering, promising or giving a bribe, as well as under the guise of soliciting, demanding or extorting the same, is a criminal offence and is prohibited. The victims of bribery include firms that lose out unfairly because competition is not free and fair. The wider victims are governments and society, undermined by a weakened rule of law and damaged social and economic development. Avon's worldwide business activities are subject to the US Foreign Corrupt Practices Act and the Bribery Act 2010 which make the giving and receiving of bribes a criminal offence. Employees are specifically forbidden to enter into any transaction, anywhere in the world, which would contravene the Acts.

8. THE USA INTERNATIONAL TRAFFIC IN ARMS REGULATIONS

Avon's US based businesses may manufacture and export defence articles and services that originate pursuant to US Government contracts. As such they are subject to export control under the International Traffic in Arms Regulations (ITARs), administered by the Department of State's Directorate of Defense Trade Controls (DTC).

The following Avon entities must abide by the ITARs so that the provision of product, data or services to foreign entities, whether in the United States or abroad, is controlled:

- US based Avon businesses bidding on, awarded or subcontracted under US Government contracts for defence articles and services covered by the ITARs;
- Non-US Avon businesses subcontracted under US Government contracts for defence articles and services covered by the ITARs;
- Any Avon business entering into a contract for defence articles or services covered by the ITARs even though the sale/transaction is not pursuant to a US Government contract.

9. PERSONAL INTERESTS

Avon employees must avoid conflicts of interest and, before engaging in outside activities through accepting part-time employment or fees for consultancy, directorships, or freelance activities, employees should first obtain the written approval of senior management.

The improper exploitation by an employee of privileged or confidential information to secure profit or advantage for himself or herself is prohibited within Avon and is unlawful in many countries. Detailed guidelines on the avoidance of insider dealing are available from the Company Secretary.

10. CONFIDENTIALITY

Avon employees will at all times maintain strict confidentiality as to information which is confidential to Avon, its employees, its suppliers, its customers and its partners. Avon's commercial, technical or financial information should not be disclosed without written approval from senior management.

11. REPORTING PROCEDURES

All incidents involving a breach of this Policy, whether or not involving any actual or potential financial loss, should be reported immediately to management, to the Company Secretary or to the in-house Legal Adviser.

Where the breach takes the form of fraud or other serious malpractice which might prejudice the interests of the Avon Group or any subsidiary, the provisions of the Fraud Section of the Group Internal Control Manual must be observed.

The senior management of each business operation will be required to furnish an annual report and compliance statement to the Board.

12. "WHISTLEBLOWING"

Any concerns held by any employee or other individuals including secondees, consultants, contractors and agency personnel ("individuals") whilst at Avon concerning a suspected breach of policy or malpractice of any nature, must be reported.

13. ENFORCEMENT OF POLICY

Failure to observe the terms of this Policy will result in disciplinary action appropriate to the circumstances.

14. AVAILABILITY OF ADVICE

Employees who require advice in relation to the operation of this Policy in specific cases should discuss the matter with their own senior management, with the Company Secretary or with Avon's in-house Legal Adviser.

CODE ON BUSINESS CONDUCT

In complying with the Avon Policy on Business Conduct, the sections of which are repeated below in blue text, employees are required to have regard to the provisions of this Code.

1. LAWS AND REGULATIONS

We will comply with the known laws and regulations in the countries in which we operate and in which we do business.

- 1.1 In the event of any actual or any potential breach of any relevant law or regulation employees should, either directly or through their local management, contact the Company's in-house Legal Adviser whose particulars are set out at the end of this Code.
- 1.2 When the issue relates to a potential breach of any law or regulation, no action must be taken which could lead to an actual breach until consultation with the in-house Legal Adviser has established that no breach of law or regulation will be involved.
- 1.3 Any employee who requires advice of any kind in relation to the laws or regulations in any country should consult in the first instance with the Company's in-house Legal Adviser.

2. STANDARDS OF BEHAVIOUR

Employees will carry on their business activity in a way which will attract the respect of those we deal with, and which will not bring Avon's reputation into disrepute.

- 2.1 Employees should always carefully consider their proposed courses of action in the light of the requirement to enhance, and not diminish, Avon's reputation.
- 2.2 Honesty, good faith and trustworthiness will continue to be respected and required characteristics of all Avon employees.

3. COMPANY POLICIES

Employees will abide by policies issued by the Company from time to time in the fields of financial control, health, safety and the environment, human resources, quality and continuous improvement. These policies are issued and will be reviewed and amended from time to time.

It is the duty of Managers to ensure that all appropriate employees are aware of Company policies which are relevant to their activities. Where appropriate, training on the purpose and implementation of Company policies must be given to appropriate employees to ensure that policies are understood, implemented and maintained.

4. INTERNAL CONTROL & ACCOUNTING

All Avon group companies must maintain a proper system of internal control and institute measures to ensure compliance with Avon policies. Compliance with prescribed accounting systems and rules, including those contained in the Group Internal Control Manual, is absolutely mandatory to ensure that the accounts at all times accurately reflect, properly describe and promptly record the transactions undertaken. No secret or unrecorded liabilities, funds of money, accounts or other assets may be established or maintained.

Employees are required to comply with the Group Internal Control Manual. In the event of a query arising regarding internal control procedures the in-house service providers referred to at the end of this Code should be consulted.

5. POLITICAL CONTRIBUTIONS

Avon will make no political contributions anywhere in the world unless permitted by law

Avon may make donations or contributions to political parties, party officials, party representatives or candidates only if allowed by the laws and regulations of the country concerned and in accordance with the applicable provisions thereof, including requirements of public disclosure of such donations or contributions. Any such donations and contributions shall be authorised in each case in advance by the Board of Directors and shall be properly recorded in the Company's books and accounts. Any question as to whether a proposed payment will or could be regarded as a political contribution should be reported to the in-house Legal Adviser.

6. RELATIONSHIPS WITH THIRD PARTIES

Relationships with third parties will be conducted within the law. Unlawful payments will neither be made nor received, directly or indirectly, regardless of the amount.

- 6.1 For the purposes of this section, third parties include, where appropriate, customers, suppliers, Government departments and officials, elected representatives, consultants, agents, distributors and advisers.
- 6.2 Where Avon is working with third parties under the terms of a contractual agreement (which should always be the case), employees are expected to honour the terms of that agreement and to expect the same behaviour from the other party.
- 6.3 All Avon businesses are required to establish procurement procedures which should be applied consistently in their dealings with tenderers and contractors. These procedures, which must properly reflect and protect the interests of Avon and its shareholders, should be based on fairness and on equality of treatment for tenderers, should be set out clearly and be made readily available to tenderers.
- 6.4 Where Avon is a minority or equal partner in a joint venture company and cannot therefore dictate that company's policy and code of business conduct, Avon management will seek to reach agreement with the partner to achieve standards which are consistent with this Code.

Hospitality

- 6.5 It is recognised that the giving and receiving of bona fide, proportionate and reasonable corporate hospitality allows us to build better relationships with customers and other third parties and can therefore lead to competitive advantage. The greater, more frequent or more lavish the hospitality, the greater the risk that it is aimed at inducing the person involved to perform a function improperly or influencing a public official in his official capacity.
- 6.6 No employee or any member of his or her immediate family should make or accept gifts, entertainment, trips, discounts, loans, commission or other favours to or from third parties dealing with Avon if they could influence a business decision or be considered to be extravagant or unduly frequent. Save for gifts and

benefits with a value of less than £150/\$250 all gifts and other benefits which are proposed to be made or accepted should be signed off in advance by senior management of the business concerned and recorded in a hospitality register. For this purpose, "senior management" means the senior person at the plant or office where the employee works. For senior management themselves, sign off should be obtained from their direct superior and in the case of the Chief Executive, from the Chairman of the Audit Committee. The sign off procedure set out above shall not apply in the case of gifts which are accepted on behalf of Avon and which are not treated by the employee as personal property.

- 6.7 In deciding whether to sign off the acceptance of gifts or hospitality the senior manager should ask themselves whether a reasonable person, with knowledge of the industry, would expect the gift/hospitality to be intended to bring about the improper performance of a function or influence a public official. This is unlikely to apply to reasonable and proportionate hospitality. The more lavish or frequent, the more carefully the issue should be considered.

Agents, consultants and intermediaries

- 6.8 Agents, consultants and intermediaries are an effective means of developing, expanding and maintaining business. However, if not carefully selected or if inappropriately managed, agents, consultants or intermediaries can considerably harm the Company's reputation and may trigger legal proceedings, even if the Company is unaware of any impropriety.
- 6.9 All Avon businesses shall therefore pay particular attention to the integrity profile of a potential agent, consultant or intermediary, before concluding any agreement or dealing in any way with a candidate. Particular care should be taken in countries which have a low score on the Transparency International Corruption Perceptions Index. In each case businesses shall conduct a thorough due diligence examination in accordance with the applicable third party screening procedure issued by the Legal Department. This should involve using suitable information sources and records to assess a candidate's business and available personal standing; this may include a candidate's history, education, ethical behaviour, technical and financial background and his or her knowledge of

the Company's environment and products. Such assessment shall be periodically renewed.

- 6.10 The candidate agent, consultant or intermediary shall be made aware of the integrity policies of the Company as contained in this Policy & Code together with the legal restrictions the Company is subject to which are set out at sections 7 and 8 below.
- 6.11 The written agreement concluded between the Avon business and the agent, consultant or intermediary shall contain a provision whereby the latter commits to comply at all times with the provisions of the Policy & Code and more specifically that no part of any payment originating from the Company will be passed on as a bribe. Breach of this commitment shall entitle the Company to terminate the agreement immediately. The agent, consultant or intermediary shall report regularly and on a continuous basis on the accomplishment of his or her tasks and duties.
- 6.12 Fees payable to an agent, consultant or intermediary shall correspond to an appropriate remuneration for legitimate services effectively rendered. No payments shall be made in cash. Payments are to be made, save in exceptional circumstances, in the country where the agent, consultant or intermediary is active or registered. These payments are to be properly recorded in the books and records of the relevant Avon business. Fees can take many forms (marketing fee, support fee, retainer fee or success fee), they can be a fixed amount calculated on a hourly, monthly or yearly basis, or a fixed or variable percentage of the sales to a specified customer or the refunding of expenditure based on vouchers. Whichever form or method is used for the fee payable to an agent, consultant or intermediary, it shall be based on the most objective elements possible.
- 6.13 Avon's businesses shall reserve the right to implement auditing/verification programmes in order to satisfy themselves that the agents, consultants or intermediaries are in compliance with their obligations.

7. PROHIBITION OF CORRUPT PRACTICES

Corruption, in the form of offering, promising or giving a bribe, as well as under the guise of soliciting, demanding or extorting the same, is a criminal offence and is prohibited. The victims of bribery include firms that lose out unfairly because competition is not free

and fair. The wider victims are governments and society, undermined by a weakened rule of law and damaged social and economic development. Avon's worldwide business activities are subject to the US Foreign Corrupt Practices Act and the Bribery Act 2010 which make the giving and receiving of bribes a criminal offence. Employees are specifically forbidden to enter into any transaction, anywhere in the world, which would contravene the Acts.

- 7.1 Corruption, in the form of offering, promising or giving a bribe or any undue pecuniary or other advantage (active corruption), as well as under the guise of soliciting, demanding or extorting the same (passive corruption), distorts competition, is a criminal offence and is therefore unequivocally condemned. Public corruption (bribing of national, foreign or international public officials), as well as private-to-private corruption (corruption between private commercial or non-commercial entities), in order to obtain or retain business or other improper advantage (e.g. in connection with regulatory permits, taxation, customs, or judicial and legislative proceedings) is prohibited.
- 7.2 All Avon employees and others acting on behalf of Avon's businesses shall abstain in all circumstances from all forms of direct and indirect corruption, through subsidiary companies, controlled entities, joint-ventures, subcontractors, agents and distributors.
- 7.3 Avon's businesses shall take, in particular, all reasonable measures within their power to avoid money or other advantages being illicitly channelled by direct or indirect means to a public official.

The USA Foreign Corrupt Practices Act / Limitation on Payments to Influence Certain Federal Transactions

- 7.4 The FCPA prohibits any offer, payment, promise of payment, or authorisation of payment of any money or gift of anything of value to any foreign official, to any foreign political party, official or candidate for foreign political office, or to any other person while knowing that all or a portion of such money or thing of value will be ultimately delivered to any of the persons identified above. The Act specifically prohibits such payments or gifts where the payment or gift is for the purpose of:-
 - 7.4.1 influencing any act or decision of such official in his or her official capacity; under section 7.1 of

this Code, the giving or receiving of bribes is specifically prohibited.

- 7.4.2 inducing such official to do or to omit to do any act of violation of the lawful duty of such official.
- 7.4.3 inducing such official to use his or her influence with a foreign government in order to assist a domestic concern in obtaining or retaining business.

It is not necessary for the action to be fully completed or successful in producing the desired effect. Nor does it matter who first suggested the payment or gift. Penalties for violations of the Act are severe for both the domestic concern and its employees.

- 7.5 The FCPA does specifically exempt small or minor payments to a foreign official, political party, or party official, the purpose of which is to expedite or secure the performance of a routine government action by such official. Facilitating payments in this context are small payments to relatively low level officials whose duties are essentially administrative or clerical. Because the Bribery Act makes facilitating payments by UK companies and British nationals illegal (see below), Avon's policy is that all facilitating payments are forbidden.
- 7.7 This paragraph relates to limitations on payments to influence certain federal transactions in the US.
 - 7.7.1 No federal appropriated funds will be paid to any person for influencing or attempting to influence an officer or employee of any Government Agency, a member of Congress or an officer or employee of Congress, in connection with the awarding of any federal contract or grant, the making of any federal loan, the entering into of any co-operative agreement, and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or co-operative agreement.
 - 7.7.2 If any funds other than federal appropriated funds (including profit or fee received under a covered federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence any of named individuals, the Avon entity concerned shall submit with the applicable proposal for US Government work, OMB Standard Form LLL, Disclosure of Lobbying Activities to the Contracting Officer.

- 7.7.3 The above requirement shall be included in all sub-contract awards made by the Avon entity per the applicable federal procurement regulations.

The UK Bribery Act 2010

- 7.8 The Bribery Act contains four main offences; (i) the offence of bribing another person; (ii) the offence of receiving a bribe; (iii) bribery of a foreign public official; and (iv) failure by commercial organisations to prevent bribery by those acting on their behalf. It applies very widely to acts of bribery committed anywhere in the world by or on behalf of companies incorporated in the UK as well as individuals who are British citizens or ordinarily resident in the UK. It is very important that all employees are aware of this. Individuals who are convicted face jail terms of up to 10 years. Avon could face unlimited fines and could be perpetually debarred from competing for public contracts if it is prosecuted under the Act,
- 7.9 If any of the first three offences are proved to have been committed with the consent or connivance of a senior officer of Avon, that person as well as Avon is guilty of an offence. The corporate offence of failing to prevent bribery from being committed in connection with its business is particularly important. Avon will be guilty of this offence if a person associated with Avon performing services for the company bribes another person intending to obtain or retain business or a business advantage. A person associated with Avon can be an agent, distributor, consultant, partner, adviser, Government department or official, contractor or even a customer.
- 7.10 It is a defence for Avon to show that it had in place adequate procedures designed to prevent bribery. This is why section 7.1 of this Code prohibits all bribery and section 6 sets out prescribed ways of dealing with third parties. This is also why even facilitating payments that would have been permissible under the FCPA (see 7.5 above) are now prohibited.

Guidance on what to do if you are faced with a request for a bribe/facilitation payment

A facilitation payment is a small or minor payment to a foreign official, the purpose of which is to expedite or secure the performance of a routine government action by such official. Facilitating payments in this context are small payments to relatively low level officials whose

duties are essentially administrative or clerical e.g. obtaining permits or licences, processing governmental papers (import, export), loading and unloading cargo. Such payments are known to be prevalent in many countries and industry sectors and there is international consensus that they are corrosive and efforts should be made across the world to eradicate them. Corrupt foreign officials demanding payments to perform routine actions may often put staff or Avon’s representatives who are otherwise not corrupt in very difficult positions. There is no easy solution but the following guidance should be noted:

- (a) Try to act professionally throughout, explaining that you are not allowed to make a payment and reporting the request to your manager for guidance before responding if this is practical. Make use of the reporting procedures set out at sections 11 and 12 of this Policy & Code if necessary;
- (b) If there is no alternative but to make payment to protect against ‘loss of life, limb or liberty’ then the payment should be made;
- (c) A receipt should be obtained for any payments made; Demands should be reported to management, who should report patterns of demands to the in-house Legal Adviser;
- (d) Public officials who refuse to cooperate without facilitation payments should be reported to any superiors they may have and to local enforcement authorities;
- (e) Learn more about the different types of scenario that you may encounter where bribes/facilitation payments are demanded and practical advice on how to prevent such demands occurring and, if they have occurred, how to respond, using the International Chamber of Commerce RESIST (Resisting Extortion and Solicitation in International Transactions) tool.

7.11 Any doubt regarding the interpretation of this section of the Code should be referred to the Legal Department.

8. THE USA INTERNATIONAL TRAFFIC IN ARMS REGULATIONS

Avon's US based businesses may manufacture and export defence articles and services that originate pursuant to US Government contracts. As such they are subject to export control under the International Traffic

in Arms Regulations (ITARs), administered by the Department of State's Directorate of Defense Trade Controls (DTC). For example, the Joint Services General Purpose Mask and Nuclear-Biological-Chemical Improved Protective Mask contracts involve the production and sale of military respirators that are defence articles.

The following Avon entities must abide by the ITARs so that the provision of product, data or services to foreign entities, whether in the United States or abroad, is controlled:

- **US based Avon businesses bidding on, awarded or subcontracted under US Government contracts for defence articles and services covered by the ITARs;**
- **Non-US Avon businesses subcontracted under US Government contracts for defence articles and services covered by the ITARs;**
- **Any Avon business entering into a contract for defence articles or services covered by the ITARs even though the sale/transaction is not made under a US Government contract.**

- 8.1 Where appropriate pursuant to the ITARs, Avon businesses must apply to the DTC for formal export authority, either in the form of an export licence, Technical Assistance Agreement (TAA) or Manufacturing License Agreement (MLA), to legally provide such information or services to third parties. Once implemented, Avon businesses must where relevant conduct their business in strict accordance with the terms, conditions and limitations of export licences, TAAs and MLAs.
- 8.2 All relevant employees of Avon businesses must know and understand their obligations under the ITARs. Regular training sessions must be held to induct new employees and refresh the knowledge of existing employees.
- 8.3 The ITARs introduce certain important principles which affect the day to day operations of Avon businesses as follows (capitalised terms reflect definitions used in the ITARs and have that meaning here).
- 8.4 Where the Avon business is the Exporter of Record registered with the DTC it shall appoint an Empowered Official, Export Coordinator and Security Officer to manage the programme pursuant to the ITARs.
- 8.5 Avon businesses shall also prepare, agree with the DTC and implement export licences, TAAs and MLAs with approved Vendors (which may include

non-US Avon businesses). Vendors shall also be required to enter into Non-Disclosure Agreements requiring them not to forward Technical Data or Defense Articles on to Foreign Persons without DTC consent.

8.6 Avon employees shall ensure they understand the definition of Technical Data, Defense Article and Defense Service and the means by which such items need to be controlled, in particular by understanding what activities constitute a Transfer.

8.7 These principles shall be applied and implemented by the Avon businesses as procedures throughout all relevant areas of day to day business activity, in particular in the following areas:

- Product design and the introduction of new parts into production
- Purchasing: including approval of all Vendors who receive Technical Data and Defense Articles and third party service providers who may be exposed to Technical Data or be in possession of Defense Articles
- Sales: including the screening of material to be displayed at trade shows
- Manufacturing: including screening off production areas, securing of tooling and production related documentation, controlling the flow of parts comprising Defense Articles, secure disposal of scrap
- Administration: including procedures for visits by foreign persons and third parties
- Documentation, drawing and data control: including record keeping requirements, marking of Technical Data
- Human resources: including recruitment and interviewing procedures, induction programmes, ongoing training, screening of foreign applicants and employees

8.8 Any doubt regarding the interpretation of this section of the Code or the ITARs in general should be referred to the in-house Legal Advisor or the ITAR Empowered Official.

9. PERSONAL INTERESTS

Avon employees must avoid conflicts of interest and, before engaging in outside activities through accepting

part-time employment or fees for consultancy, directorships, or freelance activities, employees should first obtain the written approval of senior management. The improper exploitation by an employee of privileged or confidential information to secure profit or advantage for himself or herself is prohibited within Avon and is unlawful in many countries. Detailed guidelines on the avoidance of insider dealing are available from the Company Secretary.

9.1 Where an employee or his or her family has an interest in an outside company with which Avon does business or is about to acquire an interest, the individual should declare his or her interest and seek advice from senior management. Management will ensure that the individual plays no active role in Avon's management of such business.

9.2 Although, in principle, Avon expects that employees will spend 100% of their working time on Avon's business, nevertheless in the interests of the personal development of senior staff Avon may consider requests to take on a role in another company or organisation provided that no possibility of a conflict of interest can arise. No directorship or other role may be accepted without the prior written approval of senior management.

9.3 Avon encourages voluntary unpaid part-time participation by employees in public service or local organisations provided that such participation does not prejudice the employee's performance of his or her work for Avon.

9.4 Employment or part-time activities outside Avon must not involve the application of knowledge gained in Avon's service to the benefit of an outside employer and must not involve secondary employment or work or consultancy with an actual or potential competitor, supplier, contractor, customer or tenderer of Avon.

9.5 Improper exploitation by an employee of privileged information to secure profit for him or herself or others through dealings in shares, securities or commodities constitutes insider dealing. In many countries such activity is illegal or proscribed by Stock Exchange Regulations. The imparting of privileged information which enables others to undertake insider dealing is an equally serious matter and, if deliberate, may be illegal.

9.6 "Senior management" for the purposes of this paragraph 9 means either a Director of Avon Rubber p.l.c. or an Executive who reports to such a

director. Employees seeking the approval of, or advice from, senior management may seek such approval or advice through their own local management.

Detailed guidelines on the avoidance of insider dealing are available from the Company Secretary.

10. CONFIDENTIALITY

Avon employees will at all times maintain strict confidentiality as to information which is confidential to Avon, its employees, its suppliers, its customers and its partners. Avon's commercial, technical and financial information should not be disclosed without written approval from senior management.

10.1 A non-exclusive list of examples of confidential information is set out below:-

10.1.1 Any trade secret or secret manufacturing process or other intellectual property or any confidential information concerning the business or finances of Avon.

10.1.2 Information specifically designated as confidential by Avon.

10.1.3 Information regarding customers, suppliers, agents or distributors, technical and financial details, business methods, plans, management systems, new business opportunities, research and development projects, manufacturing drawings, sales targets and statistics, market share and pricing statistics, marketing surveys and plans, market research reports, market strategies, sales techniques, discount structures, advertising and promotional materials.

10.1.4 Information in respect of which Avon owes an obligation of confidence to a third party.

10.1.5 Personal information about employees and their relationship with Avon.

10.2 Information is not regarded as confidential if it is in the public domain.

10.3 "Senior management" for the purposes of this paragraph has the same meaning as described in paragraph 9.6 above.

11. REPORTING PROCEDURES

All incidents involving a breach of this Policy, whether or not involving any actual or potential financial loss,

should be reported immediately to management, to the Company Secretary or to the in-house Legal Adviser.

Where the breach takes the form of fraud or other serious malpractice which might prejudice the interests of the Avon Group or any subsidiary, the provisions of the Fraud Section of the Group Internal Control Manual must be observed. The senior management of each business operation will be required to furnish an annual report and compliance statement to the Board.

11.1 Management are responsible for instituting appropriate measures to ensure compliance with the Policy and Code on Business Conduct, for referring all incidents for investigation and for dealing with offenders by disciplinary action and/or prosecution.

11.2 Employees must report to senior management, or the in-house Legal Adviser, any actual or proposed act or omission which they believe would be a breach of the Code.

11.3 All breaches of the Policy and Code will be objectively investigated and the employees involved will be given the opportunity to state their case.

11.4 If and when a fraud or other serious malpractice as described above is discovered, the Chief Financial Executive of the business concerned is to take the following action:-

11.4.1 To notify the Group Finance Director verbally and immediately.

11.4.2 To send a confidential report to the Group Finance Director setting out:-

- Specific details of the fraud or malpractice
- The local action which has been taken or is to be taken in respect of the perpetrator of the fraud or malpractice
- Whether or not the police have become involved
- Whether or not permission to prosecute is required
- The steps which have been taken to prevent the perpetration of further similar frauds or malpractices

11.4.3 Copies of this report are to be sent to the:-
Avon Group Chief Executive.
Avon Group Executive responsible for the business concerned

11.4.4 Prosecution of the perpetrator(s) may not be undertaken without the approval of the Group Chief Executive. The result of any prosecution

is to be notified to the above report recipients as soon as it is known.

- 11.5 In the case of criminal acts not directed against Avon or its employees as such but which may affect others or reflect badly on Avon's reputation, management will decide, after consultation with appropriate audit and legal advisers, the most appropriate action. Examples of such criminal activity would be insider dealing, fraud/theft away from the workplace and the misuse of drugs or alcohol.
- 11.6 Management is required to report discoveries of losses or of amounts put at risk arising out of breakdowns in internal control, criminal acts and erosion of company assets and stocks. Cases involving the actual or potential loss should be reported on discovery to the Group Finance Director and an investigative audit will be carried out.
- 11.7 In cases of breaches of Avon's policies, such as the disclosure of confidential information without authority, or the acceptance of undeclared gifts, management will institute the appropriate objective disciplinary procedures.

12. WHISTLEBLOWING

Any concerns held by any employee or other individual including secondees, consultants, contractors and agency personnel ("individuals") whilst at Avon concerning a suspected breach of policy or malpractice of any nature, must be reported.

If the employee/individual, having already made a report in accordance with the reporting procedure set out in section 11, is concerned by the response, or lack of response, such person should contact any member of the Audit Committee. Contact details for such confidential reporting are available on the Company's website at www.avon-rubber.com.

If an employee/individual for any reason would prefer the persons referred to in the reporting procedures in paragraph 11.2, not to be told, the employee/individual may raise the matter directly with any member of the Audit Committee.

Any genuine concern will be taken seriously and the employee/individual will be treated fairly and justly and will suffer no detriment.

It will be the duty of the Audit Committee to ensure a full, impartial investigation of the matter takes place and that a report is issued in a timely manner. All reasonable

efforts will be made to ensure that the identity of the employee/individual will remain confidential.

13. ENFORCEMENT OF POLICY

Failure to observe the terms of this Policy will result in disciplinary action appropriate to the circumstances.

- 13.1 Disciplinary action may in appropriate circumstances include sanctions up to and including termination of employment.
- 13.2 Managers should seek advice from the appropriate Human Resources Adviser on any disciplinary action that may be considered in relation to any breach or alleged breach of this Policy.

14. AVAILABILITY OF ADVICE

Employees who require advice in relation to the operation of this Policy in specific cases should discuss the matter with their own senior management, with the Company Secretary or with Avon's in-house Legal Adviser.

- 14.1 This Code of Conduct is intended to assist employees to act in accordance with the standards laid down in it. It is recognised that many situations may arise where employees are uncertain whether a proposed course of action would comply with the Code. In such cases employees are requested to discuss the position either with the Company Secretary or with the Company's in-house Legal Adviser, as appropriate. These requests for advice will always be treated on a confidential basis, providing the request for advice is made before any breach of the Code has taken place.
- 14.2 The Company Secretary or the in-house Legal Adviser have a standing instruction to give priority to requests for advice in relation to the operation of this Code.

Names and addresses of individuals and departments who may need to receive reports or who can give advice in relation to the operation of the Code:

<p>A. The following individuals are based at:</p> <p>Avon Rubber p.l.c. Hampton Park West Semington Road Melksham Wiltshire SN12 6NB England</p>	<ol style="list-style-type: none"> 1. CHIEF EXECUTIVE Peter Slabbert Tel: +44 (0) 1225 896870 peter.slabbert@avon-rubber.com 2. GROUP FINANCE DIRECTOR Andrew Lewis Tel: +44 (0)1225 896830 andrew.lewis@avon-rubber.com 3. COMPANY SECRETARY & IN HOUSE LEGAL ADVISER Miles Ingrey-Counter Tel: +44 (0)1225 896850 miles.ingrey-counter@avon-rubber.com <p>All fax communications to the UK should in the first instance be directed to the Company Secretary. Fax: +44 (0)1225 896898</p>
<p>B. The following individual is based at:</p> <p>Avon Rubber & Plastics, Inc. 508 Eighth Street Cadillac Michigan 49601-9282 USA</p>	<ol style="list-style-type: none"> 1. US CORPORATE ACCOUNTANT Sue Peterson Tel: +1 231 779 6290 Fax: +1 231 306 5914 sue.peterson@avon-rubber.com
<p>C. The following individual is based at:</p> <p>Avon Protection Systems- Belcamp 1361 Brass Mill Road Riverside Maryland 21017 USA</p>	<ol style="list-style-type: none"> 1. ITAR EMPOWERED OFFICIAL Mark Boileau Tel: +1 410 273 1180 Fax: +1 410 273 1301 mark.boileau@avon-rubber.com
<p>D. 1. Miles Ingrey-Counter will be responsible for handling all enquiries of a legal nature stemming from businesses in the UK, Europe and Asia. Sue Peterson will be responsible for arranging the handling of all legal enquiries stemming from anywhere in North or South America. Mark Boileau will be responsible for all enquiries concerning ITAR.</p> <p>2. Miles Ingrey-Counter will be responsible for handling all enquiries of a human resources nature stemming from all businesses.</p> <p>3. Andrew Lewis will be responsible for handling all internal audit enquiries.</p>	
<p>E. The above particulars are current as at August 2011. Any changes will be notified.</p>	