

QUICK GUIDE

Goals & commitments

OVERVIEW	4	GREAT PRODUCTS	3
Highlights and key achievements 2015		Product development and innovation,	
Statement from the CEO	6	sustainable design	
Oriflame in brief	8	Product safety	
Our markets	9	Social & ethical standards	
Sustainability strategy	10	Goals & commitments	4
Organising for improvement	12	THRIVING PLANET	4
Valuing our culture	13	Sustainable sourcing	
Stakeholder engagement and dialogue	14	Carbon footprint and climate change	
Materiality – understanding our impact	16	Water	
Opportunity and risk management	18	Waste management	
Ethics and Code of Conduct	20	Oriflame sites & operations	5
SUCCESSFUL PEOPLE	22	Two new LEED® certified factories	5
Consultants		Goals & commitments	
Employees	26	SUSTAINABLE SUPPLIERS	5
Human rights	28	Oriflame's supply chain	
Oriflame Foundation	30	,	
World Childhood Foundation		ABOUT THIS REPORT	
Supporting local communities in Indonesia	33		

Statement from the CEO page 6

34

My vision for the future is for Oriflame to be a sustainable company, having a net positive impact. The impact from our business opportunity is already positive. But my dream is that all other areas, how we source, produce, distribute and sell, in future will have a zero or positive impact.

Magnus Brännström, CEO & President



THREE KEY STRATEGY AREAS

Our sustainability strategy is a five-year plan, consisting of three key areas:



SUCCESSFUL PEOPLE



GREAT PRODUCTS



THRIVING PLANET

HIGHLIGHTS

and key achievements 2015

- 500 million units sourced
- Sales of eq 1,212 million
- 3,246,000 active Oriflame Consultants
- 87% of employees would recommend Oriflame as a good place to work.
- In June, the Noginsk production site in Russia received Silver certification using the LEED® for New Construction rating system.
- In July, Oriflame's new Wellness facility in Roorkee, India received Gold certification under the LEED® for New Construction rating system.
- In 2015 10% of palm oil used was mass balance certified palm oil, and the remaining share was covered by GreenPalm credits. In October the Swedish Initiative on Sustainable Palm Oil in Cosmetics and Detergents was launched with Oriflame as one of the co-initiators.

- Since 2010, we have cut our carbon dioxide emissions by 31%. In 2015 they decreased by almost 6% compared to 2014.
- Oriflame reached a score of 99B in the CDP 2015 climate change evaluation an international recognition for our actions to reduce carbon emissions and mitigate the business risks of climate change.
- In 2015 98% of our catalogue paper came from credibly certified sources and 85% of the display packaging cartons and leaflets were sourced from FSC certified forests.
- During 2015 Oriflame successfully launched a first trial run using a biopolymer bottle in its Love Nature range.
- Since 2014 Oriflame is only using *natural origin* exfoliants in its new developments. During 2015 four new products were launched, one of these was Love Nature Face Scrub containing almond shells.
- During the year, Oriflame's actions included the donation of more than $90\,000$ products to local aid organisations around the world. In response to the ongoing refugee crisis in Europe, products such as soaps, shampoos and toothpaste were donated in the heavily most affected countries.





In the past 30 years the world has experienced fantastic economic and social progress, people have left poverty in a way we have never witnessed before. At the same time, we see the economic development resulting in an unsustainable exploitation of our planet. Just during my lifetime, I can clearly see that the world has changed, and definitely not always for the better. The long white winters of my youth, are no longer something my kids can expect the way I could.

Next year Oriflame celebrates its 50th anniversary. From the beginning, our ambition to be a good corporate citizen, respecting both people and our planet, has been an integral part of who we are. Our sustainability strategy focuses on three key areas — providing opportunities for people to improve their lives, bringing beauty and wellbeing through responsible products, and driving environmental sustainability.

During the past few years we have made significant progress. We have been able to expand our business opportunity geographically, making it accessible for more people around the world. When I travel I see the positive impact that Oriflame has on people's lives. More and more people, mainly women in developing countries, are being given the opportunity to be financially independent. This opportunity is risk free and open to anyone interested, regardless of ethnicity, age or education.

I am also proud of our progress in the way we operate. Our two new factories in India and Russia were recently awarded LEED® certifications, fantastic achievements. Another important area is how we source forest-based raw materials. Palm oil which is used in many of our products, and paper for our product packaging and catalogues. We are purchasing GreenPalm credits to cover our full palm oil consumption, and it is with great pride I can say that, in 2015, 98% of our catalogue paper came from credibly certified forests.

Improving the sustainability profile of our products is high on our agenda. Our most responsible product range to date, Ecobeauty, puts Oriflame at the forefront of our industry. Ecobeauty is relaunching during 2016, and during the development we have tried our hardest to find the most sustainable solutions available. We learned a great deal in this process, and are working to integrate the insights and solutions into other product ranges as well. There is still a lot to do, but we are making good progress.

As always, there are many challenges ahead. One key challenges for us is working with the areas beyond our own operations and direct control. How can we ensure fair working conditions along the supply chain? And what is the full impact of consumers using our products, and discarding the packaging once consumed? We have a number of external commitments and targets within many of these areas and are also working on implementing the UN Guiding principles on Business and Human Rights. I hope to share more details about this work in the years to come.

My vision for the future is for Oriflame to be a sustainable company, having a net positive impact. The impact from our business opportunity is already positive. But my dream is that all other areas, how we source, produce, distribute and sell, in future will have a zero or positive impact. We know this is still far away, but I am optimistic about the future. Thank you for your interest in our sustainability work, and I hope you share my excitement about the years ahead.

Meyrus Dannerton

Magnus Brännström CEO & President

My vision for the future is for Oriflame to be a sustainable company, having a net positive impact.

ORIFLAME in brief

Founded in 1967, Oriflame is a beauty company selling direct in more than 60 countries. Our wide portfolio of Swedish, nature-inspired, innovative beauty products is marketed through approximately 3 million independent Oriflame Consultants, generating annual sales of around €1.2 billion. Respect for people and nature underlies Oriflame's operating principles and is reflected in our social and environmental policies. Oriflame supports numerous charities worldwide and is a Co-founder of the World Childhood Foundation. Oriflame is a Swiss company group listed on the Nasdaq Stockholm Exchange.

THE BUSINESS MODEL

Oriflame's business model has proven its resilience, sustainability and validity for almost 50 years – in emerging, as well as mature, markets. The key drivers, such as being your own manager, setting your own goals, the low barriers of entry and exit, the lack of discrimination regardless of one's gender, ethnicity, age, education, physical condition or financial resources, are all in line with a growing population of entrepreneurs that are less dependent on secure employments.

Oriflame offers attractive financial rewards as well as social benefits, i.e. the possibility to look great, make money and have fun. Some join as a way of supporting their family, while building a business and fulfilling a career dream. Others see it as a way to achieve a more flexible life or make extra money while studying, being in between jobs or simply extending one's social life.

Consultants also join in order to save money through discounted purchases of cosmetics and personal care, by enjoying a discount valid for themselves and their families.

THE BRAND

Oriflame is proud of its Swedish heritage. It plays a vital role in what makes the Company unique and has helped to define how to behave and operate as a company – colouring not only the core values, but also the view on the world around. As with many things in Swedish society, Oriflame believes in the simple idea that great things should be available and accessible. For Oriflame, this means

offering fantastic opportunities and high-quality products with easy-to-follow beauty routines, all at a great price. The aim is to enable women and men around the world the chance to look, feel and live better.

Sweden is also known for being innovative and forward-thinking. It is this same desire, to always do things better, that drives Oriflame to follow the very latest trends in fashion, technology and society. Through the Skin Research Institute in Stockholm, Oriflame works on the forefront of science and research. Having a strong respect for nature, and constantly looking to harness its efficacious properties, has been part of Oriflame's Swedish heritage since day one.

Last but not least, Oriflame takes huge pride in being known as a Swedish brand you can trust. A company to rely on, that keeps its promises, and delivers high levels of quality as a result. Oriflame has held these values very closely since the very start in 1967, and will continue to do so for as long as the company exist.

THE PRODUCT OFFERING

Oriflame has a broad product offering that spans over six categories; Skin Care, Colour Cosmetics, Fragrance, Personal & Hair Care, Accessories and Wellness. Oriflame offers high-quality products that leverage the best of nature, science and the offering's Swedish origin — expressed in the four following attributes; accessible, natural, progressive and trustworthy.

Oriflame is continuously developing a strong and customer-relevant product portfolio with reduced complexity, focusing on the core categories Skin Care and Wellness.

THE VISION

To be the No 1 Beauty Company Selling Direct

THE MISSION

To fulfil dreams

EUROPE CIS ■ TURKEY, AFRICA & ASIA LATIN AMERICA CORPORATE OFFICES MANUFACTURING FACILITIES **MAIN SOURCING MARKETS** Our markets

SALES

Sales in over 60 markets, including markets operated by franchisees, organised in four Global Business Areas around the world.

PRODUCTION

Six production facilities in four countries.

GROUP DISTRIBUTION CENTRES

Four Group Distribution Centres in four countries.

OFFICES

Global Corporate and Management offices in Switzerland and Luxembourg. Support and Global Services offices in seven countries.

SUPPLY CHAIN

Around 500 million units are sourced annually from more than 60 global and regional suppliers and shipped to Oriflame's markets worldwide. Oriflame manufactures around 50% of its cosmetics product volumes in-house.

Main sourcing markets include Germany, Russia, Poland, UK, India, France, Sweden, the Netherlands and China.

8



SUSTAINABILITY strategy

We have a vision to become a sustainable company. To achieve this vision we have a strategy that helps our business succeed while aiming to contribute to a more sustainable planet. We know we are on a long journey but we are already making good progress.

Sustainability is part of our heritage

Since the very beginning we have aimed to be recognised for our commitment to the environment and have understood our own responsibility as a good corporate citizen (Oriflame Values, 1969). Our long-term commitment to become a sustainable company is echoed across our business strategy – it is in our core values, our brand commitment to being trustworthy and our focus on using ingredients from nature.

Our business strategy is influenced in a number of ways:

- All our operations should be characterised by trust and respect. This is the foundation of our Values and Operating Principles. It means that we are open and transparent, we keep our promises and act in a truthful and fair way, in our relationships and our interactions.
- One of our key Operating Principles is to pursue long-term growth by acting "as a good corporate citizen by showing a strong sense of social responsibility and respect for nature".
- One of the four key strategic brand pillars for our products is nature:
 "We were one of the first companies to develop products with ingredients sourced directly from nature. The inspiration from nature and natural ingredients continue to play an important part in our product portfolio".

Managing sustainability based on impact

Since 2010 we have adopted an impact based approach to achieveing sustainability. We started by identifying and understanding how we impact the world around

us — within our own operations and along the length of our value chain. From this foundation we built a sustainability strategy that focused on our most significant impacts and where we have the biggest opportunities to achieve change.

An exciting journey

Our medium term ambition is to become known as a champion for sustainability. If we achieve this, we will be able to use our sustainability initiatives to build our brand and increase credibility among stakeholders. Our five year strategy is detailed in the Oriflame Sustainability Plan and consists of three key areas, 14 goals and 40 commitments.

- Successful People we are creating opportunities for people to improve their lives
- ${\bf Great\ Products}$ we are making products that bring beauty and wellbeing
- Thriving Planet we are driving environmental sustainability throughout our business

These areas all have a clear link to our material impact and to our business opportunity. We are already making progress against all of them, and will continue to meet our strategy's time-bound commitments over the next five years. You can follow our progress regarding each key area, goal and commitment in this Sustainability Report.

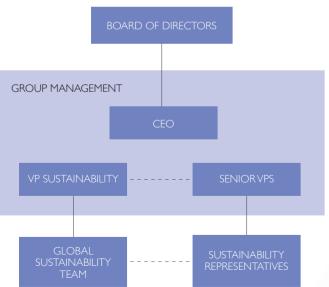


ORGANISING for improvement

To make sure our sustainability strategy is successful, we need to give it the same kind of attention, respect and level of organisation as our other business strategies. That is why our Chief Executive Officer and the Board of Directors oversee the sustainability strategy.

A global sustainability team is responsible for developing global targets, supporting the organisation by identifying responsibilities, helping to set goals and targets and monitoring and reporting progress externally. The Vice President Sustainability is part of the Group Management.

However, because of the collaborative nature of our business and the entrepreneurial people we employ, we have structured the strategy so that the responsibility of fulfilling its commitments is spread right across our business.



We have taken several steps to make sure this responsibility is felt and acted upon:

- We are integrating sustainability goals into performance targets of Senior Managers (and lower levels when appropriate).
- We have a section dedicated to sustainability in our internal education program – the Oriflame Academy.
- We provide ongoing training in specific areas of sustainability to those who require it.
- We communicate with employees about sustainability through our intranet and other channels. During 2014 we launched an e-learning to all employees globally, which gives a basic introduction to sustainability and what it means to our business.

We are also working on more ways to engage both our employees and our 3 million Consultants around sustainability issues.





Valuing our CULTURE

Oriflame's culture is based on entrepreneurship and respect for and belief in people's capabilities. It consists of three core values: togetherness, spirit and passion. These values derive from the passionate, team-playing people in our organisation, and are characterised by the pursuit of new solutions and improved results.

We understand that culture does not just happen, so we take care to nurture and enhance it whenever possible, also in seminars and training. Because it is important that our Consultants also understand and represent our culture, we present and discuss our values in our initial business opportunity presentation, at conferences and in all Oriflame Academy trainings. Our values are also included in our Code of Conduct, which is rolled out to all employees as well as in the Consultant Code of Conduct.

TOGETHERNESS

Togetherness is about inspiring a dynamic and energetic community. Believing that working with others achieves more than working alone. Having the ability to absorb and respect opinions and beliefs that are different from your own in order to move forward.

SPIRIT

Entrepreneurial spirit – the heart of an explorer with the unstoppable courage to make ideas tangible and successful. Daring to create opportunity, even with limited resources. An unwavering winning attitude and can-do spirit.

PASSION

This is the emotional fuel that drives our beliefs and moves us forward. More than logic or what is rational, this is the feeling inside that propels actions and guides decisions. Passion inspires, sustains and changes lives for the better.

STAKEHOLDER

engagement and dialogue

Our business' success is created by people – from our employees, Consultants, customers and suppliers, to our shareholders, civil society and the general public. These are all our stakeholders, and they rightly expect global companies – like Oriflame – to pursue the highest levels of social and environmental responsibility.

We are determined to become a leader when it comes to meeting that expectation. To that end, we maintain a good level of dialogue with our stakeholder groups so we can better understand and incorporate their expectations. We engage our stakeholders through a range of methods, including Consultant meetings, consumer questionnaires, employee surveys and investor dialogues.

Beyond this, we consult non-governmental organisations (NGOs) to discuss sustainability challenges and receive feedback on our efforts. This is a vital part of how we stay accountable and continue to improve our performance.

During our materiality assessment, we collected input from all major stake-holder groups to help validate our identified material issues.

Memberships of associations or advocacy organisations

The organisations below are some of those that Oriflame is a member of, or works closely with.

- Cosmetics Europe
- Global Compact
- The Roundtable on Sustainable Palm Oil (RSPO)
- Swedish Network for Business and Human Rights



HOW WE ENGAGE		KEY ISSUES RAISED
CONSUMERS	 Consumer research, primarily product focused Consumer surveys, sometimes including Oriflame Consultants in their role as consumers 	 Product ingredients & safety Sustainable/environmentally responsible products Customer engagement
CONSULTANTS	 Online surveys, collecting information on overall Consultant satisfaction regarding product range, price, quality, support, training, customer service etc. New method to measure consultant satisfaction launched in 2014, the Net Promoter System 	Consultant engagementJob creation/recruitment & benefitsCommunity engagement
EMPLOYEES	 Employee engagement survey covering Oriflame's main markets. Information collected about employee work situation regarding managers, performance management, recognition and rewards, development, empowerment etc. For our most recent materiality assessment, short survey with 30 senior managers on priorities within sustainability Continuous training and feedback 	 Performance management Recognition and rewards Personal development Empowerment – leadership, corporate culture
INVESTORS	 Meetings with investors – one-on-one meetings, quarterly road-shows and conference calls For our most recent materiality assessment calls/meeting with selection of investors/analysts 	Sustainable sourcingSupply chainR&D and ingredientsCustomer relations
NGOs	 NGO Roundtable meeting hosted by CEO with approx. ten NGOs attending giving feedback on sustainability strategy, open forum for discussion and feedback One-on-one meetings discussing both general strategy and more specific questions Discussions at industry events 	 Supply chain Transparency & communication Product ingredients & safety Female empowerment
SUPPLIERS	 Regular meetings/site visits with Oriflame teams regarding purchasing, packaging etc. Regular site audits Supplier self-assessment survey 	Sustainable product development Supply chain
SOCIETY	 Participation in industry initiatives and standardisation bodies. E.g. DSA (Direct Sales Association) Cosmetics Europe RSPO (Roundtable on Sustainable Palm Oil) Swedish Network for Business and Human Rights Community involvement, including Oriflame Foundation initiatives 	Responsible sourcingHuman rightsEthics and fraud

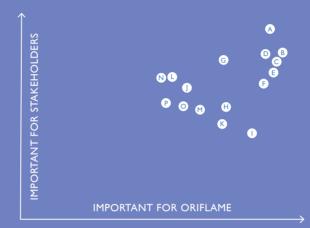
14



MATERIALITY

understanding our impact

Below you will find the final shortlist and corresponding graph of most of our material sustainability aspects.



- A. PRODUCT PROFILE
- B. ECONOMIC AND VALUE CREATION
- D. SUSTAINABLE SUPPLY CHAIN
- E. SUSTAINABLE SOURCING F. PRODUCT SAFETY

- G. HUMAN RIGHTS H. TALENT MANAGEMENT

I. ETHICS AND FRAUD I. ENVIRONMENTAL IMPACT K. FEMALE EMPOWERMENT O. HEALTH AND SAFETY

Oriflame's materiality process follows the below steps, as recommended by the GRI:





In 2013, we started taking action on a new sustainability strategy in order to expand and deepen our progress. During the development of this strategy we conducted an in-depth materiality assessment to gain a clearer view of the issues most material to our business. Materiality refers to the issues that reflect an organisation's significant economic, environmental and social impacts, and substantively influence the decisions of stakeholders. In addition to conducting the in-depth analysis, we are continuously monitoring and evaluating relevant areas to make sure we are focusing on the right issues.

A closer look at our process

In the first step of our materiality assessment we used all our existing knowledge and research of our direct and indirect impacts to create a list of material aspects.

The next step was an extensive review of media, industry associations and peers to identify what social, environmental and economic topics were raised by our stakeholders. We also made sure that the topics that we report to Global Compact were considered in the list of material issues. We then asked our most important stakeholder groups to help us prioritise what they believed were the most relevant aspects to them. This included speaking with Oriflame employees, customers, investors and social actors such as NGOs.

The result was a prioritised list of aspects, which we then combined with our sustainability strategy and other indicators from the Global Reporting Initiative (GRI). We used this to inform and reevaluate our original list of Oriflame's biggest impacts and relevant issues.

This approach meant we could be certain the final list did not omit any issues – such as, for example, the wide range of environmental issues that are so important to our business strategy. And that we could prioritise the list accordingly. As a result of this work, we have been able to identify the GRI indicators that we report on. Moreover, it has helped us to fully understand our business impact, to improve our knowledge on what our stakeholders find important and care for, and to develop our priorities and processes.

Opportunity and RISK MANAGEMENT

Oriflame's strategy takes a value chain approach to managing risk and creating opportunity

— see below for what this looks like in practice.

RAW MATERIALS

Managing risk and impact:

We are working to reduce the impact of the raw materials we select for our products. Palm oil and paper have significant negative environmental impacts if not sourced from sustainably managed forests, therefore we work actively with improving our sourcing. We are gradually working to reduce the use of petroleum in formulations, and replace them with plant-based alternatives where possible. Other efforts we are working on is to manage a number of potentially contentious raw materials, including plastic micro beads and fragrance allergens.

Creating opportunity:

Looking at raw materials from a risk perspective and proactively hunting for better substitutes makes us more creative. A proactive approach to finding low-impact alternatives will help us earn and keep the trust of customers and other stakeholders. The work we are doing with plant stem cells is a great example of this, another area is the work to improve the biodegradability profile of our rince-off products .

SUPPLIERS

Managing risk and impact:

A significant share of our impact comes from our supply chain. We are working hard to ensure social and environmental standards are met by those who manufacture our ingredients, components and products. We also want to

ensure compliance with our standards further up the supply chain – that is, the people who work with our direct suppliers. For example by making sure that the farmers who supply us with palm oil and forest based products work in acceptable conditions.

Creating opportunity:

When we take this kind of social and environmental approach it makes sense to build longer term relationships with our suppliers. As a consequence, the relationships strengthen and transaction costs are brought down because of an increased level of mutual trust.

MANUFACTURING

Managing risk and impact:

Although the impact of our own manufacturing sites is relatively low from a product life-cycle perspective, it is symbolically important. Approximately 50% of our cosmetic products are produced internally at different sites in Poland, Russia, India and China.

Creating opportunity:

When we manufacture our own products we have better control over the whole production environment, from the ingredients used to making certain production is efficient and limits waste, and ensuring compliance with internationally recognised standards in relation to labour conditions.

TRANSPORTATION

Managing risk and impact:

Our Consultants and customers are located in over 60 markets, which means we ship products around the world. Transportation therefore has a significant impact on our carbon footprint. The vast majority of shipments are by sea or truck freight – we try to avoid air freight as much as possible.

Creating opportunity:

Managing the environmental impact of transportation has a direct positive impact on the costs of transportation. For example, due to ongoing changes to our packing and loading routines (so that more can fit in each container) we have saved more than €5 million since 2010.

CONSUMER USE PHASE

Managing risk and impact:

We want to help our customers make less impact when they use our products. For example, can we encourage our customers to use less energy to heat water for their showers? We are also working to reduce the emissions to water from our rinse off products – like shower gel and soap, and we still have areas to address such as hair colourants. This is particularly important in countries with underdeveloped water treatment plants. One way we can do this is through finding ways to improve our choice of raw materials.

Creating opportunity:

If we communicate our sustainability efforts and achievements properly, and get our Consultants and consumers to participate in our journey, we will improve our brand image and strengthen our relationship with them. This can lead to improvements in customer loyalty and satisfaction.

WASTE

Managing risk and impact:

The packaging we use for our products constitutes a significant share of our waste. We want to reduce waste by using materials more efficiently, by reusing materials wherever possible and by contributing to increase recycling, both within our own operations and among our consumers. For example, we are using post consumer recycled (PCR) plastics where possible in our plastic tubes.

Creating opportunity:

As with transportation, the more waste-efficient we make our packaging, the greater cost savings we will see overall. Working to 'close the loop' drives innovation. For example, we have found ways to use materials for packaging – such as plastic – that has already been recycled.

OUR CONSULTANTS

Managing risk and impact:

Every year Oriflame invites its top sales Consultants to conferences at different locations around the world. These events are a core part of our business model because they provide thousands of leaders with an incentive to achieve new targets. We have started to implement our Sustainable Conference Guidelines, which will help us limit the environmental impact and improve the social impact of our conferences as much as possible.

Creating opportunity:

As well as their environmental impact, these conferences also have a social impact – a positive one. Together with our day-to-day work, they are one of the main channels for us to help our Consultants build their self-confidence, networks, abilities and knowledge. They also give us a good opportunity to educate and inspire our Consultants on sustainability issues.

PRODUCT DESIGN

Managing risk and impact:

We are working to incorporate sustainability into our product development right from the design phase. This affects decisions about the materials we choose, as well as ensuring products can be efficiently produced and transported, as well as guaranteeing products can be recycled at the end of life.

Creating opportunity:

Our products bring beauty and wellbeing into the lives of our customers. Our big ambition is to be able to include sustainability into that offer as well. Responsible products will help us attract new customers, strengthen our brand and push us to be more innovative and efficient.





Ethics and CODE OF CONDUCT

For us at Oriflame, we want all our business activities to be recognized by honesty and respect. We do not accept any form of corruption. Our Code of Conduct reinforces our position on zero-tolerance towards corruption, and spells out the way we do business. The code formally displays our mission and vision, core values, operating principles, and business practices. The way we deal with the world around us, helps us define who we are as a company.

Communication and training on Code of Conduct

Oriflame's Code of Conduct applies to all Oriflame employees, and compliance is mandatory for everyone. When commencing their employment, employees are required to confirm that they have read, understood and that they will abide by the terms of the Code of Conduct. Our principles and guidelines can be found on our intranet.

Training regarding the Code of Conduct and Oriflame policies are an integral part of the Oriflame training system, The Oriflame Academy. During 2015 we strengthened our training procedures and senior management are together with the compliance team raising awareness throughout the company. Specific group-approved training materials were developed and all sessions and participants are logged. An e-Learning course regarding the Code of Conduct is also part of this training system. During this course employees are trained on the Code of Conduct and make a formal commitment to live by Oriflame's principles and values, including our anti-corruption policies. In the past two years more than 2 000 employees have completed this course.

Follow-up of the Code of Conduct

Conduct or actions that are, or may be perceived as, infringements of National Laws or the Oriflame Code of Conduct are to be reported. Employees are encouraged to report any such conduct or action to their superiors, or, if the superior is involved in the situation or will not act upon it, to the next level in the organisation. Employees may also choose to report their concern by sending an e-mail to an address that created for that purpose. The e-mail address is owned by the General Counsel. The report will be handled with the utmost confidentiality. Reporting anonymously by using a non-identifiable email address is also possible.

Oriflame has a range of disciplinary measures available to match the severity of the breach of the Code of Conduct. Oriflame has established a Governance Committee composed of members of the management. This committee reviews all reports in connection with the Oriflame Code of Conduct and conducts investigation where necessary.

Supplier and Consultant Code of Conduct

Through audits and close co-operation with suppliers, Oriflame works to ensure compliance with internationally recognised labour standards, principles and ethics. Oriflame's Supplier Code of Conduct applies to global suppliers and this document outlines requirements regarding working conditions, health and safety, discrimination and environmental impact, including a consideration on corruption.

We have also created a separate Code of Conduct for our Oriflame Consultants. This is to ensure that everyone involved with Oriflame acts and does business the way we want to.

Risk management framework

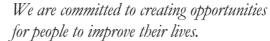
Ethical and corruption risks are continuously being identified, assessed and addressed within Oriflame's general risk assessment process.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Oriflame's risk management policies are established to identify and analyse the risks to which the Group is exposed, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed on a regular basis to reflect changes in market conditions and in the Group's activities. Furthermore, in order to further strengthen the attention to risk and compliance matters within the organisation, Oriflame appointed a Vice President Group Risk and Compliance, beginning of 2013.

During 2015, no intervention actions were required from the Audit Committee.







Social responsibility is important for Oriflame because of the impact and potential influence we have on people around the world. Through our employees, our Consultants, our suppliers, the communities where we operate and our customers, our business touches millions of lives every day.

Oriflame's business model creates value by offering people around the world the chance to improve their lives: enabling entrepreneurial opportunities for Oriflame Consultants, attractive career opportunities for employees and a unique shopping experience for customers.

Our commitment to social sustainability is an on-going one, but below are a few highlights of what we have achieved so far.

HIGHLIGHTS

- Through bonuses and other forms of recognition we distributed €320 million to Consultants in 2015 the majority of whom are women in developing markets.
- Our Oriflame Capabilities framework helps us identify what our company needs from its employees to perform at its best. This helps us recruit, define roles and expectations, design training and help managers assess competence and potential.
- In 2015, Oriflame Foundation distributed more than €1.1 million to children and young women.
- During the year, Oriflame's actions included the donation of more than 90 000 products to local aid organisations around the world. In response to the ongoing refugee crisis in Europe, products such as soaps, shampoos and toothpaste were donated in the heavily most affected countries.
- During 2015 we conducted an in-depth study assessing the major human rights impacts throughout our business. One outcome is a list of our most salient risks, that we are now working to ensure are adequately addressed.





CONSULTANTS

We believe that giving people the opportunity to earn an extra income or run their own business is the best way to help them improve their lives.

Anyone can become an Oriflame Consultant, as long as they live in one of our 60+ markets around the world. We offer an attractive business opportunity and make it easy and risk-free to join.

Our Consultants benefit from access to flexible income. It is always up to the individual how much she or he wants to work: our Consultants can achieve everything from earning a little extra money, to having a part-time income, to maintaining a full time career. As well as the immediate profit of around 20% that Consultants make when they sell a product, in 2015 we distributed more than $\ensuremath{\in} 320$ million in bonuses and other forms of recognition.

Because a majority of our Consultants are women who live in developing countries, this kind of income has the potential to make a big difference to their lives – such as increasing their purchasing power and giving them more independence. Beyond income, Oriflame Consultants also benefit from access to coaching and training, which increases their earning potential across the board. Through the Oriflame Academy, we offer progressive levels of training – from basic business skills right through to advanced leadership training.

Moreover, every Oriflame Consultant belongs to a friendly, dynamic and global community that is committed to improving their wellbeing. Because of this, we believe that joining Oriflame gives many of our Consultants something beyond simply access to income and new skills.

Consultant satisfaction

It is very important that we understand how all our Consultants are getting on – wherever they are in the world and however much they are earning. Measuring their satisfaction provides insights to how the brand is meeting their expectations and is essential for our long-term success.

In 2014, we introduced a new method of measuring Consultant satisfaction on an ongoing basis, the Net Promoter System (NPS), that allows us to see how likely our Consultants are to recommend Oriflame to a close friend or relative.

We also get feedback about what the Consultants expect from us and indications on where we can improve. By analysing the results, we have been able to identify the main areas in each market, in which we should focus our improvement efforts. These areas include the Consultants' perceived product availability, deliveries and our customer services. Improvement actions have been initiated in all relevant areas.

In 2015 the NPS program was introduced in 12 new markets, and as a result 20 of our largest markets now participate. Feedback from over 25,000 consultants globally has been received and we are very proud that the majority of our consultants highly recommend Oriflame, and are very satisfied with the quality of Oriflame products.

Using the power of our network.

Oriflame operates in regions that differ hugely in economic development and cultural characteristics, and our reach is both vast and complex. Not only can we use this reach to improve lives, we can also use the power of our networks to facilitate social and environmental progress. This is an opportunity for us because many of our Consultants and customers are in markets with low interest and understanding of sustainability issues. That is why one of our most ambitious commitments in this area is to reduce consumer impact by providing educational information to one million people by 2016.



women in management positions, during the year we launched a new Diversity

and Equal Opportunities policy and established new goals.

In the workforce as a whole we have a good gender-balance. In 2015, women

represented 39% of the global management team, constituting the Company's

top 200 managers, a slight increase compared to 2014. By the end of 2015, the

Group Management consisted of 2 women and 7 men (compared to one women

out of nine members in 2014). We are taking steps to increase representation of

30-40

Protecting health and safety

Gender characteristics in total workforce

■ MEN ■ WOMEN

In Oriflame we acknowledge that we have the duty to protect our employees by mitigating health and safety related risks, as well as improving the quality of the workplace and working conditions. We work to put in place the right measures that ensure that our workers are protected, healthy, and satisfied.

In general, our operations pose a low risk when it comes to the health and safety of our factory workers. We gather and monitor incident and accident data from our sites, and analyse results to help us implement any necessary improvements or preventive measures.

During 2015, there were no fatalities at any of our manufacturing sites. In total there were six accidents per million hours worked and the absentee rate was 2.3%. None of these were considered major accidents.

At our major sites we have established health and safety committees representing the total workforce. Meetings usually take place four times a year, depending on the location, and involve representatives from the workers and health and safety authorities.

Oriflame's Engagement Survey 2015 • Response rate: 96%

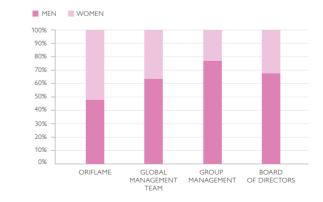
- The overall Sustainable engagement score: 86%
- 87% responded that 'I would recommend Oriflame as a good place to work'.
- 92% responded that 'People in my team treat each other with respect and fairness'.
- 90% answered that their manager effectively works with people that are different from him or herself – something which is crucial for Oriflame as we operate in different markets with employees from all over the world with diverse backgrounds, ethnic group and beliefs.

Based on the survey results, action plans and goals have been created to address improvement areas. Plans have been built on three organisational levels: team - function - country, in order to develop comprehensive strategies. In addition to local plans, common themes and actions have been incorporated into global action plans.

Improving our diversity

We strongly believe that one of our greatest strengths is our diversity. We have seen over and over again that a balanced mix of gender, nationality and culture leads to the creation of better perspectives, ideas and products. Oriflame has a presence in more than 60 markets around the world. When recruiting, we aspire to reflect the global audience that we serve. Overall, more than 70 nationalities are represented in our global workforce and in our Group Support Office in Stockholm, more than 40 nationalities are represented.

Gender diversity in total workforce



Our people are the reason for our success.

EMPLOYEES

We have always understood how important our employees' health, happiness and wellbeing is to the success of our company. We fulfil this commitment to our employees by investing in personal and professional development, improving the diversity of our workforce and valuing our corporate culture. We also focus on ensuring that Oriflame provides a safe and healthy working environment for all employees.

Attracting and retaining talent

Attracting, empowering and retaining high performing individuals with the right skill-sets and experience is crucial for Oriflame's success. In Oriflame we want to do this by offering a unique working environment and promoting the best conditions for our workforce.

We work hard with identifying our talent needs within the organisation and we invest in acquiring the best talent worldwide. We have a range of attractive international internships, which provide young individuals an opportunity to start their careers with us. During 2015, we had more than 30 people participating in internship programs in our Global Support Offices (GSOs) as well as in the sales organisation

In addition, a limited number of opportunities are offered to young professionals through our Global Business Leader program, Oriflame's trainee program for future leaders. The program has an ultimate goal to find future Managing Directors for countries where we operate. The trainees get a unique chance to reach a senior management position and experience Oriflame in fast growing and developing markets. In 2015, 7 young professionals enrolled in the program.

Investing in development

Our Oriflame Capabilities framework helps us identify what our company needs to perform at its best, which we then use to recruit, design training and

help managers assess competence and potential. Our Integrated Performance Management (IPM) process helps us deliver this.

The IPM process plays a vital role in ensuring that we live up to our stated vision and maintain a performance driven culture in Oriflame. It also serves to facilitate the employee's understanding of what is expected of him/her during the coming year and provides a platform to discuss future development. The process also gives the employee an opportunity to give feedback on the department, the company and the manager and works as the foundation for succession planning within the company.

We offer development and training through the Oriflame Academy. The focus for middle management is on leadership training and to provide channels for sharing expertise and best practices within the organisation. We also continued to develop and launch new e-learning courses during the past year. The courses offered now cover areas such as the Code of Conduct, the IPM process and Sustainability, among others. In total, our employees completed 1000 trainings during the year. Employees participate in additional local training events and courses, both in-house and externally.

Employee engagement

In 2014, more than 3000 employees from 14 countries on four continents, representing Oriflame's biggest markets, growth markets and GSOs, participated in Oriflame's Engagement Survey. The survey addressed several different areas including Oriflame's strategic direction, feedback about immediate managers and the performance management process.

In 2015 we conducted the Engagement survey focusing on the Finance, legal and IT population in Oriflame. The survey had an excellent response rate of 96% – well above the benchmark for high performing companies.







Human RIGHTS

Oriflame takes a strong stance on social and ethical issues and we are proactively embedding this position across our value chain.

Oriflame operates in several high-risk areas in terms of breaches of human rights. In order to understand the risk as fully as possible, we have developed a Corporate Human Rights Due Diligence process. Sustainability and human right risks are incorporated into our corporate business risk assessment process.

During 2015 we conducted an in-depth study assessing the major human rights impacts throughout our business. The assessment included an overall analysis of our value chain and the major impacts our operations have on people. In order to identify our most salient impacts, we conducted interviews with some of our key internal stakeholders, including business unit heads and representatives from all our regions. The evaluation was completed with desktop research on the major human rights issues in our markets and business sectors. As a result, we have identified our most salient risks and we are now working to ensure these are adequately addressed. For some areas we are developing action plans to mitigate risk and potential human rights impact, while seeking the opportunity to increase our positive contribution to society.

We are integrating human rights issues into existing risk assessments when entering new markets and have committed to conducting country specific assessments for high-risk markets. This is important because it also allows us to concentrate our efforts on those areas where we have the highest level of influence.



Some of our products are sourced from markets that are classified as high risk in terms of e.g. child labour and forced labour, mainly in Asia. As part of our supplier evaluation process, we put additional resources into verifying compliance by conducting sustainability audits in these markets, in addition to using the Supplier self-assessment tool. We have dedicated staff for this purpose in both India and China. See the section on suppliers for more detailed information.

As a business, we adhere to the Universal Declaration of Human Rights and the United Nations Global Compact. We have integrated the ten principles of the Global Compact into the Oriflame Code of Conduct, the Supplier Code of Conduct and other policies. These principles speak directly of human rights, labour standards, the environment and anti-corruption, and help guide us in making good decisions across our business. Trainings regarding the Code of Conduct and Oriflame policies are an integral part of the Oriflame training system, the Oriflame Academy.

We are currently working on strengthening Oriflame's Human rights statement, basing it on the UN Guiding Principles on Business and Human rights. To make sure these principles become an everyday part of how we do business, we have made a commitment to educate our employees on our business responsibility to respect human rights. We are starting this in 2016 with an education program aimed at our global management team.

Oriflame also participates in the Swedish Network for Business and Human Rights, a business network that focuses on exchanging best practices. This allows us to build our knowledge and competence, as well as stay up to date on developments in this area.





ORIFLAME foundation

Oriflame Foundation aims to empower children and young women by providing opportunities for them to change their lives for the better.

Our role as an aspiring socially sustainable company allows us to create a lot of positive change across our value chain. But we want to reach further than our own area of influence. That is why we have the Oriflame Foundation – it is our way to create long-term value for the people we do not connect with through our business, specifically children and young women.

Highlights from the Foundation's charitable work:

- The amount of money raised in accordance with the strategy and concept developed by the Oriflame Foundation reached more than €1.1 million in 2015. Since 2009 the total amount raised amounts to more than €7 million.
- In 2015, 46 of our markets were involved in charitable activities.
- We created a Volunteer Guide to help increase the number of Oriflame volunteers and currently 18 markets have volunteering programs in place.
- We have officially recognised the World Childhood Foundation and SOS Children's Villages as our preferred global NGO partners.

Why we introduced the Oriflame Foundation

Oriflame has always supported charitable causes, but we decided we would make a bigger impact if we combined all our efforts under one umbrella – the Oriflame Foundation, established as an independent Foundation.

The Foundation allows us to make long-term charity commitments and partnerships, and measure the quantity, quality and overall impact of our investment. It also means we can reinforce our brand image and reputation as a socially responsible company, and attract more talented and value-driven employees and Consultants.

How the Foundation works

From the beginning, Oriflame has strived to support NGOs and charity organisations around the world. These include the World Childhood Foundation, founded by H.M. Queen Silvia of Sweden and co-founded by Oriflame and the Af Jochnick Foundation.

The Oriflame Foundation also provides grants to projects that have been selected or initiated by local market teams, and/or makes donations to projects that Consultants are fundraising for.

But there are many other ways people across our business can contribute to the work of the Foundation. For example, employees are actively encouraged to become involved with their local projects and in fundraising activities, or they can support local charities by volunteering their time.

We also develop accessories and products that we sell specifically to raise funds. Markets are also encouraged to raise additional funds through fun, creative and innovative activities, for example through galas, sponsored walks and raffles.

UKRAINE CASE STUDY

In order to engage consultants with charitable actions, Oriflame Ukraine made a promise to its top leaders to donate 1M UAH (\in 35 000) to a charity of their choice, given that specific recruitment goals were reached during the autumn of 2014.

After successfully reaching and even exceeding their goal, Oriflame's Top 15 leaders in Ukraine made the decision to split the donation between two organizations, SOS Children's Villages and Tabletochki. At SOS Children's Villages, the donation was used to finance surrogate families housing displaced children outside of Kiev and Lughansk. Tabletochki, a new progressive organization that provides care for children suffering from leukemia, used their donation to provide medicine for children in need.



EGYPT CASE STUDY

Malnutrition of school children in Egypt is a widespread epidemic among many primary governmental schools that can result in neurological disorders, stunted growth and at worse death. In efforts to support children in need, Oriflame Egypt donated new consultant registration fees collected during the month of Ramadan to the Egyptian Food Bank's program for feeding children from low-income families during their education.

This meal program aims to provide a warm daily nutritional meal to impoverished children in the country's poorest schools. Oriflame believes that healthy nutrition is the basis for both physical and intellectual growth and the right of every child. No child should be limited the nutrition needed to perform intellectually in the classroom. When today's malnourished children become part of tomorrow's working population, their experience in the classroom will have a lasting impact through adulthood. The simple act of offering a nutritional meal at school can impact a child's entire future.





30

Cooperation with
WORLD
CHILDHOOD
foundation

During 2015 Oriflame launched a new fragrance, Tenderly Promise, in support of World Childhood Foundation. The fragrance was developed in cooperation with World Childhood Foundation, represented by H.R.H Princess Madeleine of Sweden, and for every bottle sold Oriflame makes a donation to World Childhood Foundation, with the aim of raising over €1 million over a three year period. The goal is to help children who are neglected, abused, exploited and alone to have happier, healthier childhoods full of dreams and the promise of a brighter future.

I respect the work that Oriflame does to support and empower children. As one of the co-founders of World Childhood Foundation, they have worked in close collaboration with us over the last 15 years, raising close to €2 million. This new initiative shows the company's clear dedication to help children fulfill their dreams by having a better childhood. All children should have the opportunity to dream, and the opportunity to pursue those dreams.

H.R.H Princess Madeleine of Sweden

Honorary Board Member of World Childhood Foundation



Supporting LOCAL COMMUNITIES in Indonesia



The Tesso Nilo forest in Indonesia is unique in many ways, for its high biodiversity and as a habitat for threatened species. Indigenous Sialang Honey is found in the park and has long been sustainably harvested by local communities for their own consumption. For people living around the forest there are few income generating opportunities apart from expanding farm land into the forest, which contributes to deforestation. Oriflame therefore wanted to support the development of sustainable livelihoods, and is helping the local community find new markets for sustainable forest products such as the Sialang honey.

In the project's first half year Oriflame sold more than 40 000 bottles of honey through our catalogue, providing the community with a steady income. This has positively impacted the community by reducing the dependence on forest timber products and the threat of deforestation. Oriflame is at present working to expand the sustainable livelihood program to include other local communities.







Create opportunities to

IMPROVE PEOPLE'S LIVES

1 PROVIDE ORIFLAME'S UNIQUE BUSINESS OPPORTUNITY TO OUR CONSULTANTS

COMMITMENT 1

Continue to grow the business in order to increase the number of individuals receiving payout from the Success plan as well as the total amount paid out to Consultants annually.

Deadline: Year on year 2015 Progress: More to do

During 2015 we distributed more than €320 million directly to our Consultants through bonuses and other forms of recognition, slightly down from €330 million in 2014

COMMITMENT 2

Help raise self-esteem by doubling the number of Consultants trained via Oriflame Academy.

Deadline: 2020 2015 Progress: On track

In 2015 a total of 100 000 leaders participated in a special one day business training run by Oriflame. In addition approximately 180 000 consultants participated in Oriflame Business and Beauty academy trainings, learning business skills as well as more about our products. The roll-out of the open e-learning platform continued. In 2015 33 of our markets participated, up from 31 during 2014. In total 47,000 Consultants have completed at least one of the e-learning modules.

2 USE THE POWER OF OUR NETWORKS TO FACILITATE SOCIAL & ENVIRONMENTAL PROGRESS

COMMITMENT 3

Reduce consumer environmental impact by providing educational information to 1 million people by 2016.

Deadline: 2016 2015 Progress: On track

We have started introducing environmental messages in our catalogues and through social media, mainly in connection with product communication related to Ecobeauty. We are currently working on a concept to increase communication and reach a wider audience, this will be launched during 2016.

3 PROVIDE SAFE AND REWARDING PLACES TO WORK

COMMITMENT 4

Create great places to work by improving employee engagement survey ratings year on year.

Deadline: Year on year 2015 Progress: Completed

An engagement survey was launched to the finance, legal and IT population. The response rate was excellent at 96% and the overall sustainable engagement score 86%.

COMMITMENT

Ensure equal opportunities for all women and men, by ensuring that the minority gender represents no less than 40% in management teams.

Deadline: 2020 2015 Progress: New

4 RESPECT HUMAN RIGHTS FOR THOSE TOUCHED BY OUR OPERATIONS

COMMITMENT 6

Educate our employees on our business responsibility to respect human rights. All in global management team by 2015.

Deadline: 2015 2015 Progress: More to do

Workshops and trainings for selected teams were conducted during 2015 as part of commitment to educate employees. During the fall 2016 the top 100 managers will be trained on human rights.

COMMITMENT 7

Respect Human Rights by setting up a corporate HR due diligence process by 2015 which includes the requirement to conduct HR risk assessments for all new markets.

Deadline: 2015 2015 Progress: Completed

During 2015 a human rights due diligence process was outlined. As part of this, an impact assessment was initiated assessing the human rights impacts throughout our business. Our most salient impacts have been identified and we are now working to ensure these are adequately addressed. No new markets were entered in 2015.

COMMITMENT 8

Continue implementation of the Oriflame Global Supplier Evaluation Program.

Deadline: Ongoing 2015 Progress: Completed

The roll-out of the 5 step Supplier Evaluation program continued. The self-assessment tool has been further rolled out to global suppliers, suppliers representing 60% of our total direct and indirect procurement spend and more than 95% of our Finished Goods suppliers, currently use the tool. For our high risk suppliers, mainly located in Asia, we conducted sustainability audits during the year covering approx. 35% of the global direct and second tier accessories suppliers.

5 SUPPORT ORIFLAME FOUNDATION TO ALLOW CHILDREN & YOUNG WOMEN TO CHANGE THEIR LIVES FOR THE BETTER

COMMITMENT 9

Help educate children by doubling the amount of money donated to Oriflame Foundation by 2020.

Deadline: 2020 2015 Progress: On track

During 2015, the total amount of money raised by Oriflame Foundation was more than \in 1.1 million, similar to 2014. Since 2009 the total funds raised amounts to more than \in 7 million.

COMMITMENT 10

Support Oriflame foundation by engaging 100% of our established markets in Oriflame foundation fundraising activities by 2016.

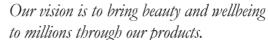
Deadline: 2016 2015 Progress: On track

In 2015, 46 markets were involved in charity activities, by raising money for the Oriflame Foundation or by developing other activities with the employees, local communities and NGOs.









At Oriflame, we are committed to creating responsibly-made products that bring more wellbeing into the lives of our customers. Finding inspiration in nature and respecting the environment are key to our philosophy. We are constantly striving to make our products, processes and packaging more ethical, sustainable and safe throughout their lifecycle. Below are a few highlights of our achievements so far.



- We launched Ecobeauty in 2011 the world's first cross category cosmetics range approved by four leading independent organisations – Fairtrade, Ecocert, The Vegan Society and the Forest Stewardship Council.
- Ecobeauty has won numerous awards for its sustainability approach, including the prestigious 2014 Eco Beauty Awards organised by Cosmetic Executive Women.
- We measure and report on our palm oil use and were one of the first companies to commit to purchasing 100% of our volume usage sustainably though GreenPalm credits.
- In 2012, we also launched the world's first foaming product containing RSPO-certified segregated sustainable palm oil*.
- In 2015, 10% of palm oil used was mass balance certified palm oil, and the remaining share was covered by GreenPalm credits.

"The Roundtable on Sustainable Palm Oil developed a standard for the certification of sustainable palm oil production. The Segregation supply chain model ensures that RSPO-certified oil palm products delivered to the end user comes only from RSPO certified sources. For more information, please visit www.rspo.org.

- In 2015, we successfully carried out a trial run of biopolymer-based packaging in our Love nature range a plant-based alternative to petroleum.
- Our environmental scientists review every single ingredient's sustainability profile, assessing how natural, ethical and environmentally responsible it is.
- We have reduced the use of petroleum as an ingredient in our product formulations by 80% since 2009, replacing it with plant-derived alternatives.
- We apply a thorough safety evaluation process and have certificates of safety for 100% of our 1,000+ cosmetic products.
- We are removing plastic microbeads from our formulations; all new product developments use exfoliants from natural origin. Indeed, all new products launched in 2015 contained natural origin exfoliants.





Product development and innovation

SUSTAINABLE DESIGN

We want products that keep us healthy and heautiful to also help keep our natural world at its best.

Ecobeauty proves this idea is possible. It is the most natural, ethical and environmentally responsible range we have ever developed. It has received widespread recognition for its sustainability profile – including winning the 2014 Eco Beauty Awards organised by Cosmetic Executive Women.

As well as showcasing sustainability, Ecobeauty is our innovation laboratory – we use it to develop new ideas and share them across our product lines. This culture of innovation and sharing delivers real value for our business and our customers. Beyond this tangible positive impact, Ecobeauty also symbolises Oriflame's deep and long-held connection with nature and our firm commitment to embed sustainability across our product development.

Partnering with nature

Nature and ingredients from nature play an important part in our product philosophy. This explains why we do not use materials derived from protected or endangered flora and fauna, and why we were one of the first companies in the world to use ingredients sourced directly from nature. For example, instead of using petroleum-based synthetic alcohols in our Eau de Toilettes and aerosols, we use natural origin alcohols that most often come from fermented grains. Moreover, we track the palm oil content of all our products and are the first company in the world to offer a foaming cleansing product that contains RSPO-certified segregated sustainable palm oil.

In a similar way, we wanted to stop using plastic microbeads in our exfoliating products. We started testing alternatives at the start of 2013 and identified a number of alternatives of natural origin, including plant waxes, nutshells and seeds. These all meet our high performance and safety expectations. During 2015 four new exfoliating products were launched, all with natural origin scrubs, one of these was Love Nature Face Scrub containing almond shells.

ORIFLAME Love Natur CLEANSING GEL HYDRATING COMBINATION SKIN ALOE VERA e150ml 5.0fl. oz.

We also look to nature for inspiration during our concept stage, and are developing new formulations with ethically and environmentally responsibly sourced ingredients in mind. For example, our search for sustainable anti-ageing active ingredients led us to plant stem cells, which bring many benefits to our products.

Furthermore, in 2015 we launched our first biopolymer packaging as a trial - a plant-based alternative to petroleum-based plastic. This kind of initiative helps reduce the total environmental impact from the packaging. We continuously look for improvements like this everywhere - from eliminating unnecessary components to reviewing the materials we use.

Understanding our ingredients

In addition to our safety assessments, we put all new cosmetic raw materials through a rigorous sustainability review process and assess it on the following three criteria:

- Naturalness: this addresses origin and determines whether the material has come directly from nature or has been processed in some way – such as physical pressing like avocado oil, or a biotechnical process like fermentation.
- Environmental impact: this involves checking whether a material has come from an endangered plant or ecosystem, and evaluating its biodegradability and potential aquatic toxicity.
- Ethicalness: we look at whether the ingredient is animal-based, contains genetically modified organisms or has any connections with child labour or conflict concerns.

We are also constantly monitoring scientific reports on environmental issues to stay up-to-date and informed. By building this holistic understanding of our ingredients we can make accurate reports to our internal and external audiences and know where and how to make the most impactful improvements.

Packaging that performs

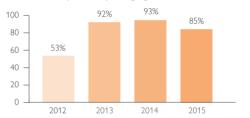
Oriflame's cartons, bottles, tubes and jars are a large part of our environmental impact. The vast majority of our packaging materials consist of paper and other wood-fibre materials, plastics and glass. We make sure all our primary packs for example, the tube or bottle a product comes in are recyclable so they can be disposed of responsibly where recycling facilities are available. And we are continuously working to find the right balance between more lightweight packaging and durability.

Below are some of the initiatives we are actively working on to improve the impact of our packaging.

Cartons, liners and leaflets

- We started working with the Rainforest Alliance to improve the impact of our paper and other wood-based packaging. With their help, we set goals to increase the percentage of materials that are FSC certified.
- During 2015 we sourced 85% of display packaging cartons and leaflets from FSC certified sources and although percentage decreased compared to 2014, we are still on track to meet our 2016 target of 100%.

FSC certified product packaging



Reducing impact from plastic

- In 2011 we started using post-consumer recycled plastics (known as PCR plastics) in some of our tubes. Ecobeauty and Love Nature are examples of ranges using PCR plastic, and our ambition is to increase usage across all our brands.
- The vast majority of the materials we use are recyclable and our ambition is use only recyclable materials. One small but important achievement was the development of the Ecobeauty pump which is made out of only plastics, and therefore 100% recyclable. Pump-based products are notoriously hard to recycle because of their mixed material makeup; the Ecobeauty pump however does not contain any metal and is, as a result, much easier for our customers to dispose of responsibly.
- In 2015 we successfully carried out a trial run of biopolymer-based packaging in our Love nature range. Because this uses plant-based materials rather than petroleum, it has a lower climate impact.

ecycled glass

We used recycled glass in our Ecobeauty EdT which was launched in 2012.
 However, because of a lack of demand from other fragrance companies, our supplier has stopped production and the product is discontinued.





Product SAFETY

We never compromise on the safety of our consumers—their wellbeing is of paramount importance to us.

Oriflame has a team of safety experts working with internal and external specialists. Together, they make sure every ingredient we use and product we sell meets our high quality, safety, ethical and environmental standards. We use the same high standards wherever in the world our products are made or sold.

For all our cosmetic products, we apply a comprehensive evaluation that includes the following:

- We conduct a thorough evaluation of all raw materials. We only use reputable suppliers, and only select ingredients that are supported with satisfactory data.
- We carefully measure safe concentration levels. Our team of expert toxicologists ensure ingredients are safe for intended use and intended consumer group.
- We test our final formulations for irritation and sensitisation on healthy human volunteers in independent laboratories, and also use 'in vitro' (non-animal) tests to further confirm the safety of our products.
- Post-launch, we proactively collect feedback from consumers and data about any unwanted effects.

All Oriflame cosmetic products are made to be safe in accordance with the provisions of the European Cosmetics Regulation (EC No 1223/2009) and other major International Regulations. In markets where regulations are less developed, Oriflame applies the European regulation requirements for safety as a minimum.

We have the same strict safety measures for our wellness products. All ingredients are of the highest food grade purity, fully approved internationally for use in food and selected for optimum safety and efficacy. Everything we make meets EU Regulations (EC No 178/2002), as well as recommendations from various global health authorities, including the World Health Organisation. We are proud to have our product development based in one of the world's most scientifically advanced countries, and to further ensure the safety of the range, it is evaluated and endorsed by renowned Swedish experts in the field of medical science and nutrition.

We have certificates of safety present for 100% of 1,000+ products we have on the market. In 2015 there have been no incidences of non-compliance with regulations and voluntary codes concerning the health and safety impacts of our cosmetic or Wellness products during their life cycle in any of our markets.

100% of Oriflame's global cosmetic, accessory and Wellness products follow strict internal procedures and are assessed prior to launch to ensure they meet the relevant labelling requirements in all markets in which the products are sold e.g. EU Cosmetics Regulation No 1223/2009 for cosmetics, 1169/2011 for Foodstuffs.



Social & ethical STANDARDS

We are committed to marketing products that meet our own social and ethical standards, and those of our customers.

Oriflame cares about animal welfare and endangered species and we have high standards for all materials we source:

- We do not use animal fur and only accept leather from cattle that have been bred for human consumption.
- For some products, we use selectively sourced animal by-products such as beeswax and honey, lanolin derivatives (a secretion from wool-bearing animals) and dairy products.
- We do not use plucked animal hair or feathers and only accept animal hair and feathers cut from living, domesticated animals including pony, goat and boar.
- We use fish oil from sustainably managed stocks in our Wellness food supplements range.

We have never tested our products or ingredients on animals at any stage during product development. We have always advocated alternative test methods and use the latest in-vitro (non-animal) methods for any tests that are not appropriate for human volunteers – for example, eye irritancy.

However, in certain countries we have to submit our finished products for additional testing for regulatory reasons. When this is the case, we offer other safety guarantees and try to persuade the relevant authorities to accept this data. We also work with the European Cosmetic Trade Association, Cosmetics Europe, to bring these kinds of local laws into closer alignment with European regulations. When unsuccessful, we must occasionally – and reluctantly – submit finished products for further testing, which may include animal testing. For more details, please see our policy on animal testing.



GOALS & COMMITMENTS

Bring Beauty & Wellbeing through

RESPONSIBLE PRODUCTS

6 IMPROVE THE SUSTAINABILITY PROFILE OF OUR PRODUCTS

COMMITMENT 11

Drive continuous progress by ensuring that product categories improve sustainability profile year-on-year.

Deadline: Year on year 2015 Progress: On track

Several initiatives are in progress with the aim to improve the products' sustainability profile looking at both the raw material and product perspective. A number of launches with a clear sustainability direction are being developed. All exfoliating products launched in 2015 contained natural origin scrubs. Our Ingredient Integrity Process progressed allowing us to address specific ingredients. Strategy work within all categories is being formalised.

COMMITMENT 12

Develop a tool to drive sustainability improvements in product development by 2014.

Deadline: 2014 2015 Progress: Completed

The tool has been launched and applied to a number of relevant ranges enabling us to drive improvements by comparing different alternatives during the development process.

COMMITMENT 13

Continuously increase the use of post-consumer recycled (PCR) plastics in our cosmetic packaging materials.

Deadline: Year on year 2015 Progress: On track

PCR content is being introduced in plastic tubes wherever possible. Due to a number of reasons, e.g. limitations in suppliers providing PCR, the percentage of tube concepts launched during 2015 containing PCR material decreased to 10%.

7 FOCUS ON INNOVATION

COMMITMENT 14

Launch at least one sustainable Oriflame product innovation annually, for example the innovative Ecobeauty range, from 2015.

Deadline: Ongoing 2015 Progress: Completed

In 2015 all of our new scrub products launched with natural origin beads, e.g. poppy seed, almond shell, silica and sugar. In 2016 we will see the re-launch of a more refined, luxurious Ecobeauty range which will include some certified organic skincare products and certified Fairtrade skincare products.

COMMITMENT 15

Launch a biopolymer packaging.

Deadline: 2015 2015 Progress: Completed

In 2015 we carried out a successful industrialisation trail of a biopolymer bottle in one of our manufacturing sites, and subsequently launched 100,000 bottles on the market. We are currently assessing feasibility of driving the use of biopolymers further.

COMMITMENT 16

Focus on innovation by increasing use of actives from plant biotechnology.

Deadline: Year on year 2015 Progress: Completed

We have incrementally increased the use of plant stem cells in our products from 4 products on the market in 2013 to 20 products on the market in 2015, and will continue to drive forward.

8 FOCUS ON PRODUCT INGREDIENTS AND SAFETY

COMMITMENT 17

Continue sustainability review of ingredients used across our product portfolio. Review all cosmetic ingredients by 2015.

Deadline: 2015 2015 Progress: Completed

100% of our current cosmetics raw materials have been sustainability reviewed and profiled.

COMMITMENT 18

Focus on ingredient impact and work to phase out prioritised ingredients from a safety, environmental or ethical perspective.

Deadline: Year on year 2015 Progress: Completed

We currently use only a small number of ingredients that feature on the Sin 2.1 list (list of 626 chemicals identified as harmful by NGO ChemSec). We are closely monitoring these ingredients, and address ingredient topics through our Ingredient Integrity Process.

COMMITMENT 19

Continue to implement the Oriflame Product Safety Evaluation process ensuring a single global safety standard.

Deadline: Ongoing 2015 Progress: Completed

In 2015 there were no incidences of non-compliance with regulations and voluntary codes concerning the health and safety impacts of our cosmetic or wellness products. The safety evaluation process applies to 100% of our cosmetic and wellness products.

9 MARKET PRODUCTS THAT MEET HIGH SOCIAL AND ETHICAL STANDARDS

OMMITMENT 20

Respect animal welfare by never using cosmetic ingredients derived from dead animals or which cause harm or suffering to animals.

Deadline: Ongoing 2015 Progress: Completed

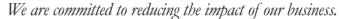
No products were launched during 2015 breaching this commitment.

42

REPLENISHING

RIVING





We have a bold ambition: to make our business environmentally sustainable. To reach this goal, we launched a new environmental strategy in 2010, which we updated in 2014. The strategy, and its accompanying actions, is built on both a thorough understanding of our impact and a long held business-wide commitment to the principles of sustainability. Below are a few highlights of our achievements so far.



- In 2015, 98% of our catalogue paper came from credibly certified forests.
- In 2015, the Noginsk production site in Russia received Silver certification using the LEED® for New Construction rating system.
 In addition Oriflame's new Wellness facility in Roorkee, India received Gold certification under the LEED® for New Construction rating system.
- We stopped more than 90% of our manufacturing waste from going to landfill in 2015.
- Since 2010, we have cut our carbon dioxide emissions by 31%. In 2015 they decreased by almost 6% comparing to 2014.
- Oriflame reached a score of 99B in the CDP 2015 climate change evaluation – an international recognition for our actions to reduce carbon emissions and mitigate the business risks of climate change.
- In 2013, WWF gave us 11 out 12 on their Palm oil Scorecard, placing us among the best in our industry.
- We undertook a comprehensive water impact study in 2013 and are working to reduce impact focusing mainly on emissions to water from our products.



We are proud of these achievements but we recognise we still have a long way to go. To ultimately reach our goal of business-wide environmental sustainability we need to:

- Source only renewable or recycled materials
- Ensure no emissions to water and no negative impact on water availability
- Achieve neutral or net positive carbon emissions
- Send no waste to landfill
- Develop sites and operations with no negative impact.

CONTINUOUS FOCUS ON IMPACT

We have made commitments under each of these five areas. To sustain progress, most of these commitments focus on taking action where our business makes the biggest impact, and where we can influence real change. As our journey continues, we will increase the number and reach of these commitments to further reduce our impact across our value chain.





SUSTAINABLE sourcing

Our ambition is to source only renewable and recyclable materials.

We are working to make our business sustainable across our value chain. Because a significant proportion of our impact comes from the raw materials we use, we need to make the right decisions about how, where and what we source. Today, we select sustainable and renewable materials whenever possible. We have commitments for two of our main raw materials: paper and palm oil.

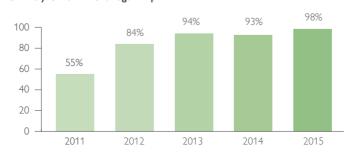
Progress on paper

Our main raw material is paper and other wood-based products, which we use for catalogues and packaging. Forests are a vital part of global and local eco-systems – they provide habitats, preserve biodiversity, clean our air and water, absorb carbon and provide people with materials, food and livelihoods.

In line with a strategy developed in collaboration with the Rainforest Alliance in 2010, we have committed to source 100% of our paper and board packaging and publications from credibly certified or recycled origins by 2020. In practice, this means giving preference to Forest Stewardship Council (FSC) certified paper when possible. If FSC is not available, we allow other certifications that meet our minimum requirements – these are very closely modelled on FSC Controlled Wood requirements.

Every year we ask our paper and board suppliers to report on their paper use and full supply chain. We ask for data on the quantity of paper and board, the location of the forests and the exact species of the trees. This data is consolidated and we report publicly on the results. We have not yet had these results independently audited, but are working closely with the Rainforest Alliance to understand and analyse our suppliers' responses and documentation. For example, in 2015, we were able to trace 98% of our catalogue paper to a credibly certified origin.

Credibly Certified Catalogue Paper



Progress on palm oil

We are among the industry leaders when it comes to sustainable sourcing of one of our main raw materials – palm oil. Palm oil is one of the world's most widely used raw ingredients and demand continues to rise. This is a problem because its cultivation has a number of serious environmental impacts – such as large-scale forest conversion and habitat loss, soil erosion, pollution and climate change. However, compared to other vegetable oils, palm oil gives the highest yield per hectare and requires the fewest fertilisers and pesticides.

By 2020, we have committed to source 100% certified sustainable palm oil* by physical supply chain. While there is enough of this resource available in its raw form, there is a very limited supply of its derivatives. Because it is these derivatives that go into our product ingredients, we cannot switch as quickly as we would like to physically segregated palm oil. See our sourcing commitments page or the RSPO website (Roundtable on Sustainable Palm Oil) for information on this issue.

This commitment will be a significant challenge, but we have a strong track record to work from:

- In 2010, we started purchasing GreenPalm credits to cover 100% our consumption and raise awareness of the issues surrounding palm oil. We were among the first in the cosmetic industry to do this.
- In 2012, we made the world's first foaming product that contained only RSPO certified segregated sustainable palm oil.
- In 2013, WWF gave us 11 out 12 on their Palm oil Scorecard, placing us among the best in our industry.
- In 2014 we started purchasing mass balance certified palm oil and in 2015 this represented 10% of our total volume. We plan to increase the share of mass balance materials further during the coming years.
- We have participated in RSPO Conferences since 2011, and are currently a
 member of four different working groups within the organisation. We are
 recognised as a role model in our industry and continuously work to share
 insights with companies who want to make their palm oil use sustainable.
- In October the Swedish Initiative on Sustainable Palm Oil in Cosmetics and Detergents was launched with Oriflame as one of the co-initiators.

*The Roundtable on Sustainable Palm Oil developed a standard for the certification of sustainable palm oil production. The Segregation supply chain model ensures that RSPO-certified oil palm products delivered to the end user comes only from RSPO certified sources. For more information, please visit www.rspo.org.



46

We are taking action to cut emissions across our business. By 2020, we want to cut Oriflame's CO₂ impact by half*.

Carbon emissions are a serious global challenge. There is more carbon dioxide in the atmosphere today than there has been for 650,000 years. Fourteen out of the fifteen warmest years on record have occurred since 2001, and the number of extreme weather events continues to rise.

Changing global climate patterns will mean more extreme and unpredictable weather with for example more frequent storms, heat waves, droughts and floods. Greenhouse Gases, including carbon emissions, are one of the major contributors to climate change. In addition they contain particles that result in local air pollution and health issues.

Our business has a presence in countries that are already experiencing the effects of climate change, which encourages us to take bold action to reduce our impact. Results from lifecycle assessments show that Oriflame impacts the climate in a multitude of ways; e.g. through the materials we source, manufacturing, transportation and travel and how the products are disposed at the end of life. Working to reduce our climate impact throughout our whole value chain will make us more efficient as a company and help drive innovation.

Since we track and analyse the emissions that are under our control, we have been able to develop a strong strategy for where to make savings in both emissions and cost.

In line with the business strategy and Oriflame's long-term vision to become a sustainable company, actions are being taken to reduce our carbon dependence through a wide range of initiatives. We started by focusing on our factories, and then moved on to our operations and other areas over which we have control – such as our offices and our travels.

The next step is to start working on areas that we can influence but do not control. This means reaching along our value chain to find and create opportunities for change among our suppliers and our consumers. We intend to expand our strategy both in terms of reach across the supply chain but also regarding

the scope of issues under consideration. We will continue to review the likely impacts of climate change on our business and supply model.

Results since 2010

By implementing a company-wide program, we reduced the emissions from Oriflame's operations by 6% compared to 2014 and by 31% since 2010.

The emissions intensity measured as emissions per \in M revenue (tCO₂e/ \in M) was 45.1 in 2015, a reduction of 13% since 2010. Compared to 2014 the ratio decreased by almost 2%. The emissions per square meter (tCO₂/m²), an indicator of energy efficiency, decreased compared to 2014 and by 34% since 2010.

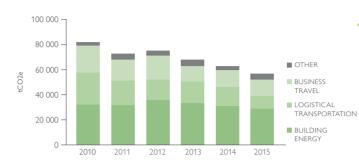
In particular, reductions have been achieved thanks to the significant modifications and changes to the set-up of our distribution network, which has resulted

Emissions breakdown 2015



*This goal is based on emissions relative turnover from 2010 as our base year.

Carbon emissions, 2010-2015



in more than 50% decrease in emissions from globally organised transportation since 2010.

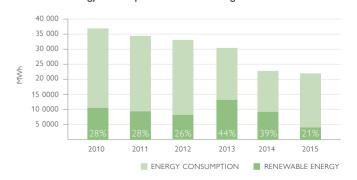
- We are gradually consolidating local warehouses and moving our product sourcing, catalogue printing and Global Distribution Centres (GDCs), closer to our major markets, resulting in lower environmental impacts as well as reduced lead times.
- We are continuously reviewing the packing and loading routines so that more
 can fit in each truck and container. The average number of pallets shipped
 in each truck and container have increased by more than 50% since 2010.
 (This helped saved us €5.4 million between 2010 and 2015!)
- We are improving our transportation routes, and focusing on reducing our air shipments. This also includes increasing the share of shipments directly from suppliers to Oriflame markets' warehouses.
- When selecting road carriers the aim is to utilise Euro 4, 5 and 6 standard trucks wherever possible, thus reducing particle emissions.

Part of the reduction in emissions was also due to a 36% reduction in the number of total pallets shipped since 2010, which was mainly due to lower sales.

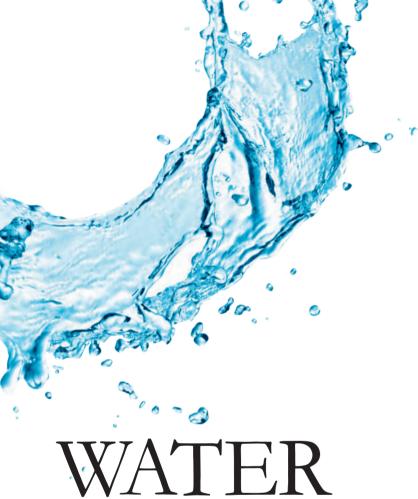
At our manufacturing sites we are also continuing to implement energy efficiency measures, contributing to an absolute decrease in emissions and achieving our 2015 targets. Initiatives include developing lower energy processing techniques, upgrading lighting and lighting control, improving heating and ventilations systems and focusing on better building insulation.

Finally, we are continuously working to increase our share of renewable energy across the business with the long-term ambition to achieve 100% renewable energy in Oriflame owned buildings. During 2015 42% of total electrical consumption, and 21% of energy use in manufacturing came from renewable sources. The decrease is mainly due to divestment of Swedish factory and a ramp up in our new Russian factory.

Renewable energy consumption in manufacturing







We are limiting our impact on water - globally and locally.

Water is an important part of our environmental impact. Today, water security is one of the most serious and fastest-growing environmental challenges facing our world. Demand for water is increasing and analysis suggests that by 2030 the world will face a 40% gap between what we need and what is available.

Water issues are therefore a global challenge, but because we operate in water-scarce countries, it is important for us to consider the implications on a local level too. Looking specifically at our business, there are two main challenges we need to address: water contamination and water scarcity.

To understand these challenges better, we conducted a water impact study of the lifecycle of a representative selection of our key products in 2013.

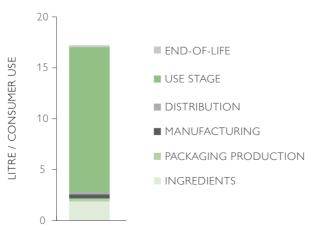
The results of this study have helped us define the focus areas for our water strategy and strengthen our existing commitments. For example, we learned just how much of our water footprint comes from customers using our products – and how much higher the impact of this is in water-scarce countries like India. Because of this, we are looking at how we can engage our customers around more sustainable water use.

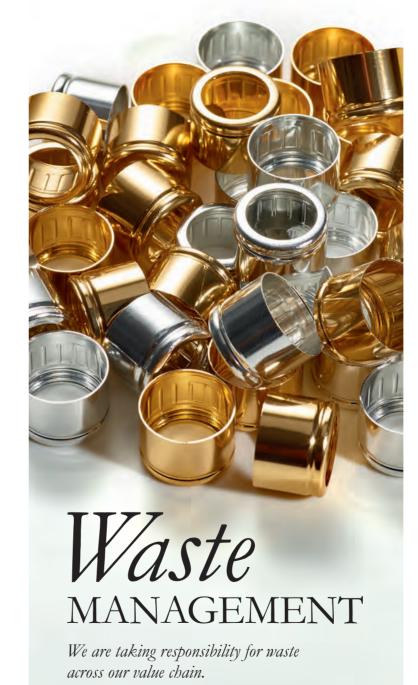
We know that the water impact from our manufacturing sites is a limited part of the life cycle impact, however, for local communities this impact may be important. Therefore we have looked at the exact locations of our manufacturing sites and we conducted a first analysis of the risks and impacts of the different locations. New targets for reducing water usage at our sites have now been set for 2020.

Another important focus area raised by the study is the biodegradability of our ingredients. Many beauty products end up in the water system – in particular, rinse off products like shower gel and shampoo. We have already committed to using only biodegradable cleansing ingredients in our personal care products and the findings of our study are helping us prioritise how to strengthen this commitment further, for example by phasing out specific ingredients.

FRESHWATER WITHDRAWAL

Life cycle stages shampoo

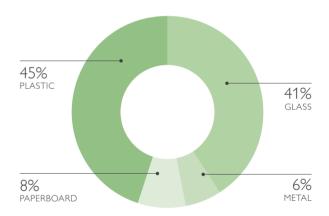




Waste is an area of significant impact for our business. A large proportion of our products and their packaging end up in landfill, which is problematic as unmanaged landfill creates a lot of harmful gases and contaminants, including methane – a particularly potent greenhouse gas.

We realise the scale of our waste challenge and are committed to tackling it. Much of our progress will come from creating better, more efficient packaging in the first place. That means continuing to increase the number of materials we use that have already been recycled, and making sure consumers can dispose of our products responsibly. Even though the volume is smaller, it is also important for us to address the waste that is created across the rest of our business.

Packaging for cosmetics



A snapshot of the different materials we use for packaging our cosmetics, by weight. This information helps us decide where to make the most impactful changes.

Towards zero waste to landfill

By 2020, we plan to send zero waste to landfill across our manufacturing – in 2015 90% of our waste avoided landfill, the vast majority going to recycling. We will also be working to find new ways to help our three million consultants reduce their waste – both while at our service centres and elsewhere in their lives. The first step is making sure all our service centres have recycling facilities - today, more than 50% offer at least some form of recycling.



Oriflame sites and OPERATIONS

Our business can make a positive social and environmental impact in the communities where we operate.

We want to reduce the impact of our events, projects and facilities – it is important we get our own house in order. Increasing the sustainability profile of Oriflame's buildings and operations is a key priority.

LEED® – or Leadership in Energy and Environmental Design – is a green building certification program that recognises best-in-class building strategies and practices. We are aiming towards LEED® certifying all our new construction and major renovations. We are proud to say that our new Manufacturing facility at Noginsk, Russia was awarded a LEED® Silver certification in 2015 using the LEED® for New Construction rating system. In addition our new Manufacturing sites at Roorkee, India received Gold certification under the LEED® for New Construction rating system. The project incorporated many



innovative measures focusing in particular on water and energy efficiency and included the installation of roof mounted solar panels.

We have also developed internal guidelines and audits to improve our environmental performance across our business sites. The 'Oriflame Green Office Guide' includes detailed instructions for reducing greenhouse gas emissions, minimising waste, sourcing sustainably and optimising water use. In 2015 the internal audit program continued to be rolled out at production sites, warehouses and offices. The audits are focused on environmental sustainability including energy efficiency, water consumption and waste. The results have helped us identify areas of improvement and establishing energy saving programs that can be replicated across the facilities. All manufacturing sites have targets to reduce their impact.

Our goal is to apply sustainability to every project and event that we plan. For example, we need to improve the overall impact of our global conferences. We already include travel for business and consultants travelling to Oriflame conferences in our CO_2 scope – and have seen a significant decrease in emissions from travel since 2010.

We have invested in video conferencing systems and are making sure everyone has access to the right software for online conferences, and knows how and when to use it. We also regularly communicate with our employees to keep them informed on our targets, progress and the actions we are undertaking.

Our Global Travel Policy encourages all our employees to make travel choices that balance cost, convenience and environmental impact.

We have also published a collection of Guidelines for Responsible Conferences, which are designed to help us run more sustainable conferences that create pride and a sense of belonging among our leaders and employees.



During 2015, our two new manufacturing facilities in Noginsk, Russia and Roorkee, India received silver and gold certification under the LEED® for New Construction rating system. LEED® – or Leadership in Energy and Environmental Design – is a green building certification program that recognises best-in-class building strategies and practices.

OPR, RUSSIA

The manufacturing facility in Noginsk, Russia, has implemented many innovative environmentally conscious measures. For example, a highly efficient mechanical ventilation system in combination with a triple-glazed facade were installed to increase energy efficiency in the building. In addition, a special aluminium-zinc roof ensures that summer heat is not absorbed into the building, reducing the need for air conditioning.

Compared with the LEED® baseline, water usage for personnel occupying the building has been reduced by 46%. Carbon dioxide meters in the meeting rooms and industry-leading certified flooring materials ensure that the building has a healthy indoor environment.

Transportation to the site has been planned to limit the use of cars by encouraging the use of cycling for local workers and by the provision of a company bus service to transport workers from nearby villages. A large number of materials were sourced locally during construction to minimize carbon impacts associated with transportation.

OHI, INDIA

The Wellness facility in Roorkee, India, has also included many innovative measures. The design incorporated extensive rainwater harvesting, and water saving sanitary fittings throughout the wash rooms and canteen. This minimizes water usage and discharge from the facility, with recovered and treated waste water being re-used for landscaping.

Energy consumption has been minimised by innovative designs, such as heat reflective roof paint for minimising the heat island effect and thus saving on cooling energy. For lighting we have installed motion sensor technology in the offices, corridors and wash rooms, along with high efficient lights, all to contribute to energy conservation. Roof mounted solar panels have been installed, providing around 10% of the running power requirement. The remaining share of electricity is drawn from the state municipal supply which is largely hydro generated.

Many of the construction and installation materials were sourced locally, in order to minimize the impact associated with transportation.



52 53

GOALS & COMMITMENTS

Drive environmental SUSTAINABILITY



10 SOURCE RENEWABLE AND SUSTAINABLE MATERIALS WHENEVER POSSIBLE.

COMMITMENT 21

Source 100% certified sustainable palm oil by physical supply chain by 2020.

Deadline: 2020 2015 Progress: On track

In 2015 we continued to purchase certified segregated palm oil for our trademarked product. In 2014 we started purchasing mass balance certified material and during 2015 this volume represented 10% of the palm oil used. We plan to increase the share of mass balance materials further in the coming years.

COMMITMENT 22

Promote sustainable palm oil by purchasing GreenPalm credits to cover 100% of our consumption.

Deadline: Ongoing 2015 Progress: Completed

We purchased GreenPalm credits to cover our full 2015 volume.

COMMITMENT 23

Source 100% of wood fibre from credible certified sources by 2020.

Deadline: 2020 2015 Progress: On track

In total, all paper and board surveyed in 2015 showed a compliance rate of 97%. We will keep working to ensure that 100% of our paper is proven acceptable by our policy.

COMMITMENT 24

Source 100% of catalogue paper from credibly certified origin by 2016.

Deadline: 2016 2015 Progress: On track

In the annual supply chain analysis of our catalogue suppliers we found that 98% of catalogue paper was fully compliant with our paper commitment – which means it came from a credibly certified source with an intact chain of custody.

COMMITMENT 25

Source 100% of display packaging cartons and leaflets from FSC certified sources by 2016.

Deadline: 2016 2015 Progress: On track

The analysis of our supply chain for packaging cartons and leaflets purchased during 2015 showed that 85% of the material was certified by the Forest Stewardship Council (FSC), a decrease compared to previous year mainly due to lower global volumes in combination with a growth in Asia.

11 REDUCE EMISSIONS TO AIR

COMMITMENT 26

Reduce CO₂ emissions from global Oriflame operations by 50% by 2020.

Deadline: 2020 2015 Progress: On track

During 2015, the total greenhouse gas emissions from our operations decreased by 6% in absolute terms and almost by 2% in relative terms. Since our base year 2010, absolute emissions are down by 31% and relative emissions by 14%.

COMMITMENT 27

Reduce CO₂ emissions from factories by 20% by 2015.

Deadline: 2015 2015 Progress: Completed

We are continuously working to increase our share of renewable energy while becoming more energy efficient. The electricity at our largest manufacturing site in Poland is from 100% certified renewable sources. Our new Wellness factory in India is getting part of its electricity from solar panels. In total our CO2 emission have decreased by 23% in absolute terms and 13% per unit since 2010.

COMMITMENT 28

Reduce CO₂ emissions from factories by 15% by 2020.

 $\textbf{Deadline: } 2020 \ \textbf{2015 Progress: } \\ \text{New}$

COMMITMENT 29

Reduce energy use in factories by 15% by 2015.

Deadline: 2015 Progress: Completed

Numerous initiatives to reduce energy consumption have been implemented during 2015, e.g. by improved technical processes. The energy consumption has decreased by 22% in absolute terms since 2010 while energy consumption and writing approach eliabetic.

tion per unit increased slightly.

COMMITMENT 30

Reduce energy use in factories by 15% by 2020.

Deadline: 2020 2015 Progress: New

COMMITMENT 31

Increase renewable energy in factories to 70% by 2018.

Long term ambition to achieve 100% renewable in Oriflame owned buildings.

Deadline: 2018 2015 Progress: On track

During 2015 42% of total electrical consumption, and 21% of energy consumption at Oriflame factories came from renewable sources. The decrease is mainly due to divestment of the Swedish factory and the ramp up of factory in Noginsk, Russia.

12 REDUCE EMISSIONS TO WATER

COMMITMENT 32

Use only biodegradable cleansing ingredients in 100% of our Personal Care products.

Deadline: Ongoing 2015 Progress: Completed

Only biodegradable cleansing ingredients were used in our Personal Care developments during 2015. We are investigating how to broaden our focus on biodegradability going forward.

COMMITMENT 33

Start to phase out plastic micro beads in all new products from 2014.

Deadline: 2014 2015 Progress: Completed

In 2015 all of our new scrub products launched with natural origin beads – e.g. poppy seed, almond shell, silica and sugar. We are continuing to add to the portfolio of natural origin scrubs with olive stone in some future launches. There will be no manufacture of products containing plastic microbeads after end 2016.





GOALS & COMMITMENTS

B REDUCE SOLID WASTE

COMMITMENT 34

Reduce waste disposed at all our factories by 10% by 2015.

Deadline: 2015 2015 Progress: Completed

We have reduced the waste produced per unit by 13% since 2010. In absolute terms this represents a decrease of 36%.

COMMITMENT 35

Reduce waste disposed at all our factories by 15% by 2020.

Deadline: 2020 2015 Progress: New

COMMITMENT 36

Send no waste to land-fill from our factories by 2020.

Deadline: 2020 2015 Progress: On track

In 2015, approximately 90% of all waste produced at Oriflame's factories avoided ending up in landfill.

COMMITMENT 37

Increase recycling of packaging by gradually introducing recycling facilities at our service centres worldwide.

Deadline: Year on year 2015 Progress: More to do

In 2013, 90% of our offices and service centres were surveyed on recycling practices. 30% of locations recycle at least three different materials, the most common being paper (60% of locations), carton (53%), plastic (31%) and glass (25%). The main reason not to recycle is the lack of infrastructure (20% of respondents).

REDUCE IMPACT FROM ORIFLAME ACTIVITIES, EVENTS, PROJECTS & FACILITIES

COMMITMENT 38

Pursue LEED Green Building scheme certification for all new construction and major renovations and pursue environmental effectiveness on all our premises

Deadline: Ongoing 2015 Progress: Completed

During 2015 two manufacturing sites received certification using the LEED® for New Construction rating system. The Noginsk production site in Russia received Silver certification and our new Wellness facility in Roorkee, India received Gold certification.

COMMITMENT 39

Reduce water use at all our factories by 10% by 2015.

Deadline: 2015 2015 Progress: Completed

In absolute terms, water consumption has decreased by 13% since 2010. However, due to a drop in units and changes in product sizes, the per unit consumption has increased by 18%.

COMMITMENT 40

Reduce water use at all our factories by 15% by 2020.

Deadline: 2020 2015 Progress: New







We want to reach along our value chain to find and create opportunities for change among our suppliers.

A large proportion of the overall social and environment impact of a company occurs in its supply chain, beyond the direct scope of operations. In Oriflame, we believe that integrating sustainability criteria within the procurement practices is essential in order to move towards a more sustainable supply chain. We believe that companies should work towards guaranteeing responsible practices throughout the supply chain and work alongside their suppliers to help improve their performance. Below are presented a few highlights of our work so far:

HIGHLIGHTS

- We strive to move sourcing closer to our main sales markets, and during the year we increased regional sourcing by buying more from suppliers based in strategic locations, particularly in the CIS region and India.
- During 2013, a new self-assessment tool was launched to strategic suppliers. The trial results were positive, and the tool has been further rolled out to more key suppliers during 2014 and 2015.
 Suppliers representing 60% of our total direct and indirect procurement spend and more than 95% of our Finished Goods suppliers, currently use the self-assessment tool.
- In 2015, Oriflame audited more than 35% of global direct and global second tier accessory suppliers, above the annual target.
- All global suppliers have signed the Supplier Code of Conduct and every new global supplier is requested to do this before entering into a business relationship with Oriflame.

Oriflame's SUPPLY CHAIN



Oriflame produces close to 50% of cosmetic products in-house with manufacturing sites located in Poland, Russia, India and China. External suppliers in Western and Central Europe, Russia, Ukraine and Asia produce the majority of the remaining products, including cosmetics, accessories and wellness products. Through different regional sourcing initiatives, we strive to source as closely to our markets as possible, to shorten the supply chain and increase service levels. During 2015 we continued to increase regional sourcing by buying more from suppliers based in strategic locations, particularly in the CIS region and India including locally produced raw materials, components and finished goods to both support in-house manufacturing and to build external competences.

Helping our suppliers improve

Our Oriflame Global Supplier Evaluation program is an important way for us to improve sustainability performance, including human rights, across our value chain. The program allows us to objectively assess our suppliers on a range of sustainability criteria. Every global supplier is part of this program, and joins it by committing to follow our Supplier Code of Conduct.

We have a five-step process that sets out requirements and details how suppliers are evaluated, scored and developed. The foundation of this process is the Supplier Code of Conduct which outlines our requirements regarding for example working conditions, health and safety, discrimination and environmental impact. The Code applies to all our direct suppliers; however, we encourage our suppliers to implement this Code of Conduct upstream in their own value chain.

The Supplier evaluation process also helps us to identify high-risk suppliers and prioritise their audit and evaluation. We conduct regular site visits at all of our product subcontractors and packaging suppliers, and undertake sustainability audits at high-risk suppliers, especially in Asia.

We support suppliers willing to make improvements, and will stop working with any that score below the requisite grade and are unwilling to commit to making a positive change.

When screening and selecting new suppliers we also take sustainability performance into consideration. A risk evaluation process also includes considerations on human rights issues such as child and forced labour.

Supplier self-assessment tool

During 2013 a new self-assessment tool was launched to strategic suppliers. The trial results were positive, and the tool has been further rolled out to more key suppliers during 2014 and 2015.

Sustainability audit score results Asia



Sustainability audits Asia, % compliance



This self-assessment tool enables us to collect and evaluate sustainability data from our suppliers. Suppliers are required to provide relevant documentation that evidences their sustainability performance, for example, energy audits, certifications, social compliance data, and so on. The data is analysed and audited in order to evaluate the supplier and rate it, checking that its performance is acceptable for Oriflame. A number of aspects within the areas of environment, social issues, supply chain and ethics are being considered during this evaluation.

When non-conformances are found and suppliers do not achieve minimum requirements through this evaluation system, we make sure that we work with them and provide the support for them to improve and achieve acceptable levels.

Suppliers representing 60% of our total direct and indirect procurement spend and more than 95% of our Finished Goods suppliers, currently use the self-assessment tool.

Accessories from Asia

For our global accessories suppliers, Oriflame works in co-operation with established trading houses that conduct annual audits of their subcontractors. In addition to these audits, Oriflame conducts its own audits to ensure compliance with the Supplier Code of Conduct, and to verify that necessary actions are

taken for any non-compliance. Oriflame has staff located in both China and India dedicated to conducting sustainability audits. During 2014, audits were also carried out at all key trading houses themselves to evaluate their systems and processes and our plan is to repeat these audits on a regular basis. A limited amount of accessories are developed locally and we are currently working to put processes in place to ensure that quality and sustainability aspects at these local suppliers are acceptable.

Audits of accessories suppliers in 2015

In 2015, Oriflame audited more than 35% of global direct and global second tier accessories suppliers, above the annual target. Some of the suppliers received follow-up audits during 2015. The majority of these audits achieved results that were considered good or acceptable, however, work to improve supplier performance is ongoing. Environmental protection, CSR management systems, and freedom of association are the top three issues of non-conformance found during the audits. When non-conformances are found a corrective action plan is put in place and the supplier is given a set amount of time to improve their performance.

60



ABOUT THIS report

Oriflame has a strategy for becoming a more sustainable company which includes communicating openly on our commitments and progess. During the last years, we have increased our reporting gradually and we published our first separate Sustainability Report in 2014.

This Sustainability Report covers material sustainability strategies, activites and performances for the company Oriflame Holding AG (called Oriflame in this report) during the period January 1 to December 31, 2015, unless stated otherwise. Franchise operations are not covered in this report. This report was published on Oriflame's website, www.oriflame.com, on May 18, where you can also find additional information about our sustainability efforts.

Our reporting in this document is prepared in accordance with the GRI G4 Sustainability Reporting Guidelines, level Core and a GRI index with references for all applicable principles is found on our website.

Information and facts are selected on the basis of sustainability aspects assessed essential for Oriflame's operations, and are based on the best possible sources known by the company. Regarding some information

about the development of the Company and its operations, references are made to the Oriflame Annual Report for the fiscal year 2015. Unless otherwise specified, all data concerning suppliers and supplier factories includes all suppliers and factories that were active and approved for production during the reporting period. Our GHG emissions calculations and reporting is aligned with the GHG Protocol and Defra. This methodology has been reviewed and approved by an external party, SGS, which also conducted a limited assurance review of our logistics and manufacturing emissions, in accordance with the requirements set by the CDP.

This report has been developed and reviewed by Oriflame's sustainability team, relevant experts in the company, and is approved by the CEO.

CONTACT INFORMATION

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ORIFLAME SWEDEN

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