

September  
2015

**L'ORÉAL**

**United Nations Global Compact  
Communication On Progress (“COP”) 2014**

Advanced Level

## About this document

L'Oréal has been a signatory of the United Nations Global Compact since 2003 and is a member of the French network of the Global Compact (Global Compact France).

L'Oréal is committed to supporting the ten principles of the UN Global Compact relating to Human Rights, labour standards, the environment and the fight against corruption as well as reporting and communicating annually to its stakeholders on progress made to implement these principles.

L'Oréal is reporting according to the UN Global Compact "Advanced Level" and describes how it meets the 21 criteria of this Level in the following areas:

- Implementation of the Ten principles into Strategies & Operations
- Robust Human Rights Management Policies & Procedures
- Robust Labour Management Policies & Procedures
- Robust Environmental Management Policies & Procedures
- Robust Anti-Corruption Management Policies & Procedures
- Taking Action in Support of Broader UN Goals and Issues
- Corporate Sustainability Governance and Leadership

It reflects our self-assessment on how we have met the UN Global Compact Advanced Level criteria. We consider that a criterion is met when we communicated its implementation or planned implementation of one or more of the commonly accepted best practices suggested under each criterion.

As a signatory of the Women's Empowerment Principles (WEPs), L'Oréal furthermore reports according to the WEPs Reporting on Progress Guidance.

Information in L'Oréal's 2014 COP is namely compiled from our 2014 Annual Report (Annual Registration document), 2014 "Sharing Beauty With All" Progress Report and 2014 GRI Report.

For information on external assurance, see 2014 GRI Report, G4 33

**L'Oréal's COP is available on L'Oréal's Corporate website ([www.loreal.com](http://www.loreal.com)).**

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## STATEMENT OF CONTINUED SUPPORT

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**Extract from Jean-Paul AGON's statement in 2014  
"Sharing Beauty with All" Progress Report**

**"...For more than 10 years we have been supporting and implementing the principles of the United Nations Global Compact, a commitment that we renewed in 2014. Our sustainability policy flows from L'Oréal's Code of Ethics and our strong Ethical Principles - Integrity, Respect, Courage and Transparency. Through "Sharing Beauty With All", we wanted to go even further. Its new commitments, which are both practical and ambitious, cover our entire value chain.**

**Ultimately they will transform our Group, and the ways in which we innovate, make our products, communicate with our consumers and share our growth with the communities around us. This represents a profound paradigm shift..."**

**Jean-Paul Agon,**

*Chairman and Chief Executive Officer*



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## IMPLEMENTING THE TEN PRINCIPLES

**CRITERION 1** The COP describes mainstreaming into corporate functions and business units

INDICATORS	ANSWERS
Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc) ensuring no function conflicts with company's sustainability commitments and objectives	<p>The Senior Vice President &amp; Chief Ethics Officer is the United Nations Global Compact contact, reports to the Chairman and CEO and participates in the Group's Corporate Responsibility Steering Committee.</p> <p>The Executive Vice President Communication, Sustainability and Public Affairs is a member of the Group's Executive Committee.</p> <ul style="list-style-type: none"> <li>Ethics section on loreal.com</li> <li>2014 GRI Report, General Standard Disclosures, G4 34-38, G4 57-58</li> </ul>
Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy	<p><b>Code of Ethics</b> <b>"Sharing Beauty with All" Sustainability Commitments</b></p> <ul style="list-style-type: none"> <li>Code of Ethics</li> <li>2014 GRI Reports, G4 1</li> </ul>
Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary	<p><b>Country Managers (or for Corporate or Zone staff, the members of the Group Executive Committee to whom they report) are responsible for ensuring the respect of the Code of Ethics.</b></p> <ul style="list-style-type: none"> <li>2014 GRI Report, General Standard Disclosures G4 56-58</li> <li>2014 Annual Report (Registration Document 2.5.2.1)</li> </ul>
Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs	<p>On October 23rd, 2013, Jean-Paul Agon, Chairman and Chief Executive Officer of L'Oréal, announced the commitments that L'Oréal has set itself by 2020 to reduce its impact while achieving its growth ambition.</p> <p>"Sharing Beauty With All" is a commitment which covers four areas:</p> <p><b>1 – Innovating sustainably</b> By 2020, the Group will innovate so that 100% of products have an environmental or social benefit.</p> <p><b>2 – Producing sustainably</b> By 2020, the Group commits to reducing its environmental footprint by 60%, whilst bringing beauty to one billion new consumers.</p> <p><b>3 – Living sustainably</b> By 2020, the Group will empower every L'Oréal consumer to make sustainable consumption choices while enhancing the beauty of the planet.</p> <p><b>4 – Developing sustainably</b></p> <ul style="list-style-type: none"> <li>With employees - by 2020, L'Oréal employees will have access to healthcare, social protection and training, wherever they are in the world;</li> <li>With suppliers - by 2020, 100% of the Group's strategic suppliers will be participating in the supplier sustainability programme;</li> <li>With communities - by 2020, through its actions, the Group will enable more than 100,000 people from underprivileged communities, equivalent to the size of our workforce, to access work.</li> </ul> <ul style="list-style-type: none"> <li>2014 GRI Reports, G4 2</li> </ul>

<p>Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts</p>	<p>The CSR and Sustainability Department serves as an interface between all the different corporate functions and manages non-financial reporting.</p>
<p>Other established or emerging best practices</p>	<p>In 2014, L'Oréal was recognized for the fifth time by Ethisphere as one of the World's Most Ethical Companies, and has been part of the United Nations Global Compact 100 stock index since its creation.</p> <p>Moreover, L'Oréal's efforts and progress were recognised and rewarded as in previous years by the most demanding organisations in this field e.g. Vigeo, OEKOM &amp; Carbon Disclosure Project which ranked L'Oréal in 2014 among the 10% best rated companies.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, Environment Management Approach, page 3</li> <li>• 2014 Annual Report (Registration Document 2.3.2.2, 6.4.5)</li> <li>• Ethics section on loreal.com</li> </ul>
<p>Policies and practices as adapted to the specific operations in high-risk and/or conflict-affected areas</p>	<p>When necessary, policies and practices are adapted to take into consideration L'Oréal's presence in high risk and/or conflict affected areas (see <b>Criteria 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13</b>)</p>
<p>Adherence to best practices even where national law sets a lower standard.</p>	<p>In many areas L'Oréal adopts best practices which go beyond the law (see criteria 3, 6, 9). In particular, the Code of Ethics provides that "where local law or customs impose higher standards than those set out in the Code, local law and customs should always apply. If, by contrast, the Code provides for a higher standard, it should prevail, unless this results in illegal activity."</p> <ul style="list-style-type: none"> <li>• Code of Ethics</li> </ul>

**CRITERION 2** The COP describes value chain implementation

INDICATORS	ANSWERS
Analyze each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts	<p>For an upstream example, see Solidarity Sourcing For a downstream example, see Product Responsibility</p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, G4 14, Product Responsibility</li> <li>• 2014 Progress Report, page 25</li> </ul>
Communicate policies and expectations to suppliers and other relevant business partners	<p>In order to embed social, ethical and environmental concerns within its supply chain, L'Oréal launched in 2002 the "Buy &amp; Care" programme, adhered to by all the Group's purchasers. Within the framework of this programme, L'Oréal asks its suppliers and subcontractors to comply with the Fundamental Conventions of the International Labour Organisation as well as local legislation, in particular with regard to minimum wages, working time and health and safety.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, HR Management Approach, page 7</li> </ul>
Implement monitoring and assurance mechanisms (e.g. audits/screenings) for compliance within the company's sphere of influence	<p>At L'Oréal, Internal Control is a system that applies to the Company and its consolidated subsidiaries ("the Group") and aims at ensuring that:</p> <ul style="list-style-type: none"> <li>• Economic and financial targets are achieved in compliance with the laws and regulations in force;</li> <li>• The orientations set by General Management are followed;</li> <li>• The Group's assets are valued and protected;</li> <li>• The Group's financial and accounting information is reliable and provides true and fair statements</li> </ul> <ul style="list-style-type: none"> <li>• 2014 Annual Report (Registration Document 2.5.1)</li> </ul>
Undertake awareness-raising, training and other types of capacity building with suppliers and other business partners	<p>Within the framework of its commitments for 2020 under the Sharing Beauty With All programme, L'Oréal has undertaken to ensure that all its strategic suppliers will be assessed and selected based on their societal and environmental performance and will have completed a self-assessment of their sustainability policy with the Group's support by 2020. All suppliers will also have access to L'Oréal training tools by 2020 in order to improve their sustainability policies. Lastly, 20% of strategic suppliers will be associated with the Solidarity Sourcing programme.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4 2</li> </ul>

<p>Other established or emerging best practices</p>	<p>In 2014, 52000 people accessed work through the Solidarity Sourcing Programme.</p> <p>Following on from the CDP pilot WATER supply chain project carried out in 2013, L'Oréal contacted 25 suppliers in order to involve them in this process in 2014, 18 of them participated. These suppliers were chosen on the basis of their water impact (technologies that use a lot of water), their location in water stress zones, and their importance for the Group. 18 (i.e. 69% of them) agreed to take part in this programme.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4 2, G4 14</li> <li>• 2014 Progress Report, page 9</li> <li>• 2014 Annual Report (Registration Document 6.3.3.1, 6.4.4.1)</li> </ul>
<p>Policies and practices related to operations in high-risk and/or conflict-affected areas</p>	<p>Subcontractors, wherever they are based in the world, along with suppliers of raw materials, packaging, production equipment and POS advertising/Promotional items and materials located in countries where there is considered to be a risk are mandatorily subject to a social audit. To prepare the risk map for the countries presenting risks, L'Oréal uses the Maplecroft™ indexes</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Labour Management Approach, page 10, HR Management Approach, page 7, HR10</li> <li>• 2014 Annual Report (Registration Document 6.4.4.1)</li> </ul>



## ROBUST HUMAN RIGHTS MANAGEMENT POLICIES & PROCEDURES

**CRITERION 3** The COP describes robust commitments, strategies or policies in the area of human rights

INDICATORS	ANSWERS
Commitment to comply with all applicable laws and respect internationally recognized Human Rights, wherever the company operates (e.g., the Universal Declaration of Human Rights, Guiding Principles on Human Rights)	<p>L'Oréal is committed to respecting and promoting Human Rights, namely by reference to the Universal Declaration of Human Rights dated December 10, 1948, and the United Nations Guiding Principles on Business and Human Rights dated June 16, 2011. L'Oréal has been a signatory to the United Nations Global Compact since 2003 and we support the UN Women's Empowerment Principles.</p> <ul style="list-style-type: none"> <li>• Code of Ethics</li> </ul>
Integrated or stand-alone statement of policy expressing commitment to respect and support Human Rights approved at the most senior level of the company	<p>The Code of Ethics is signed by the Chairman and Chief Executive Officer as well as the members of the Group's Executive Committee.</p> <ul style="list-style-type: none"> <li>• Code of Ethics</li> <li>• Ethics section on loreal.com</li> </ul>
Statement of policy stipulating Human Rights expectations of personnel, business partners and other parties directly linked to operations, products or services	<p>L'Oréal's commitments on Human Rights are set out in the L'Oréal Spirit and Code of Ethics.</p> <p>L'Oréal is present in many countries, and is particularly vigilant on issues covered by the Fundamental Conventions of the International Labour Organisation (prohibition of child labour and forced labour, respect of freedom of association), promotion of diversity, women's rights, respect for the rights of people to use their natural resources and the right to health.</p> <p>Several chapters of the Code of Ethics are devoted to the practical implementation of respect for Human Rights: health, safety and security, diversity, bullying and sexual harassment, respect for privacy, contribution to the community and supplier selection and fair treatment of suppliers.</p> <p>L'Oréal's policy on child labour is also set out in its guide « Suppliers and Subcontractors and Child Labour ».</p> <ul style="list-style-type: none"> <li>• The L'Oréal Spirit</li> <li>• Code of Ethics</li> <li>• Ethics section on loreal.com</li> </ul>
Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties	<p>The L'Oréal Spirit and the Code of Ethics are publically available on loreal.com</p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> </ul>
Other established or emerging best practices	<p>In 2014, the Chairman and Chief Executive Officer signed, on behalf of L'Oréal, the Women's Empowerment Principles, a UN Women and UN Global Compact initiative, which aims to promote gender equality and for the empowerment of women in the workplace, marketplace and community.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4 15</li> </ul>

<p>Policies and practices related to operations in high-risk and/or conflict-affected areas</p>	<p>In countries where freedom of association and the right to collective bargaining are restricted or non-existent, L'Oréal ensures that other modes of dialogue exist with its employees enabling them to report any concerns they have.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, HR Management Approach, page 5</li> <li>• 2014 Annual Report (Registration Document; 6.2.2.7)</li> </ul>
<p>Adherence to best practices even where national law sets a lower standard.</p>	<p>L'Oréal has chosen to set a compulsory minimum age of 16 for its entire staff, a minimum age which is higher than that required by the International Labour Organisation.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, HR Management Approach, page 5</li> <li>• 2014 Annual Report (Registration Document; 6.2.2.7, 6.4.4)</li> </ul>

**CRITERION 4** The COP describes effective management systems to integrate the human rights principles

INDICATORS	ANSWERS
<p>Process to ensure that internationally recognized Human Rights are respected</p>	<p>L'Oréal ensures that Human Rights are respected via continued communication, training, due diligence, risk assessment and monitoring.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report HR</li> <li>• 2014 Annual Report (Registration Document 2.5.2.1, 6.2.2.7, 6.4.4 )</li> </ul>
<p>On-going due diligence process that includes an assessment of actual and potential Human Rights impacts.</p>	<p>Ongoing due diligence is based on Maplecroft indexes with regard to child labour, forced labour, Health and Safety, non-discrimination, respect of privacy and right of indigenous people.</p> <p>At local level, an ethics self-assessment tool enables Country Managers to assess their possible ethical risks (including those relating to Human Rights) and to take the necessary corrective action.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, HR Management Approach, page 7</li> </ul> <p>The risk analysis for suppliers and subcontractors is performed by the Purchasing Department, notably by means of social audits.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, HR9</li> <li>• 2014 Annual Report (Registration Document 6.4.4)</li> </ul>

<p>Internal awareness-raising and training on human rights for management and employees</p>	<p>A compulsory e-learning course on ethics, namely covering Human Rights subjects, is being rolled out in all countries. At December 31, 2014, over 43,000 employees had completed the course.</p> <p>In 2014, 90% of the Group's countries included subjects related to Human Rights (health, safety and security, diversity, harassment and bullying, sexual harassment, privacy, contribution to the community, and supplier selection and fair treatment of suppliers) in their local training programmes and 99% of the countries communicated on at least one of these topics.</p> <p>Every year since 2009, L'Oréal organizes an Ethics Day in order to ensure ongoing internal communication on this topic. All the Group's employees are able to ask L'Oréal's Chairman and Chief Executive Officer questions which he answers during a live webchat. All Country Managers also have the opportunity to discuss ethics with their employees. In 2014, more than half the Group's employees took part in this dialogue and over 4,000 questions were asked worldwide.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Human Rights, Management Approach p.3, HR2, G4 56 to G4 58.</li> <li>• 2014 Annual Report (Registration Document 2.5.2, 6.4.6)</li> </ul>
<p>Operational-level grievance mechanisms for those potentially impacted by the company's</p>	<p>Concerns and questions can be reported in accordance with L'Oréal's Open Talk policy.</p> <p>The Ethics Correspondents' network allows employees in 64 countries to have a local point of contact.</p> <p>Employees can ultimately use the L'Oréal Open Talk website which provides a secure mechanism for raising concerns directly with the Chief Ethics Officer, including those relating to Human Rights.</p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• 2014 GRI Report, G4 49, G4 56-58, Human Rights Management Approach, pages 2 and 8</li> </ul>
<p>Allocation of responsibilities and accountability for addressing Human Rights impacts</p>	<p>L'Oréal's Chairman and Chief Executive Officer has given the Senior Vice President and Chief Ethics Officer the mission of overseeing the respect of Human Rights.</p> <p>Country Managers are in charge of implementing the Human Rights policy in their country. The Chief Ethics Officer meets systematically with each new Country Manager in order to raise their awareness in particular on Human Rights issues.</p> <p>L'Oréal ensures that Human Rights are observed with regard to its employees thanks to the actions taken by the Human Resources functions and by its suppliers and subcontractors through the initiatives taken by the Purchasing function.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, HR Management Approach, page 2</li> <li>• 2014 Annual Report (Registration Document; 6.2.2.7, 6.4.6)</li> </ul>
<p>Internal decision-making, budget and oversight for effective responses to Human Rights impacts</p>	<p>See above</p>

<p>Processes to provide for or cooperate in the remediation of adverse Human Rights impacts that the company has caused or contributed to</p>	<p>All allegations are examined in detail and appropriate measures are taken, where applicable, in the event of non-compliance with the Human Rights policy.</p> <p>With regard to suppliers, any incidents of non-compliance give rise to remedial actions, follow-up audits, and in the most serious cases the breaking off of commercial relations, or the non-approval of a new supplier.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, HR Management Approach, page 2, HR11</li> </ul>
<p>Process and programs in place to support human rights through: core business; strategic philanthropic/social investment; public policy engagement/advocacy; partnerships and/or other forms of collective action</p>	<p>In 2010, the Group established the global Solidarity Sourcing programme, designed to help people from economically vulnerable communities find lasting employment and income. By late 2014, Solidarity Sourcing encompassed 250 projects helping more than 27,000 people around the world. Furthermore, The Body Shop's Community Fair Trade programme helped 25,000 people access work.</p> <p>L'Oréal has pledged that 20% of its strategic suppliers will be associated with Solidarity Sourcing by 2020. In 2014, more than 190 suppliers were already involved, including solidarity suppliers committed to employing those distanced from the mainstream labour market. Moreover, some suppliers have applied this programme within their own supply chain. By the close of 2014, 4% of strategic suppliers had implemented a Solidarity Sourcing initiative.</p> <p>To fight against the under-representation of women in the scientific world, L'Oréal created the L'Oréal-UNESCO For Women in Science programme with UNESCO in 1998. Since 17 years, more than 2250 women of science of more than 110 countries have received a distinction and have been rewarded. In 2014, over 250 scholarships have been awarded worldwide including 20 in France</p> <ul style="list-style-type: none"> <li>• 2014 Progress Report, page 25</li> <li>• 2014 Annual Report (Registration Document 6.4.2.2)</li> </ul>
<p>Other established or emerging best practices</p>	<p>All framework agreements signed with suppliers/ subcontractors contain a societal clause providing for compliance with the Fundamental Conventions of the International Labour Organisation</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, HR1 + Human Rights Management Approach, page 3</li> </ul>
<p>Policies and practices related to operations in high-risk and/or conflict-affected areas</p>	<p>Consideration for the rights of indigenous people is embedded in various operating procedures.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Human Rights Management Approach, page 6</li> </ul>

**CRITERION 5** The COP describes effective monitoring and evaluation mechanisms of human rights integration

INDICATORS	ANSWERS
System to monitor the effectiveness of Human Rights policies and implementation with quantitative and qualitative metrics, including in the supply chain	<p>An annual ethics reporting system covers all the subjects addressed in the Code of Ethics. This information namely helps to assess the Group's performance in terms of the application of Human Rights.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Human Rights Management Approach, page 7</li> </ul> <p>L'Oréal's "Buy &amp; Care" programme comprises a section aimed at an audit of this compliance with social legislation enabling it to ensure that its suppliers comply with the applicable laws, Human Rights and labour law, and ensure safety for their teams and health and hygiene in the workplace.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Human Rights Management Approach, page 7, HR10</li> <li>• 2014 Annual Report (Registration Document 6.4.6.)</li> </ul>
Monitoring drawn from internal and external feedback, including affected stakeholders	<p>L'Oréal regularly runs employee surveys, including questions on respect and diversity.</p> <p>L'Oréal identified the thirty most important topics for stakeholders, through a rigorous analysis of their occurrence and intensity in the information resulting from stakeholder dialogue, such as the minutes of Stakeholder Forums or reports drawn up by sustainability rating agencies for example. Human rights were classified as a top subject.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4 18-21</li> </ul>
Leadership review of monitoring and improvement results	<p>The Chief Ethics Officer reports regularly to the Chairman and Chief Executive Officer. He informs the Board of Directors and the Executive Committee.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, Human Rights Management Approach, p.2</li> </ul>

<p>Process to deal with incidents the company has caused or contributed to for internal and external stakeholders</p>	<p>Concerns and questions can be reported in accordance with L'Oréal's Open Talk policy.</p> <p>The Ethics Correspondents' network allows employees in 64 countries to have a local point of contact.</p> <p>Employees can ultimately use the L'Oréal Open Talk website which provides a secure mechanism for raising concerns directly with the Chief Ethics Officer, including those relating to Human Rights.</p> <p>External stakeholders (e.g., suppliers and local communities) may also consult the Chief Ethics Officer.</p> <p>All allegations are examined in detail and appropriate measures are taken, where applicable, in the event of non-compliance with the Human Rights policy.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, HR Management Approach, page 8</li> </ul> <p>With regards suppliers, in the event of a major non-compliance, corrective action plans are put in place and a follow-up audit is carried out. The most serious cases of non-compliance or the absence of effective implementation of a corrective action plan may lead to breaking off commercial relations or, where applicable, non-referencing of a new supplier.</p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• 2014 GRI Reports, Human Rights Management Approach, page 5</li> </ul>
<p>Grievance mechanisms that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue</p>	<p>See above</p>
<p>Outcomes of integration of the Human Rights principles</p>	<p>In 2014, 834 social audits were carried out, making over 6,100 such audits since 2006.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, HR10</li> </ul> <p>No substantial risks with relation to freedom of association, child labour and forced labour have been identified..</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, HR4 – 6</li> </ul> <p>No alleged Human Rights violations were reported to the Chief Ethics Officer in 2014. The Chief Ethics Officer was not informed of any alleged violation of indigenous peoples in 2014.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, HR8, HR12</li> </ul>
<p>Other established or emerging best practices</p>	<p>Within the scope of the legal due diligence reviews carried out prior to proposed acquisitions, the Group's Legal Department includes an "Ethics and Human Rights questionnaire" prepared by the Office of the Chief Ethics Officer. The answers to this questionnaire are intended to identify, within the internal control system existing in the target company, whether the risks of noncompliance with Human Rights have been taken into account.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Human Rights Management Approach, page 3</li> </ul>

Policies and practices related to operations in high-risk and/or conflict-affected areas

The Group screens its contracts with security service providers acting for or in the Group's environment. Local entities namely verify qualifications, official and international accreditations and personnel training. Approval from the Group's Security Division must be sought before choosing a new service provider or renewing an agreement with a current service provider. Where locally possible, L'Oréal favours security service companies that have adhered to the International Code of Conduct for Private Security Service Providers (in particular for compliance with Human Rights) developed on the basis of the Montreux Document, an official document of the United Nations.

• 2014 GRI Report, HR7

## ROBUST LABOUR MANAGEMENT POLICIES & PROCEDURES

**CRITERION 6** The COP describes robust commitments, strategies or policies in the area of labour

INDICATORS	ANSWERS
Reference to principles of relevant international labour standards (ILO Conventions) and other normative international instruments in company policies	<p>L'Oréal is particularly vigilant on issues covered by the Fundamental Conventions of the International Labour Organisation (prohibition of child labour and forced labour, respect of freedom of association), promotion of diversity, women's rights, respect for the right of people to use their natural resources and the right to health.</p> <ul style="list-style-type: none"> <li>• Code of Ethics</li> </ul>
Reflection on the relevance of the labour principles for the company	<p>L'Oréal has built its human and social project around two priorities: individual performance and social performance.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report Labour Management Approach, page 3</li> <li>• 2014 Annual Report (Registration Document 6.2.1)</li> <li>• 2014 Progress Report Beauty For All, page 22</li> </ul>
Written company policy to obey national labour law, respect principles of the relevant international labour standards in company operations worldwide, and engage in dialogue with representative organisation of the workers (international, sectoral, national).	<p><b>L'Oréal's Code of Ethics</b> <b>Human Resources policy</b></p> <ul style="list-style-type: none"> <li>• Code of Ethics</li> <li>• 2014 GRI Report, Society Management Approach, page 3</li> <li>• 2014 Annual Report (Registration Document 2.5.2.4, 6.4.5)</li> </ul>
Inclusion of reference to the principles contained in the relevant international labour standards in contracts with suppliers and other relevant business partners	<p><b>Suppliers and subcontractors are asked to comply to the ethical commitment that refers to compliance with the Fundamental Conventions of the International Labour Organisation as well as local legislation, in particular with regard to minimum wages, working time, and health and safety.</b></p> <ul style="list-style-type: none"> <li>• GRI 2014 Report, Labour Management Approach, page 10</li> <li>• 2014 Annual Report (Registration Document 6.4.4.1)</li> </ul>
Specific commitments and Human Resources policies, in line with national development priorities or decent work priorities in the country of operation	<p><b>L'Oréal pays particular attention to the level of its social performance. The Group has set itself the target of promoting its values by creating a pleasant and conducive working environment, marked by solidarity and respect, and where all employees can fulfil personal development with an active policy with regard to diversity as a factor of progress, innovation and creation of a social relationship with three global priorities of gender, social origin and disabilities.</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, Labour Management Approach, page 3</li> <li>• 2014 Annual Report (Registration Document 6.2.2.7, 6.2.2.6)</li> </ul>



<p>Structural engagement with a global union, possibly via a Global Framework Agreement</p>	<p>An agreement signed in 1996 between L'Oréal and French and European trade unions (FECCIA and EMCEF) led to the establishment of the Company's Instance Européenne de Dialogue Social/European Works Council (IEDS/EWC). Today, the IEDS/EWC covers approximately 30,000 employees in 26 countries which are part of the European Economic Area; among whom the 16 countries with more than 150 employees are directly represented.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, Labour Management Approach, page 5</li> <li>• 2014 Annual Report (Registration Document 6.2.2.3)</li> </ul>
<p>Other established or emerging best practices</p>	<p>The L'Oréal Share &amp; Care Programme aims to give the Group's employees the best benefits in four areas:</p> <p><b>Protect:</b> to provide employees and their families with effective financial protection in case of unexpected life event.</p> <p><b>Care:</b> to contribute to employees' good health, providing employees and their families with access to a quality health care system that is among the top performers on the local market.</p> <p><b>Balance:</b> to allow everyone to enjoy their family life and events like maternity, while being fully engaged in their work.</p> <p><b>Enjoy:</b> to offer a high standard quality of life at work and contribute to the professional and personal fulfilment of every employee.</p> <ul style="list-style-type: none"> <li>• 2014 Annual Report (Registration Document 6.2.1)</li> <li>• 2014 Progress Report, p.22</li> </ul>
<p>Policies and practices related to operations in high-risk and/or conflict-affected areas</p>	<p>In countries where the risk of discrimination is considered high (reference used: Maplecroft) such as Mexico, UAE, China, Russia, Indonesia, Thailand, India, Brazil - L'Oréal has established Diversity policies, Diversity Coordinator and Diversity Champions that ensure that our Diversity policy is understood, respected and applied. L'Oréal works with other companies, NGOs and International Organisations (ILO...) in this area, with the establishment of Diversity Charters, gender equality audits, disability audits and promoting the diversification of recruitment pools.</p>
<p>Adherence to best practices even where national law sets a lower standard.</p>	<p>The L'Oréal Share &amp; Care Programme is based on three key principles :</p> <ul style="list-style-type: none"> <li>• Establishing, worldwide, a common set of social protection measures</li> <li>• Being among the top performers in the local market</li> <li>• Making every country a social innovation laboratory</li> </ul> <p><b>Responsible Restructuring Policy</b></p> <ul style="list-style-type: none"> <li>• 2014 Annual Report (Registration Document 6.2.2.1)</li> </ul> <p>Concerning the abolition of child labour, all L'Oréal entities are required to verify the age of their new employees when they are hired. L'Oréal has chosen to set a compulsory minimum age of 16 for its entire staff, a minimum age which is higher than that required by the International Labour Organisation.</p> <p>In light of their young age, employees who are between 16 and 18 years old are subject to specific measures and in particular: no night work, no overtime, no work involving the use of hazardous substances or tools, no carrying of heavy loads, the implementation of a reinforced training programme, appointment of an internal "tutor" and inclusion on a special register.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, HR Management Approach, page 5</li> </ul>

**CRITERION 7** The COP describes effective management systems to integrate the labour principles

INDICATORS	ANSWERS
Risk and impact assessments in the area of labour	<p>Employee survey Social dialogue EHS culture audits Gender Equality Audits Disability Audits (accessibility, awareness in the workplace)</p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, Labour Management Approach, pages 5 and 8, Environment Management Approach, page 14</li> <li>• 2014 Annual Report (Registration Document 6.2.2.3. , 6.3)</li> </ul>
Dialogue mechanism with trade unions to regularly discuss and review company progress in addressing labour standards	<p>Social dialogue organisation</p> <p>In Europe, since 1996, the IEDS/EWC (Instance Européenne de Dialogue Social/ European Works Council) is in place and "Working conditions" is a fix point recurring at each plenary meeting.</p> <ul style="list-style-type: none"> <li>• 2014 Annual Report (Registration Document 6.2.2.3)</li> <li>• 2014 GRI Reports, Labour Management Approach, page 5</li> </ul>
Allocation of responsibilities and accountability within the organisation	<p>The Group Collective &amp; Social Relations Director is responsible and accountable for the integration of labour principles within the organisation.</p>
Internal awareness-raising and training on the labour principles for management and employees	<p>L'Oréal has undertaken to train its employees in diversity by organising "Diversity Workshops". This one-day training session made it possible to raise awareness among over 15,000 employees in more than 20 countries.</p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• Diversity section on loreal.com</li> <li>• 2014 GRI Reports, Labour Management Approach, page 9, HR Management Approach page 3, HR3</li> <li>• 2014 Annual Report (Registration Document, 6.4.6)</li> </ul>
Active engagement with suppliers to address labour-related challenges	<p>In order to embed social, ethical and environmental concerns within its supply chain, in 2002 L'Oréal launched the "Buy &amp; Care" programme, adhered to by all the Group's purchasers. Within the framework of this programme, L'Oréal asks its suppliers and subcontractors to comply with the Fundamental Conventions of the International Labour Organisation as well as local legislation, in particular with regard to minimum wages, working time and health and safety.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, HR Management Approach, page 7</li> <li>• 2014 Annual Report (Registration Document 6.4.4.1)</li> </ul>
Grievance mechanisms, communication channels and other procedures (e.g., whistleblower mechanisms) available for workers to report concerns, make suggestions or seek advice, designed and operated in agreement with the representative organisation of workers	<p>Concerns and questions can be reported in accordance with L'Oréal's Open Talk policy.</p> <p>The Ethics Correspondents' network allows employees in 64 countries to have a local point of contact.</p> <p>Employees can ultimately use the L'Oréal Open Talk website which provides a secure mechanism for raising concerns directly with the Chief Ethics Officer.</p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• 2014 GRI Report, G4 49, G4 56-58</li> </ul>

Other established or emerging best practices	<p>In 2004, L'Oréal was a founding member of the first Diversity Charter in France. The Group has now signed nine charters in all (Germany, Austria, Belgium, Italy, Poland, Spain, Finland, France and Sweden), five of which were created on its initiative. The most recent initiative was at L'Oréal Finland which was a founding member of the Finnish Diversity Charter in 2012.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Labour Management Approach, page 8, HR Management Approach, page 3</li> <li>• 2014 Annual Report (Registration Document 6.2.2.6)</li> </ul>
Policies and practices related to operations in high-risk and/or conflict-affected areas	<p>A "Travel Security Policy" is in place to define the principal rules applicable to L'Oréal employees when they travel for business or are on an expatriate assignment. The key principle is that our employees' safety and security is non-negotiable and has the highest priority.</p> <p>As regards local operations, local management is accountable to manage any possible high-risk situation according to the same key principle.</p>

**CRITERION 8** The COP describes effective monitoring and evaluation mechanisms of labour principles integration

INDICATORS	ANSWERS
System to track and measure performance based on standardized performance metrics	<p>Most of the data is collected using the dedicated "Country Reporting" intranet system, available in all countries in which there is a L'Oréal subsidiary. The system covers several topics: workforce, Worldwide Profit Sharing, labour relations, remuneration, Human Resources expenses, recruitment and training, and absenteeism</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Labour Management Approach, page 11</li> </ul> <p>A special section is dedicated to diversity. There is also an automatic diversity dashboard on 6 dimensions of diversity such as gender, disability etc... This dashboard helps Human Resources better allocate their diversity efforts.</p> <p>L'Oréal has moreover developed a diversity assessment in France with a hundred or so indicators that together cover the six dimensions of the Diversity policy.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, HR3</li> </ul> <p>L'Oréal's Ethics reporting system also covers certain items such as child labour and forced labour.</p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> </ul>
Dialogues with the representative organisation of workers to regularly review progress made and jointly identify priorities for the future	<p><b>Social dialogue organisation</b></p> <p>In 2014, 224 agreements were signed in France and 88 agreements were signed in the rest of the world. In total, the number of agreements in force at December 31st, 2014 was 765.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, G4 11, Labour Management Approach, page 5</li> <li>• 2014 Annual Report (Registration Document 6.2.2.3)</li> </ul>

<p><b>Audits or other steps to monitor and improve the working conditions of companies in the supply chain, in line with principles of international labour standards</b></p>	<p><b>In 2014, 834 audits were carried out, taking the total since 2006 to 6100.</b></p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• 2014 GRI Reports, Labour Management Approach, page 10, LA 14-15, HR 10</li> <li>• 2014 Annual Report (Registration Document 6.4.3)</li> </ul>
<p><b>Process to positively engage with the suppliers to address the challenges (i.e., partnership approach instead of corrective approach) through schemes to improve workplace practices</b></p>	<p><b>A "Welcome On Board" (WOB) supplier referencing process makes sure that suppliers understand L'Oréal expectations.</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, HR Management, page 7, Labour Management, page 10</li> <li>• 2014 Annual Report (Registration Document 6.4.4.1)</li> </ul>
<p><b>Outcomes of integration of the Labour principles</b></p>	<p><b>Suppliers Social Audits :</b></p> <ul style="list-style-type: none"> <li>- <b>22 % of the incidents of non-compliance related to wages and compensation</b></li> <li>- <b>22 % related to working hours</b></li> <li>- <b>38 % related to working, health and safety conditions</b></li> </ul> <ul style="list-style-type: none"> <li>• 2014 GRI Report, LA15</li> </ul>
<p><b>Other established or emerging best practices</b></p>	<p><b>Social audits are carried out on behalf of L'Oréal by independent external service providers. The initial audits are financed by L'Oréal and the follow-up audits are paid by the suppliers.</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, EC Management Approach page 3, HR Management Approach, page 8</li> <li>• 2014 Annual Report (Registration Document 6.4.4)</li> </ul>
<p><b>Policies and practices related to operations in high-risk and/or conflict-affected areas</b></p>	<p><b>Subcontractors, wherever they are based in the world, along with suppliers of raw materials, packaging, production equipment and POS advertising/Promotional items and materials located in countries where there is considered to be a risk are mandatorily subject to a social audit. To prepare the risk map for the countries presenting risks, L'Oréal uses the Maplecroft™ indexes.</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Labour Management Approach, page 10, HR Management Approach, page 7, HR10</li> <li>• 2014 Annual Report (Registration Document 6.4.4.1)</li> </ul>

## ROBUST ENVIRONNEMENTAL MANAGEMENT POLICIES & PROCEDURES

**CRITERION 9** The COP describes robust commitments, strategies or policies in the area of environmental stewardship

INDICATORS	ANSWERS
Reference to relevant international conventions and other international instruments (e.g. Rio Declaration on Environment and Development)	<p>In 2010, the signatory countries to the Convention on Biological Diversity adopted the Nagoya protocol, aimed at regulating access to the resources of a given region and the fair and equitable sharing of the benefits arising from the use of those resources.</p> <p>L'Oréal Research was already aware of these issues well before the protocol came into force and since 2005 has continuously striven to secure its supply chains in response to the issues of sustainable use of biodiversity.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, Environment Management Approach, page 10</li> </ul>
Reflection on the relevance of environmental stewardship for the company	<p>L'Oréal is mindful of its impact on the natural environment, including biodiversity, and constantly seeks to reduce it.</p> <p>"Sharing Beauty With All", L'Oréal's Sustainability Commitments</p> <p>By 2020, the Group pledges to reduce its environmental footprint by 60% whilst bringing beauty to one billion new consumers.</p> <ul style="list-style-type: none"> <li>• The L'Oréal Spirit</li> <li>• Ethics section on loreal.com</li> <li>• 2014 Progress Report, page 12</li> <li>• 2014 GRI Report, EN11-EN14, Environment Management Approach, page 5</li> </ul>
Written company policy on environmental stewardship	<p><b>L'Oréal's Code of Ethics</b> <b>L'Oréal's Environment policy</b> <b>L'Oréal's Packaging and Environment Policy</b></p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• CSR Commitments section on loreal.com</li> <li>• 2014 Annual Report (Registration Document 6.1.2 )</li> <li>• 2014 Progress Report, pages 7-8</li> <li>• 2014 GRI Report, Environment Management Approach, pages 4-17</li> </ul>
Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners	<p>Member of the Carbon Disclosure Project ("CDP") since 2003 and the CDP Supply chain since 2007, L'Oréal continues to encourage its suppliers to measure and reduce their CO2 emissions. In 2012, L'Oréal stepped up its strategy with regard to the CDP: it is no longer only the environmental experts who discuss these issues with suppliers, buyers trained in the CDP have now become ambassadors of this process. The environmental performance of suppliers and the reduction of greenhouse gas emissions have been integrated into the supplier relationship are therefore discussed at strategic meetings (Business Reviews)</p> <p>In 2014, L'Oréal obtained scores of A for performance and 98 for transparency and enlisted 215 suppliers as members for this project</p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, Environment Management Approach, page 11</li> <li>• 2014 Annual Report, Registration Document (1.6.3.4.3)</li> </ul>

<p>Specific commitments and goals for specified years</p>	<p><b>"Sharing Beauty With All", L'Oréal's Sustainability Commitments 2020 Targets :</b></p> <ul style="list-style-type: none"> <li>• A 60% reduction of CO2 emissions at the Group's plants and distribution centres in absolute terms, from a 2005 baseline,</li> <li>• A 60% reduction in water consumption per finished product unit from a 2005 baseline,</li> <li>• A 60% reduction in waste generation per finished product unit from a 2005 baseline,</li> <li>• Sending zero industrial waste to landfill,</li> <li>• Reducing the CO2 emissions from transportation of products by 20% per finished product/Km from a 2011 baseline</li> </ul> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Environment Management Approach, pages 3-5</li> <li>• 2014 Progress Report, pages 11-20</li> <li>• 2014 Annual Report, Registration Document (1.6.3 , 6.1, 6.3.2, 6.3.4)</li> <li>• CSR Commitments section on <a href="http://loreal.com">loreal.com</a></li> </ul>
<p>Other established or emerging best practices</p>	<p>Because deforestation is a major cause of greenhouse gas emissions, L'Oréal made a public commitment in 2014 to a "Zero deforestation" policy with the aim that none of its products will be associated with deforestation by 2020 at the latest.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Environment Management Approach, page 11</li> </ul> <p>In 2014, 100% of purchases of palm oil and palm oil and palm kernel derivatives are certified as sustainable according to the RSPO criteria (<a href="http://www.rspo.org">www.rspo.org</a> ), 100% of soya oil purchases in Brazil are certified as organic and obtained from fair trade sources, 97.9% of paper and cardboard suppliers are certified (in particular by the FSC, PEFC).</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Environment Management Approach, page 11</li> <li>• 2014 Annual Report (Registration Document 6.3.4)</li> <li>• 2014 Progress Report, page 13</li> </ul>
<p>Policies and practices related to operations in high-risk and/or conflict-affected areas</p>	<p>L'Oréal's environmental requirements are the same for all sites wherever located. Even if located in high risk or conflict affected area, the discharges from every L'Oréal production site are recorded on an internal mapping system that describes the effluent management systems in place, the characteristics of municipal treatment works and specific features of the rivers into which the site or municipality discharges the treated water. L'Oréal requires that all effluents are monitored in compliance with legal and contractual provisions before being discharged off site.</p>
<p>Adherence to best practices even where national law sets a lower standard.</p>	<p>The Group currently has 43 factories, 32 of which are ISO 14001-certified and 31 of which are certified OHSAS 18001 /VPP.</p> <p>An ISO 50001 (Energy management) certification programme was launched in 2014, and the first factory (SICOS France) was certified in December. This programme will gradually be extended to the Group's other factories.</p> <p>L'Oréal's Global industrial policy also demands all sites to:</p> <p><b>2020 Targets :</b></p> <ul style="list-style-type: none"> <li>• ensure compliance with the regulations</li> <li>• apply best practices in energy efficiency or efficient consumption of resources, waste reduction and the best possible waste treatment;</li> <li>• roll out breakthrough projects in a permanent search for operational performance allied with environmental performance</li> </ul> <p>The requirements applicable to a site include regulatory requirements and L'Oréal standards. When several requirements cover the same topics, the most restrictive requirement must be applied.</p> <ul style="list-style-type: none"> <li>• 2014 Annual Report (Registration Document 6.3.1)</li> </ul>

**CRITERION 10** The COP describes effective management systems to integrate the environmental principles

INDICATORS	ANSWERS
Environmental risk and impact assessments	<p>L'Oréal has a comprehensive programme of EHS audits, which includes risk audits, "Culture Audits", combined Risk and Culture audits, loss prevention audits by insurance companies, real estate audits and subcontractor audits.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Environment Management Approach, page 14</li> <li>• 2014 Annual Report (Registration Document 6.3)</li> </ul>
Assessments of lifecycle impact of products, ensuring environmentally sound management policies	<p>L'Oréal has made the commitment that 100% of new products will have an environmental or social benefit by 2020. This means that every time L'Oréal invents or renovates a product, L'Oréal will improve its environmental or social profile against at least one of the following criteria:</p> <ul style="list-style-type: none"> <li>• The new formula will reduce the environmental footprint, and its water footprint in particular;</li> <li>• The new formula will use sustainably sourced renewable raw materials or raw materials derived from green chemistry. In 2020, 100% of renewable raw materials will come from sustainable sources or be derived from green chemistry;</li> <li>• The new packaging will have an improved environmental profile;</li> <li>• The new product will have a positive social impact.</li> </ul> <p><b>2014 results:</b> 67% of new products that have been screened have an improved environmental or social profile</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Environment Management Approach, page 6-7</li> <li>• 2014 Progress Report, pages 11 and 19</li> </ul>
Allocation of responsibilities and accountability within the organization	<p>The Group EHS Director reports to the Executive Vice-President, Operations, who in turn reports to the Group Chief Executive Officer. He is responsible for the implementation and deployment of the Group's EHS policy, and for the development and implementation of strategies and action plans for production sites, distribution centres, Research &amp; Innovation centres, administrative sites and shops.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Environment Management Approach, page 17</li> <li>• 2014 Annual Report (Registration Document 6.3)</li> </ul>
Internal awareness-raising and training on environmental stewardship for management and employees	<p>The EHS expertise training course, launched in 2013 specifically for the EHS teams, continued to be deployed in 2014. 37 people have already been trained in Europe. Managers continue to receive training in environment, health and safety culture all over the world: 161 managers and supervisors took part in the "EHS Operations" course, and 69 top managers in a session on Safety &amp; Leadership.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Environment Management Approach, page 16</li> </ul>



<p>Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice regarding environmental impacts</p>	<p>The first point of contact for employees is their Environment, Health and Safety manager.</p> <p>Concerns and questions can be reported in accordance with L'Oréal's Open Talk policy.</p> <p>The Ethics Correspondents' network allows employees in 64 countries to have a local point of contact.</p> <p>Employees can ultimately use the L'Oréal Open Talk website which provides a secure mechanism for raising concerns directly with the Chief Ethics Officer.</p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• 2014 GRI Report, G4 49, G4 56-58, Environment Management Approach, page 17</li> </ul>
<p>Other established or emerging best practices</p>	<p>The remuneration of factory managers and distribution centre managers is partly linked to their performances in the field of health, safety and the environment. L'Oréal actively contributes to environmental protection through its commitments with associations or societies at national level (e.g. Eco-Emballages, the French eco-packaging organisation), European level (e.g. Cosmetic Europe, European, AIM) and international level (e.g. the World Business Council for Sustainable Development, We mean business). L'Oréal is also a member of the Consumer Good Forum in which the Company has committed, alongside other companies, to fight against Deforestation. Furthermore, L'Oréal is ISO 14000 and ISO 50000 certified.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Environment Management Approach, page 7</li> <li>• 2014 Annual Report (Registration Document 6.3, 6.4.2.1)</li> </ul>
<p>Policies and practices related to operations in high-risk and/or conflict-affected areas</p>	<p>L'Oréal's environmental requirements are the same for all sites wherever located. When necessary, practices are adapted to take into consideration L'Oréal's presence in high risk and/or conflict affected areas such as water management in L'Oréal plants (used for cleaning production equipment and packaging lines to maintain very strict hygiene standards). Nevertheless no Group plant directly withdraws water from surface water (wetlands, rivers, seas and oceans).</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4 EN 8,9, Water, page 23</li> </ul>



**CRITERION 11** The COP describes effective monitoring and evaluation mechanisms for environmental stewardship

INDICATORS	ANSWERS
System to track and measure performance based on standardized performance metrics	<p><b>77% of L'Oréal factories are ISO 14001-certified</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Environment Management Approach, page 15</li> <li>• 2014 Annual Report (Registration Document 2.5.2.4 ; 6.3.1)</li> </ul>
Leadership review of monitoring and improvement results	<p><b>Environmental results are presented to the Strategy and Sustainable Development Committee of the Board.</b></p> <ul style="list-style-type: none"> <li>• 2014 Annual Report (Registration Document 2.2.2.5)</li> </ul>
Process to deal with incidents	<p><b>The Group's environment policy is founded on strict compliance with regulations, internal standards applicable on all sites and operational processes based on prevention, reduction and reuse. This policy is backed by monthly reporting of detailed indicators used to monitor the progress of results and to report any anomalies and incidents, in compliance with the ISO 14001 standard. Incidents are thus reported and monitored by EHS managers at each of the entities concerned.</b></p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• 2014 GRI Report, Environment Management Approach p.17</li> </ul>
Audits or other steps to monitor and improve the environmental performance of companies in the supply chain	<p><b>In order to assess suppliers' environmental performance, a scorecard has been developed jointly with the CDP. In 2014, 192 suppliers (out of the 215 suppliers who were invited), responded positively to L'Oréal's invitation to also join the CDP.</b></p> <p><b>As part of its ongoing collaboration with the CDP and with its suppliers aimed at reducing its environmental footprint, in 2013, L'Oréal took part in the CDP Supply Chain Water pilot programme. 15 of the 17 suppliers invited by L'Oréal agreed to take part in this new programme designed to measure and reduce Water Footprint. Following this pilot phase, 26 suppliers were invited in 2014, and 18 agreed to take part.</b></p> <p><b>In 2014, 43% of the Group's strategic suppliers were evaluated on 5 axis including CSR performance. They represent over 60% of the amount of direct purchases.</b></p> <p><b>Furthermore, at the end of 2014, 92 suppliers had their social, environmental and ethical policies evaluated by Ecovadis as well as the deployment of such policies at their own suppliers. This represents over 50% of the Group's strategic suppliers</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, EN 19, EN 32</li> <li>• 2014 Annual Report (Registration Document 6.3.4.3, 6.4.4.1)</li> </ul>

<p><b>Outcomes of integration of the environmental principles</b></p>	<p><b>2014 results:</b></p> <ul style="list-style-type: none"> <li>- <b>67%</b> of new products that have been screened have an improved environmental or social profile</li> <li>- <b>54%</b> of new or renovated products have an improved environmental profile thanks to a new formula reducing the environmental footprint</li> <li>- <b>46%</b> of new or renovated products have an improved environmental/ social profile thanks to a new formula using renewable raw materials that are sustainably sourced or derived from Green chemistry.</li> </ul> <ul style="list-style-type: none"> <li>• 2014 Progress Report page 12</li> </ul> <p><b>- 50.2% CO2 emitted between 2005 and 2014</b></p> <p><b>- 36% water consumed per finished products between 2005 and 2014</b></p> <ul style="list-style-type: none"> <li>• 2013 Sustainable Development Report page 23</li> </ul> <p><b>In 2014, more than 97.9% of paper and cardboard packaging supplies were certified sustainable in accordance with FSC or PEFC standards</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Environment Management Approach, page 4</li> </ul>
<p><b>Other established or emerging best practices</b></p>	<p><b>Between 2008 and the beginning of 2015 4070 tonnes of packaging materials were saved due to action reducing them at source.</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Environment Management Approach, page 7</li> <li>• 2014 Annual Report (Registration Document 6.3.3.2)</li> </ul> <p><b>The Burgos factory in Spain inaugurated a biomass plant that meets almost 100% of its energy needs. For the second year running, CDP has given L'Oréal an A rating for its energy performance, and has included the group in its worldwide list of Best Performers in Climate Change Leadership.</b></p> <ul style="list-style-type: none"> <li>• 2014 Annual Report (Registration Document 6.3.4.1)</li> </ul>
<p><b>Policies and practices related to operations in high-risk and/or conflict-affected areas</b></p>	<p><b>L'Oréal's environmental requirements are the same for all sites wherever located.</b></p> <p><b>A process of continuous improvement of the reporting systems is in place. The systems are reviewed each year, taking into account the Statutory Auditors' recommendations and monitoring objectives for subsequent years: updating the indicators to be monitored, improving their definitions, and improving the communication, monitoring and control process.</b></p> <ul style="list-style-type: none"> <li>• 2014 Annual Report (Registration Document Methodological note p245)</li> </ul>

## ROBUST ANTI-CORRUPTION MANAGEMENT POLICIES & PROCEDURES

**CRITERION 12** The COP describes robust commitments, strategies or policies in the area of anti-corruption

INDICATORS	ANSWERS
Support by the organization's leadership for anti-corruption	<p><b>L'Oréal's corruption prevention policy was approved by the Chairman and Chief Executive Officer and the Executive Committee and presented to the Board of Directors.</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Society Management Approach, pages 2 and 3</li> <li>• 2014 Annual Report (Registration Document 6.4.5)</li> </ul>
Publicly stated formal policy of zero-tolerance of corruption	<p><b>L'Oréal's Code of Ethics publicly states a zero-tolerance policy on corruption. It applies to all Group employees, executive officers and directors, and members of the Executive and Management Committees, and to those of its subsidiaries worldwide.</b></p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• 2014 GRI Report, Society Management Approach, page 3</li> <li>• 2014 Annual Report (Registration Document 6.4.5.1)</li> <li>• The L'Oréal Code of Ethics</li> <li>• The L'Oréal Spirit</li> </ul>
Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes	<p><b>L'ORÉAL's Code of Business Ethics publicly states a commitment to respect the laws of the countries in which it operates.</b></p> <p><b>The Group Legal Department and local internal or external legal advisors helps L'Oréal's business units to keep abreast of changes in the local law.</b></p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• 2014 GRI Report, Society Management Approach, pages 3-4</li> <li>• 2014 Annual Report (Registration Document 6.4.5)</li> </ul>
Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption	<p><b>L'Oréal is a signatory of the United Nations Global Compact, supports the fight against corruption, and undertakes to comply with the United Nations Anti-Corruption Convention of October 31, 2003 and to apply all the applicable laws, including anti-corruption laws.</b></p> <p><b>L'Oréal is a member of the International Chamber of Commerce Anti-Corruption Commission and a member of Transparency International France.</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Society Management Approach, page 3</li> <li>• 2014 Annual Report (Registration Document 6.4.5)</li> <li>• Ethics section on loreal.com</li> </ul>

<p><b>Detailed policies for high-risk areas of corruption</b></p>	<p>L'Oréal's Code of Ethics covers issues such as bribery and facilitation payments, conflicts of interests, accuracy in financial records, selections of supplier as well as gifts and entertainment.</p> <p>In 2013, a specific anti-corruption guide was rolled out throughout the Group. This guide, which underlines the need both to respect local practices and regulations and also comply with the Group's ethical commitment, addresses relations with each of L'Oréal's stakeholders and in particular public authorities and intermediaries.</p> <p>To complete the corruption prevention policy, an employee guide was distributed in 2014 to specify the rules with regard to gifts and invitations.</p> <p>Other policies such as "The Way We Buy", a practical and ethical guide on the relationships between suppliers and all employees involved in purchasing decisions, also address these issues. This document currently exists in 12 languages.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Society Management Approach, page 3</li> <li>• 2014 Annual Report (Registration Document 6.4.5)</li> <li>• Ethics section on <a href="http://loreal.com">loreal.com</a></li> </ul>
<p><b>Policy on anti-corruption regarding business partners</b></p>	<p>L'Oréal wants to share its anti-corruption commitment with its business partners and compliance with the law is included in the Group's general terms of purchase.</p> <p>A new anti-corruption clause is currently being rolled out for intermediaries operating in high risk countries.</p> <p>L'Oréal reserves the right to put an end to any relationships with business partners who fail to comply with anti-corruption laws.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Society Management Approach, page 4</li> <li>• 2014 Annual Report (Registration Document 6.4.5)</li> </ul>
<p><b>Other established or emerging best practices</b></p>	<p>The Chief Ethics Officer meets systematically with each new Country Manager in order to raise their awareness in particular on corruption prevention.</p> <p>During Ethics Day employees are able to ask questions on L'Oréal Ethical Principles, including on the prevention of corruption.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Human Rights Management Approach, page 2</li> <li>• 2014 Annual Report (Registration Document 6.4.6)</li> </ul>

**CRITERION 13**

The COP describes effective management systems to integrate the anti-corruption principle

INDICATORS	ANSWERS
Carrying out risk assessment of potential areas of corruption	<p>The risk of corruption is included in the Group-level risk assessment.</p> <p>At local level, an ethics self-assessment tool enables Country Managers to assess their possible local ethical risks (including corruption) and to take the necessary corrective action.</p> <p>Within the scope of the legal due diligence reviews carried out prior to acquisitions, the Group's Legal Department includes an "ethics questionnaire" prepared by the Office of the Chief Ethics Officer. The answers to this questionnaire are intended to identify within the internal control system existing in the target company, whether corruption risk prevention has been taken into account.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Society Management Approach, page 4</li> <li>• 2014 Annual Report (Registration Document 6.4.5)</li> </ul>
Human Resources procedures supporting the anti-corruption commitment or policy, including communication to and training for all employees	<p>L'Oréal's corruption prevention commitment is supported by Human Resources procedures via the ethical competency "Obtains results with integrity", which is included in the annual appraisal system for all employees.</p> <p>In a spirit of transparency and in order to exchange ideas, the Group communicates regularly – both internally and externally – on the implementation of its corruption prevention policy and programme.</p> <p>Bribery and facilitation payments, gifts and entertainment and conflicts of interests are addressed in the e-learning on ethics.</p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• 2014 GRI Report, SO3, SO 4, Society Management Approach, page 3</li> <li>• 2014 Annual Report (Registration Document 6.4.5)</li> </ul>
Internal checks and balances to ensure consistency with the anti-corruption commitment	<p>The Group's Internal Control system provides for control procedures for operational activities and in particular with regard to separation of tasks.</p> <p>L'Oréal's Annual Ethics Reporting platform helps monitor the group's ethical performance on this subject. Each Country receives a report which allows them to see how they compare to other entities with regards the implementation and monitoring of ethical issues, including corruption prevention.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Society Management Approach, page 4, G4 56-58</li> <li>• Ethics section on loreal.com</li> <li>• 2014 Annual Report (Registration Document 6.4.5)</li> </ul>
Actions taken to encourage business partners to implement anti-corruption commitments	<p>L'Oréal wants to share its anti-corruption commitment with its business partners and compliance with the law is included in the Group's General Terms of Purchase.</p> <p>A new anti-corruption clause is currently being rolled out for intermediaries operating in high risk countries.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Society Management Approach, page 4</li> <li>• 2014 Annual Report (Registration Document 6.4.5)</li> </ul>

<p><b>Management responsibility and accountability for implementation of the anti-corruption commitment or policy</b></p>	<p>The Country Managers, or for Corporate or Zone staff, the members of the Group Executive Committee to whom they report, are responsible for the proper deployment of the corruption prevention programme, and the respect of the corruption prevention policy.</p> <p>The Director of Risk Management and Compliance is in charge of developing the corruption prevention programme.</p> <p>The Risk Management and Compliance Director reports to the Executive Vice President of Administrative &amp; Finance.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Society Management Approach, page 3</li> <li>• 2014 Annual Report (Registration Document 6.4.5)</li> </ul>
<p><b>Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice</b></p>	<p>Concerns and questions can be reported in accordance with L'Oréal's Open Talk policy.</p> <p>The Ethics Correspondents' network allows employees in 64 countries to have a local point of contact.</p> <p>Employees can ultimately use the L'Oréal Open Talk website which provides a secure mechanism for raising concerns directly with the Chief Ethics Officer, including those relating to corruption.</p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• 2014 GRI Report, G4 56-58, Society Management Approach, page 4</li> <li>• 2014 Annual Report (Registration Document 6.4.5)</li> </ul>
<p><b>Internal accounting and auditing procedures related to anticorruption</b></p>	<p>L'Oréal's Internal Audit teams are particularly vigilant in this respect. Corruption risks are systematically reviewed during internal audit assignments, through individual interviews with regard to Ethics. These interviews include questions specifically concerning corruption and are conducted separately with the Country Manager and the Administrative and Financial Director. They give rise to an individual report reviewed and signed by these latter persons.</p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• 2014 GRI Report, Society Management Approach, page 4</li> <li>• 2014 Annual Report (Registration Document 6.4.5)</li> </ul>
<p><b>Policies and practices related to operations in high-risk and/or conflict-affected areas</b></p>	<p>Zone approval is necessary when selecting new intermediaries in high-risk countries.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Society Management Approach p.3</li> </ul>

**CRITERION 14**      The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption

INDICATORS	ANSWERS
Leadership review of monitoring and improvement results	<p><b>The Chief Ethics Officer reports regularly to the Chairman and CEO and informs the Board and Group's Executive Committee.</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, Human Rights Management Approach, page 2</li> </ul>
Process to deal with incidents	<p><b>All concerns raised are thoroughly examined, so that appropriate measures can be taken, where applicable in case of non-compliance with L'Oréal's corruption prevention programme.</b></p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• 2014 GRI Report, Society Management Approach pages 3 and 4, SO5</li> <li>• 2014 Annual Report (Registration Document 6.4.5)</li> </ul>
Public legal cases regarding corruption	<p><b>There were no public cases regarding corruption in 2014</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, SO3</li> </ul>
Outcomes of integration of the anti-corruption principle	<p><b>A decision was made in 2014 not to work with a prospective supplier based in China following allegations of attempted corruption of the external auditors responsible for the social audits.</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, SO3</li> </ul>

## TAKING ACTION IN SUPPORT OF BROADER UN GOALS AND ISSUES

**CRITERION 15** The COP describes core business contributions to UN goals and issues

INDICATORS	ANSWERS
Align core business strategy with one or more relevant UN goals/issues	<p><b>Code of Ethics</b>  <b>"Sharing Beauty with All" Sustainability Commitments</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, G4 1</li> </ul>
Develop relevant products and services or design business models that contribute to UN goals/issues	<p><b>Examples of products or business models contributing to the UN goals and issues include namely Alternative Testing Methods, Green Chemistry, Formula Biodegradability, Packaging Eco-Design, Solidarity Sourcing and The Body Shop's Community Fair Trade programme</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, Product Responsibility Management Approach, page 2, Environment Management Approach, pages 9 and 10, EN 12, EN 27, Society Management Approach, page 8, EC 8</li> <li>• 2014 Progress Report</li> <li>• 2014 Annual Report, (Registration Document 6.3.3, 6.3.4)</li> </ul>
Adopt and modify operating procedures to maximize contribution to UN goals/issues	<p><b>The L'Oréal Spirit</b>  <b>The Code of Ethics</b>  <b>"Sharing Beauty With All" Sustainability Commitments</b>  <b>L'Oréal's Diversity Policy</b>  <b>Share &amp; Care</b>  <b>The Buy &amp; Care Programme</b></p> <p><b>All employees are evaluated according to two ethical competencies: "Acts/ Leads with Human Sensitivity" and "Obtains results with integrity".</b></p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• 2014 GRI Reports, G4 57-58</li> <li>• 2014 Annual Report (Registration Document 2.5.2.1)</li> </ul>
Other established or emerging best practices	<p><b>In 2014, L'Oréal tested a new inclusive business model in India around waste management, particularly for shampoo packaging. The experiment was conducted in partnership with Stree Mukti Sanghatna, an association offering a solidarity waste-picking programme, and Ampolt Electronic, an entity that develops green solutions in energy and technology. Waste-pickers collected the waste, to be later reused as fuel. Implemented in 13 Mumbai districts with a team of 200 women overseeing the waste collection, the project succeeded in gathering and recycling 540 tonnes of waste between April and December 2014. In 2015, it will be extended to all Mumbai districts, as well as other parts of India.</b></p> <ul style="list-style-type: none"> <li>• 2014 Progress Report, page 25</li> </ul> <p><b>Via its Disability Initiatives Trophies L'Oréal actively promoted the inclusion of disability throughout all levels of the organisation. All Group subsidiaries participated in the initiative, thus raising awareness on the inclusion of disability in 65 countries.</b></p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, G4 14, HR Management Approach, page 3</li> </ul>



**CRITERION 16** The COP describes strategic social investments and philanthropy

INDICATORS	ANSWERS
Pursue social investments and philanthropic contributions that tie in with the core competencies or operating context of the company as an integrated part of its sustainability strategy	<p>In 2014, the L'Oréal Group invested € 32,8 million in Philanthropy projects through:</p> <ul style="list-style-type: none"> <li>• The L'Oréal Foundation, which developed in France programmes in keeping with the company values, particularly in the fields of Science and Beauty: For Women in Science, Beauty for a Better Life, Hairdressers against Aids, Opération Sourire, Beauty from the Heart...</li> <li>• The L'Oréal corporate divisions, that implement locally the L'Oréal Foundation programmes and also participate in local community Programmes</li> <li>• The L'Oréal Brands that support general interest initiatives in line with their identity and values. Ex.: MySkinCheck (La Roche-Posay)...</li> </ul> <p>• 2014 Annual Report (Registration Document, 6.4.2.2)</p> <p>In 2014, the Solidarity Sourcing programme provided access to employment for over 27,000 people in a vulnerable situation all over the world, as compared to 22,000 in 2013. By late 2014, Solidarity Sourcing encompassed 250 projects around the world.</p> <p>• 2014 GRI Report, EC7-8</p>
Coordinate efforts with other organisations and initiatives to amplify – and not negate or unnecessarily duplicate – the efforts of other contributors	<p>Citizen Day is the day every year when all L'Oréal's staff throughout the world are able to carry out voluntary work for associations, on public utility projects and projects providing support to their surrounding communities, while receiving their normal remuneration for the day from the company.</p> <p>In 2014, over 24,000 people in 62 countries and 420 partner organisations took part in the 6th edition of this event, which has become a real, federating and meaningful occasion within the Group. In all in 2014, some 32,000 people benefited from this initiative.</p> <p>• 2014 GRI Reports, SO1</p>
Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups	<p>In 2014, the L'Oréal Foundation introduced Beauty for a Better Life in Indonesia, in partnership with the Pekka association, supporting disadvantaged, isolated mothers to help them reintegrate into society. One hundred women from the Karawang region, a particularly poor rural area, a three-hour drive from Jakarta, are taking the training, which received the Indonesian government's support.</p> <p>• 2014 Progress Report, page 24</p>
Other established or emerging best practices	<p>At the end of 2014, 4% of the strategic suppliers have implemented a Solidarity Sourcing action.</p> <p>• 2014 Annual Report (Registration Document 6.4.4)</p>

**CRITERION 17**      The COP describes advocacy and public policy engagement

INDICATORS	ANSWERS
Publicly advocate the importance of action in relation to one or more UN goals/issues	<p>In 2014, the Chairman and Chief Executive Officer signed, on behalf of L'Oréal, the Women's Empowerment Principles, a UN Women and UN Global Compact initiative, which aims to promote gender equality and for the empowerment of women in the workplace, marketplace and community.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4 15</li> </ul> <p>The Body Shop is one of the founding members of the ETI (Ethical Trading Initiative), an alliance of companies, NGOs and trade unions that work together to improve the working conditions of poor, vulnerable people all over the world.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, SO1</li> <li>• 2014 Annual Report (Registration Document 6.4.4.1)</li> </ul>
Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues	<p>In 2014, L'Oréal once again hosted the ENAR (European Network Against Racism) conference in order to explore best corporate practices to address the question of ethnic and cultural origin in the workplace.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4 16, Labour Management Approach, page 8</li> </ul>
Other established or emerging best practices	<p>L'Oréal signed the agreement with the International Labour Organisation to become part of this organisation's Disability Network, in order to share its best practices and interact with stakeholders, such as Non-Governmental Organisations, civil associations and other businesses.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4 16, Labour Management Approach, page 9, Human Rights Management Approach, page 3</li> <li>• Diversity section on loreal.com</li> </ul>

**CRITERION 18**      The COP describes partnerships and collective action

INDICATORS	ANSWERS
Develop and implement partnership projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy	<p>Many partnership projects are organized either with public organisations for example UNESCO or with private organisations, industry peers or suppliers at a Corporate, Brand or local level.</p> <p>Examples include "Beauty for a Better Life", "Beauty And Self-Esteem", UNESCO "For Women in Science", Hairdressers against AIDS, Opération Sourire, Médecins du Monde, Garnier/TerraCylce FSC Packaging, the Carbon Disclosure Project.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4 16, EC7, EN 28</li> <li>• 2014 Annual Report (Registration Document 6.4.2.2)</li> <li>• 2014 Progress Report, page 24</li> </ul>
Join industry peers, UN entities and/or other stakeholders in initiatives contributing to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives extending the company's positive impact on its value chain	<p>L'Oréal continues to act as a leader and shares its progress in the field of sustainable development by taking part in and cooperating with many different organisations.</p> <ul style="list-style-type: none"> <li>• 2014 Annual Report (Registration Document 6.4.6)</li> <li>• 2014 GRI Report, G4 16</li> </ul>

## CORPORATE SUSTAINABILITY GOVERNANCE AND LEADERSHIP

### CRITERION 19 The COP describes CEO commitment and leadership

INDICATORS	ANSWERS
CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact	<p>Extract from Jean-Paul AGON's statement in 2014 "Sharing Beauty with All" Progress Report</p> <p>"...For more than 10 years we have been supporting and implementing the principles of the United Nations Global Compact, a commitment that we renewed in 2014. Our sustainability policy flows from L'Oréal's Code of Ethics and our strong Ethical Principles – Integrity, Respect, Courage and Transparency. Through "Sharing Beauty With All", we wanted to go even further. Its new commitments, which are both practical and ambitious, cover our entire value chain.</p> <p>Ultimately they will transform our Group, and the ways in which we innovate, make our products, communicate with our consumers and share our growth with the communities around us. This represents a profound paradigm shift..."</p>
CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards	<p>L'Oréal participates in "The World Business Council for Sustainable Development", an international association bringing together member company CEOs and dealing exclusively with corporate sustainable development issues</p> <p>L'Oréal is also an active member of the Consumer Goods Forum dealing with issues such as deforestation and waste.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4 16</li> <li>• 2014 Annual Report (Registration Document 6.4.2.1)</li> </ul>
CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation	<p>The Chief Ethics Officer reports to the Chairman and CEO.</p> <p>The Strategy and Sustainable Development Committee is chaired by the Chairman and CEO.</p> <p>Since the announcement of the "Sharing Beauty With All" programme, an external governance body called the "Panel of Critical Friends", consisting of major international environmental and societal experts, has been set up to guarantee the sincerity of the process adopted by L'Oréal, and challenge the Group on its progress once a year. The first meeting of this panel was held on September 19, 2014 in Clichy, in the presence of Jean-Paul Agon.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, G4 27, G4 34-38, G4 57-58</li> <li>• 2014 Annual Report (Registration Document 2.2)</li> <li>• Ethics section on loreal.com</li> </ul>
Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team	<p>40% of the CEO's annual variable remuneration is calculated on the basis of an assessment of the qualitative aspects of management and namely actions to help society.</p> <ul style="list-style-type: none"> <li>• 2014 Annual Report (Registration Document 8.1.1)</li> </ul>

**CRITERION 20** The COP describes Board adoption and oversight

INDICATORS	ANSWERS
Board of Directors (or equivalent) assumes responsibility and oversight for long-term corporate sustainability strategy and performance	<p>The Board analyses strategy, the group's economic and financial management and the Company's commitments to the environmental, social and societal fields.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4 45-47</li> <li>• 2014 Annual Report (Registration Document 2.2.2.2)</li> </ul>
Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability.	<p>Strategy and Sustainable Development Committee.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Reports, G4 45-47</li> <li>• 2014 Annual Report (Registration Document 2.2)</li> </ul>
Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress)	<p>L'Oréal's Sharing Beauty With All Progress Report is approved by Jean-Paul Agon, the Group's Chairman and Chief Executive Officer.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4 48</li> </ul>

**CRITERION 21** The COP describes stakeholder engagement

INDICATORS	ANSWERS
Publicly recognize responsibility for the company's impacts on internal and external stakeholders	<p>L'Oréal has engaged a dialogue with its stakeholders, listening to their concerns in order to better understand their needs. Stakeholders are parties that have an impact on or are impacted by L'Oréal's activities.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4 24-26</li> </ul>
Define sustainability strategies, goals and policies in consultation with key stakeholders	<p>As the importance and handling of the challenges related to corporate social and societal responsibility differ from one country to the next, L'Oréal has set up stakeholder forums all over the world in order to promote dialogue at a local level with regard to both local and global issues.</p> <p>Since 2011, 754 organisations have been contacted, and 232 have taken part.</p> <p>Through the Sharing Beauty With All programme, L'Oréal has undertaken to communicate regularly on the progress made. To assist it in its work, the Group has set up a panel of independent international experts, the "Panel of Critical Friends", to provide external support with regard to this programme.</p> <p>These "critical friends" will meet once a year joined by Jean-Paul Agon, Chairman and Chief Executive Officer of L'Oréal. Their role is to review the progress made through the Sharing Beauty With All programme, critically evaluate the actions taken, and suggest improvements to be made. The "Panel of Critical Friends" first met in France on September 19, 2014, at Group headquarters in Clichy. The morning was devoted to a presentation of the Group's sustainable development achievements since the commitments were first outlined, and how these objectives were achieved. In the afternoon, some panel members attended exchanging and debating workshops on specific issues, where they were able to make contributions based on their respective skills and expertise.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4 27, G4 34-38</li> <li>• 2014 Annual Report (Registration Document 6.4.2)</li> </ul>
Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance	<p>The stakeholders forum and the panel of critical friends aim to collect feedback on L'Oréal's strategy regarding sustainability to nurture the Group's strategic thinking.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4 27</li> <li>• 2014 Annual Report (Registration Document 6.4.2)</li> </ul>

<p>Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'</p>	<p>Concerns and questions can be reported in accordance with L'Oréal's Open Talk policy.</p> <p>The Ethics Correspondents' network allows employees in 64 countries to have a local point of contact.</p> <p>Employees can ultimately use the L'Oréal Open Talk website which provides a secure mechanism for raising concerns directly with the Chief Ethics Officer, including those relating to Human Rights.</p> <ul style="list-style-type: none"> <li>• Ethics section on loreal.com</li> <li>• 2014 GRI Report, G4 49, Human Rights Management Approach, pages 2 and 8</li> </ul>
<p>Other established or emerging best practices</p>	<p>Every year since 2009, L'Oréal organizes an Ethics Day in order to ensure ongoing internal communication on this topic. All Group employees are able to ask L'Oréal's Chairman and Chief Executive Officer questions which he answers during a live webchat. All Country Managers also have the opportunity to discuss ethics with their employees. In 2014, more than half the Group's employees took part in this dialogue and over 4,000 questions were asked worldwide.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Human Rights Management Approach, page 2</li> </ul> <p>As a leader in the cosmetics industry, L'Oréal considers that it has a duty to be proactive and to take part in discussions around the formulation of local regulations in the countries in which it operates. It is for this reason that the Group is active within various professional associations such as Cosmetics Europe, the European Cosmetics Federation, the PCPC (Personal Care Products Council), the US cosmetics industry association, Japan Cosmetics Industry Association (JCIA), CAFFCI (China Association of Fragrance Flavour and Cosmetic Industries), ISTMA (Indian Soap and Toiletries Mfrs Association), PERKOSMI (Persatuan Kosmetika Indonesia), Korea Cosmetic Association, The Cosmetic &amp; Perfumery Association of Hong Kong, Taipei Cosmetic Industry Association and Vietnam Oil, Aromatherapy &amp; Cosmetics Association in Asia, and CASIC and CONARS (in the field of self-regulation and responsible advertising) in South America.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Society Management Approach, page 4</li> <li>• 2014 Annual Report (Registration Document 6.4.6)</li> </ul>

## ANNEX : WOMEN'S EMPOWERMENT PRINCIPLES

### CRITERION A

The COP describes policies and practices related to supporting women's empowerment and advancing gender equality in the workplace

INDICATORS	ANSWERS
Achieving and maintaining gender equality in senior management and board positions & in middle management positions	<p>In line with the WEPs Principles, the "Gender at L'Oréal" programme establishes high-level corporate leadership for gender equality, ensures that all women and men are treated fairly at work, promotes education, training and professional development for women and measures and publicly reports on progress to achieve gender equality.</p> <p>One of the "Gender at L'Oréal" programme's objectives is the nurturing and the emergence of talents of women at the top level of the organisation.</p> <p>L'Oréal will comply with French law which requires a participation rate of 40% women on the Board by the end of 2017.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4-38, G4-40</li> </ul>
Equal pay for work of equal value	<p>Another of "Gender at L'Oréal" programme's objectives is to reduce the difference in salaries between men and women to the point that they disappear.</p> <p>In each country, the remuneration policy is based on a performance assessment system applied worldwide.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, EC5, LA13</li> </ul> <p>The different gender audits that are conducted in the countries (Worldbank, GEES and EDGE) assess, among other criteria, if the equal pay for equal work principle is applied in the countries and propose concrete action plans to improve the situation if necessary.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Labour Management Approach, page 8</li> </ul>
Flexible work options	<p>The ENJOY pillar of L'Oréal's Share and Care Programme aims to enhance the quality of life at work and focuses among other topics on the development of flexible work arrangements around the world.</p> <ul style="list-style-type: none"> <li>• 2014 Annual Report (Registration Document 6.2.2.2)</li> <li>• 2014 GRI Report, LA2</li> </ul>
Access to child and dependent care	<p>Local initiatives address child and dependent care issues, such as working time arrangements, kinder gardens for young children (India), a breastfeeding room (Malaysia, Dubai) etc. In France, L'Oréal worked with the SOS Prema Association to launch a Parenthood Charter which is supported by the Ministry of Labour. To date, 482 companies have signed the Charter. This initiative is a testimony to L'Oréal's commitment to promote a work environment where working parents can better manage their professional and family lives. A Parenthood Observatory was created to support this Charter.</p>
Support for pregnant women and those returning from maternity leave	<p>In order to avoid maternity leaves and parenthood having a negative effect on the career of women at L'Oréal, various initiatives have been taken. The L'Oréal Share &amp; Care programme is namely quite unique because it aims to ensure that women working at L'Oréal can benefit from a maternity leave of a minimum of 14 weeks, paid at 100%, in all countries.</p>



<p>Recruitment and retention, including training and development, of female employees</p>	<p>In recruitment the goal is to achieve a balanced recruitment in all functions. L'Oréal carries out a specific action to increase the representation of women in some Business Units or functions where women are underrepresented (IT, Operations). For example, in IT functions, L'Oréal participates in mentoring programmes for undergraduate students: "Capital Filles", "Women in Digital".</p>
<p>Education and training opportunities for women workers</p>	<p>In order to allow women to enhance their leadership skills, L'Oréal participates in many leadership trainings and conferences. For example, L'Oréal is an official partner of the EVE Programme since its creation with Danone. The EVE programme is a women leadership programme which aims at working both on the individuals and on the organisation, as it offers to work on one's evolution in order to bring change in the organisation. Created in February 2011 to continue the conversation, network &amp; empowerment of the EVE programme participants, "EVE le blog" was launched. It is the only French-speaking medium that is dedicated to female leadership. L'Oréal, as one of the editorial members, shares best practices on the blog and exchanges information with the other members (Danone, Crédit Agricole, KPMG France, Orange). In 2014, on the initiative of L'Oréal and Danone, EVE Asia-Pacific was launched in October in Shanghai. Over 120 women from different companies and sectors took part in the experience. Our goal for 2015 is to expand this programme to Latin America to allow women from the region to participate more easily. Examples of L'Oréal's posts on the blog: <a href="http://www.eveblog.com/categorie/loreal-2/">http://www.eveblog.com/categorie/loreal-2/</a>.</p> <p>Further examples include L'Oréal USA which runs the "Women's offsite" programme. This conference is aimed to empower senior women across the company. L'Oréal's programme includes the Global Summit of Women, the Women's Forum, JUMP, aufeminin.com day, ELLE active.</p>
<p>Creating and maintaining workplace awareness of gender equality and, inclusion and non-discrimination for all workers</p>	<p>In order to raise awareness on diversity, L'Oréal employees take part in one-day Diversity workshops.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Labour Management Approach, page 8</li> </ul>
<p>Mentoring and sponsorship opportunities for women workers</p>	<p>As a founding partner of the EVE programme, L'Oréal has already seen 200 of its male and female employees trained in women's leadership through this intercompany seminar which is unique in its social innovation.</p> <p>To further help women achieve top positions, the "L'Oréal by Women" mentoring programme was initiated at Group level.</p>

**Other established or emerging best practices**

**In 2014, L'Oréal was awarded the Human Capital Trophy in the "Place of Women in the Company" category for its initiative on "successfully combining career and motherhood".**

**In addition, L'Oréal obtained the Vigeo prize for its actions in favour of women.**

- 2014 GRI Report, Labour Management Approach, page 8

**L'Oréal's efforts to certify their subsidiaries with the GEES gender equality label have been recognised by the Arborus Fund, the founding organisation for the GEES label. In November 2014, L'Oréal received a special award for the most extensive certification network in Europe.**

- 2014 GRI Report, Labour Management Approach, page 8
- <http://news.loreal.com/en/commitments/loreal-receives-award-its-outstanding-number-subsidiaries-gender-equality-certifications-europe-3301>

**L'Oréal is member of the Executive Board of the International Dual Career Network, a non-profit association formed through the collaboration of companies, NGOs and academic institutions with the purpose of facilitating the job search for mobile employees' partners, and providing member companies access to a turnkey pool of talent.**

- <http://www.idcn.info/about-the-idcn/who-we-are.aspx>

**L'Oréal actively participates in the UN WEP council**

**CRITERION B**

The COP describes policies and practices related to supporting women's empowerment and advancing gender equality in the marketplace

INDICATORS	ANSWERS
Supplier diversity programme	<p>Because a company's purchasing power is an economic development and societal impact factor, L'Oréal has decided to make its purchases a novel way of promoting social inclusion. The Group thus created a global solidarity purchasing programme in mid-2010 known as "Solidarity Sourcing".</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Society Management Approach, page 2</li> </ul>
Supplier monitoring and engagement on women's empowerment and gender equality including promotion of the Women's Empowerment Principles to suppliers	<p>Social audits of suppliers namely cover non-discrimination, sexual harassment and hostile working environment.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Labour Management Approach, page 10</li> </ul>
Gender-sensitive marketing	<p>The L'Oréal Code of Ethics prohibits the undermining of human dignity in advertising or the presentation of degrading stereotypes. It also addresses the growing concern about eating disorders amongst young women and the growing debate about the early sexualisation of young children.</p> <p>L'Oréal has set up a department responsible for pre-approving advertising and marketing communications for all products marketed and sold by the Group around the world. This central department is staffed with teams of experts boasting extremely precise knowledge both of L'Oréal's product performance and of advertising regulations.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report: Product Responsibility Management Approach, page 3</li> </ul> <p>Integrating diversity – origins, disabilities, age, gender – in L'Oréal's marketing approach is an opportunity to create brand value and to create new links with the consumer. The goal is to identify the consumer segments with needs that are not adequately met, to better address them with relevant products and services accessible to everyone.</p> <ul style="list-style-type: none"> <li>• <a href="http://www.loreal.com/csr-commitments/diversity/our-approach-to-promoting-diversity/diversity-in-marketing">http://www.loreal.com/csr-commitments/diversity/our-approach-to-promoting-diversity/diversity-in-marketing</a></li> </ul>
Gender-sensitive product and service development	<p>L'Oréal offers a wide range of products dedicated to men and women.</p>

**CRITERION C**

The COP describes policies and practices related to supporting women's empowerment and advancing gender equality in the community

INDICATORS	ANSWERS
Gender impact assessments or consideration of gender-related impacts as part of its social and/or human rights impact assessments	Ongoing human rights due diligence is based on Maplecroft indexes namely with regards to non-discrimination.
Ensuring female beneficiaries of community programmes	<p>Many of L'Oréal's community programmes involve female beneficiaries, such as:</p> <ul style="list-style-type: none"> <li>the partnership with the COPPALJ agricultural cooperative, which employs women as babaçu-nut gatherers, which was enhanced, meaning that 800 families from the Lagodo Junco region now benefit from this agreement.</li> <li>an innovative, inclusive waste management project in India was implemented in 13 Mumbai districts with a team of 200 women overseeing the waste collection. In 2015, it will be extended to all Mumbai districts, as well as other parts of India.</li> </ul> <p>• 2014 Progress Report, pages 12 and 25</p>
Community initiatives specifically targeted at the empowerment of women and girls	<p>L'Oréal runs many community initiatives aimed at women and girls. In particular, the L'Oréal Foundation with Science and Beauty reveals and enhances the women that it supports worldwide, through missions centred around two strong thematics: For Women in Science and the Beauty to feel better and to have a better time.</p> <p>• 2014 GRI Report, EC7</p> <p>In June 2015, L'Oréal and La Roche Posay participated in a dedicated one-day event for single parents. L'Oréal's recruiters gave advice on writing a CV and Make-up experts from La Roche Posay animated make-up and skin care sessions.</p> <p>• <a href="http://www.parent-solo.fr/article-1365-journee-1er-juin-mondiale-parents.html">http://www.parent-solo.fr/article-1365-journee-1er-juin-mondiale-parents.html</a></p> <p>Since 2012 L'Oréal Paris organizes in collaboration with the magazine "ELLE" the forum ELLE Active that is dedicated to female workers and women empowerment.</p> <p>• <a href="http://www.elle.fr/Societe/Le-travail/Forum-ELLE-Active/Paris-27-et-28-mars">http://www.elle.fr/Societe/Le-travail/Forum-ELLE-Active/Paris-27-et-28-mars</a>  • <a href="http://www.elle.fr/Societe/Le-travail/Faire-bouger-les-choses/Isabelle-Guy-ony-Hovasse-La-mixite-femmes-hommes-un-enjeu-strategique-2878800">http://www.elle.fr/Societe/Le-travail/Faire-bouger-les-choses/Isabelle-Guy-ony-Hovasse-La-mixite-femmes-hommes-un-enjeu-strategique-2878800</a></p> <p>In 2015 L'Oréal Paris celebrated the 10th anniversary of the Women of Worth programme in the United States. Each year, L'Oréal Paris awards 10 exceptional women with \$10,000 to support their efforts to serve their communities.</p> <p>• <a href="http://www.lorealparisusa.com/en/women-of-worth.aspx">http://www.lorealparisusa.com/en/women-of-worth.aspx</a></p>

Strategies to ensure that community investment projects and programmes (including economic, social and environmental) positively impact women and girls.	See Above
Strategies to ensure that community investment projects and programmes (including economic, social and environmental) include the full participation of women and girls.	See Above
Other established or emerging best practices	<p>The L'Oréal Foundation launched in October 2014 L'Oréal for Girls in Science. Starting in France as a pilot country, it will go global in the coming year. This programme is based on 2 elements:</p> <ul style="list-style-type: none"> <li>• Visits of female scientists as "role models" in high school to speak to high school boys and girls to show a new face of science and fight against stereotypes on science and on women in science; a specific training and a specific tool kit have been developed for these interventions. The objective for year 1 in France is to reach 16 000 high school students.</li> <li>• Digital communications: #LesFillesAussi on social networks with specific content (videos, figures etc) dedicated to 15-18 year olds.</li> </ul>

**CRITERION D** The COP contains or refers to sex-disaggregated data

INDICATORS	ANSWERS
Achieving and maintaining gender equality in senior management and board positions	<p>Currently <b>38.5%</b> of Board members, <b>33%</b> of L'Oréal's executive committee members and <b>47%</b> of management committee members are women.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4-38, LA12</li> </ul>
Achieving and maintaining gender equality in middle management positions	<p>The composition of the workforce and the percentage of women in the different geographical zones ranges from <b>48%</b> in Africa Middle-East to <b>73%</b> in North America.</p> <p>Women account for <b>68%</b> of the Group's total workforce,  <b>60%</b> of executives  <b>40%</b> of expatriates  <b>46%</b> of new expatriates over the year  <b>48%</b> of the brands are managed by women  <b>47%</b> of the <b>49</b> employees appointed as Heads of Divisions in 2014 were women</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, LA12</li> </ul>
Equal pay for work of equal value	<p>This indicator is not consolidated at Group level.</p> <p>In France, since 2009, L'Oréal has called on independent experts to analyse pay. The Group selected INED (Institut National d'Etudes Démographiques) to conduct the yearly pay analysis, which shows that L'Oréal is making real progress in its commitment to closing the gender pay gap, with above-average results compared to other French companies. For example, for the Executive category, the gender pay gap, net of structural effects and coefficients, has been narrowed from <b>5.90%</b> in 2007 <b>4.05%</b> in 2013.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, EC5, Labour Management Approach, page 8, LA13</li> </ul>
Recruitment and retention, including training and development, of female employees	<p><b>64%</b> of executives hired in 2014 were women.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, LA12</li> </ul>
Education and training opportunities for women workers	<p>In 2014, <b>81.7%</b> of the Group's employees received at least one training during the year.</p> <p>In 2014 the number of employees trained in 2014 was <b>64,220</b> and <b>62%</b> of those trained were women.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, LA9</li> </ul>
Creating and maintaining workplace awareness of gender equality and, inclusion and non-discrimination for all workers	<p>By the end of 2014, <b>26</b> entities obtained gender equality certifications which help to raise awareness on the topic in the different countries (<b>24</b> GEES, <b>1</b> EDGE, <b>1</b> World Bank).</p> <p>L'Oréal's employees take part in <b>1</b> day classroom diversity workshops in order to raise awareness on the group's diversity policy. Over <b>15000</b> employees took part in such workshops in <b>20</b> different countries.</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, Labour Management Approach, page 8</li> </ul>

Mentoring and sponsorship opportunities for women workers	This indicator is not followed.
Other established or emerging best practices	<p>Reporting of additional key figures:</p> <p>Workforce breakdown by part-time/full-time contract by gender Workforce breakdown by temporary/permanent contract by gender</p> <ul style="list-style-type: none"> <li>• 2014 GRI Report, G4-10</li> </ul>