



THE L'Occitane Group
CARES

.....
2016 SUSTAINABLE
DEVELOPMENT REPORT

L'OCCITANE
EN PROVENCE

Melvita
french organic beauty care since 1983

1862
LE COUVENT DES MINIMES
Natural Skincare Recipes

erborian
PARIS · SEOUL

L'OCCITANE
AU BRÉSIL

The information provided in this report relates mainly to the Group's French entities, and especially Laboratoires M&L, French subsidiary of the L'OCCITANE Group, responsible for product formulation and production.

Indicators and information relate to the financial year 2016
(April 1, 2015 to March 31st, 2016).

When information does not relate to this period, this will be indicated.

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A MESSAGE
FROM THE CEO

“

The L'OCCITANE Group has been built around strong values and is committed to developing products that are increasingly respectful of both man and his environment.”

– Reinold Geiger



Within the context of the growth of our Group and a culture of continuous improvement, this year, once again, we have put respect for the environment, employee development and support for our communities at the heart of our approach.

All of our activities – from designing products to selling them in stores (company-owned stores in France) – are now covered by an ISO 14001-certified management system, which guarantees that we continually work to limit our most significant environmental impacts. This commitment is at the heart of the Group's environmental policy. Moreover, we were rewarded for our comprehensive approach when we were honoured with an R-Award* within the framework of the COP 21 UN climate change conference in December 2015.

We are continuing our efforts to make our formulas even more natural. In 2015, over 92% of the products launched contained at least 90% naturally derived ingredients.

We are also dedicated to making our Group a good place to work. In this respect, for the past two years we have launched

the “Great Place to Work” survey in many of our entities. Over 50% of our employees in the Group have already been able to give their feedback and contribute to our continuous work environment improvement efforts.

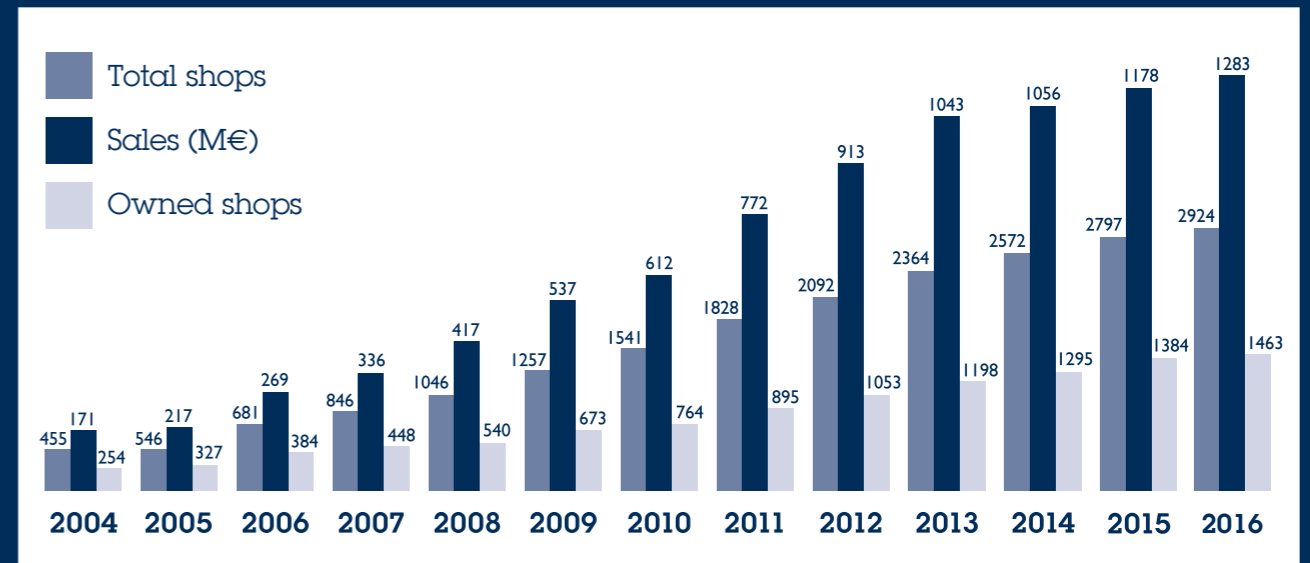
Making a contribution to our communities is also essential and one of the Group's long-standing commitments.

This year, within the framework of the L'OCCITANE Foundation “Union for Vision” programme, we reached a new milestone: **two million people have now received eye care!** This impressive achievement has encouraged us to go even further. By 2020, we hope to raise this number to 10 million beneficiaries!

Since 2011, the Group's industrial sites have been signatories to the United Nations Global Compact. This report is, for us, an opportunity to **reaffirm our support for the ten principles of this compact** and to highlight the various initiatives undertaken by the Group this year, as well as our progress indicators.

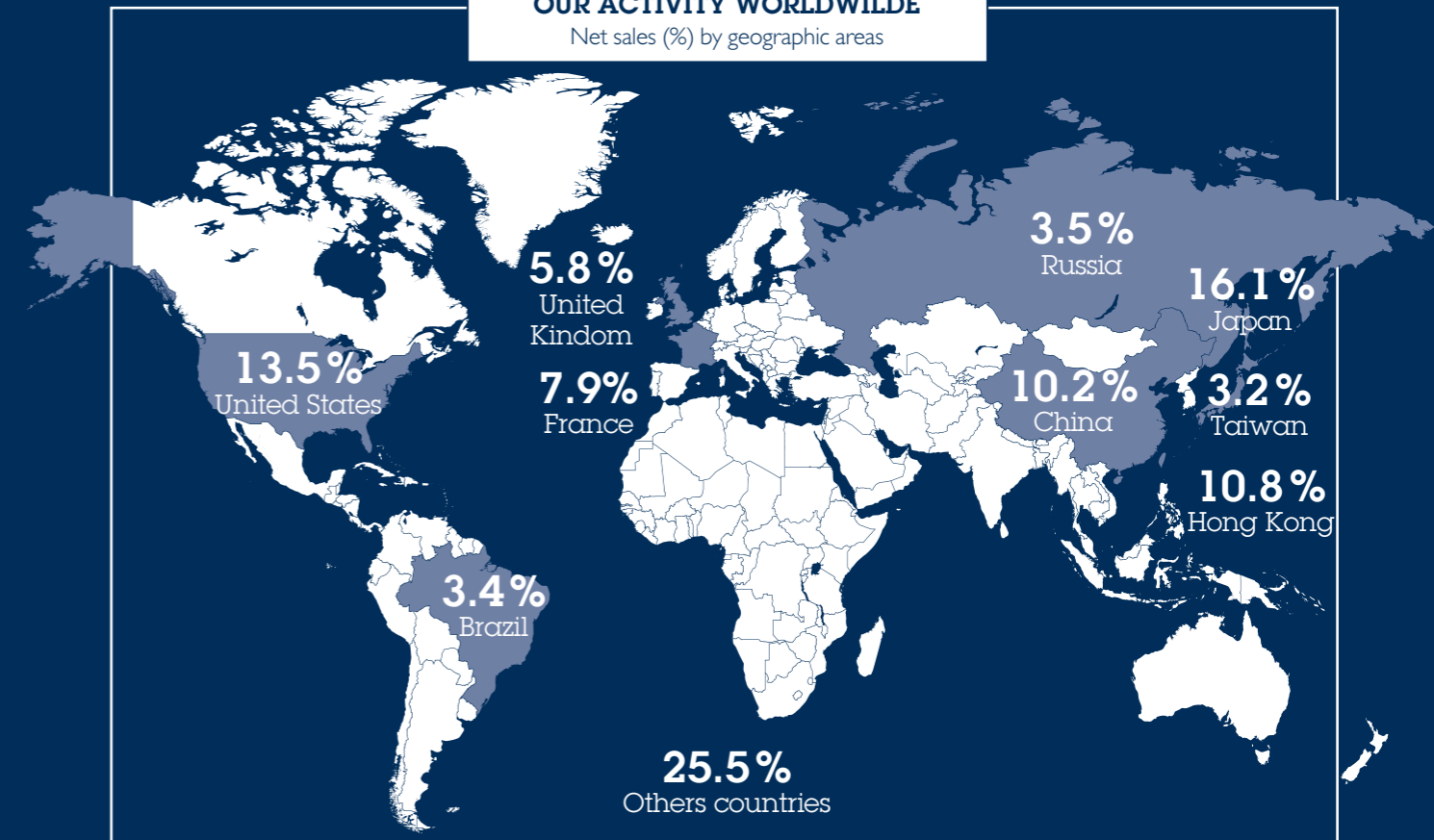
*An award given by the «Association Génération Responsable» – a network of players in the retail industry.

THE GROUP IN FIGURES



OUR ACTIVITY WORLDWILDE

Net sales (%) by geographic areas



Consolidated turnover
1.28 billion euros

Growth (constant exchange rate)
5%





2,924 outlets including 1 463 company-owned

Over **8,000** employees in the world



01

AT THE HEART OF OUR COMMITMENTS: THE ENVIRONMENT

<p>CO₂ EMISSIONS</p>  <p>16% REDUCTION IN THE CARBON FOOTPRINT related to the transport of goods per unit delivered*</p>	<p>REDUCTION IN THE USE OF AIR TRANSPORT</p>  <p>ONLY 1.6% OF OUR GOODS WERE TRANSPORTED BY AIR (versus 2.5% for the financial year 2015)</p>	<p>RECYCLING</p>  <p>69.8% OF THE WASTE produced on our industrial sites is recycled</p>	<p>NATURALNESS</p>  <p>92% OF PRODUCTS LAUNCHED contain at least 90% natural ingredients</p>
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REDUCING THE ENVIRONMENTAL IMPACT OF OUR ACTIVITIES AND OUR PRODUCTS

Aware of the environmental impact of our business and our role as a company in the fight against climate change, the Group works on a daily basis to reduce its CO₂ emissions through various initiatives. It places the environment at the very heart of the organization and has been committed to the ISO 14001 certification process (international environmental management standard) since 2012. The Group's international head office in Geneva, the production sites and more than 75 of our company-owned stores have all been awarded ISO 14001 certification. Our environmental approach is integrated into all the Group's activities.

REDUCING OUR EMISSIONS

MEASURING OUR EMISSIONS

Our main air emissions are CO₂ emissions. In order to evaluate emission levels and identify areas for improvement with regard to our impact on global warming, in 2014 the Group conducted its second carbon footprint analysis. Following the work of its teams regarding the main sources of CO₂ emissions identified, carbon emissions related to the transport of goods were reduced by 16%*.

Moreover, emissions related to packaging were reduced by 30%** thanks to the use of packaging materials that produce less emissions, such as recycled plastic and glass or PE (polyethylene) from renewable sources. Laboratoires M&L is obliged by law to provide a greenhouse gas emissions report – and does so.

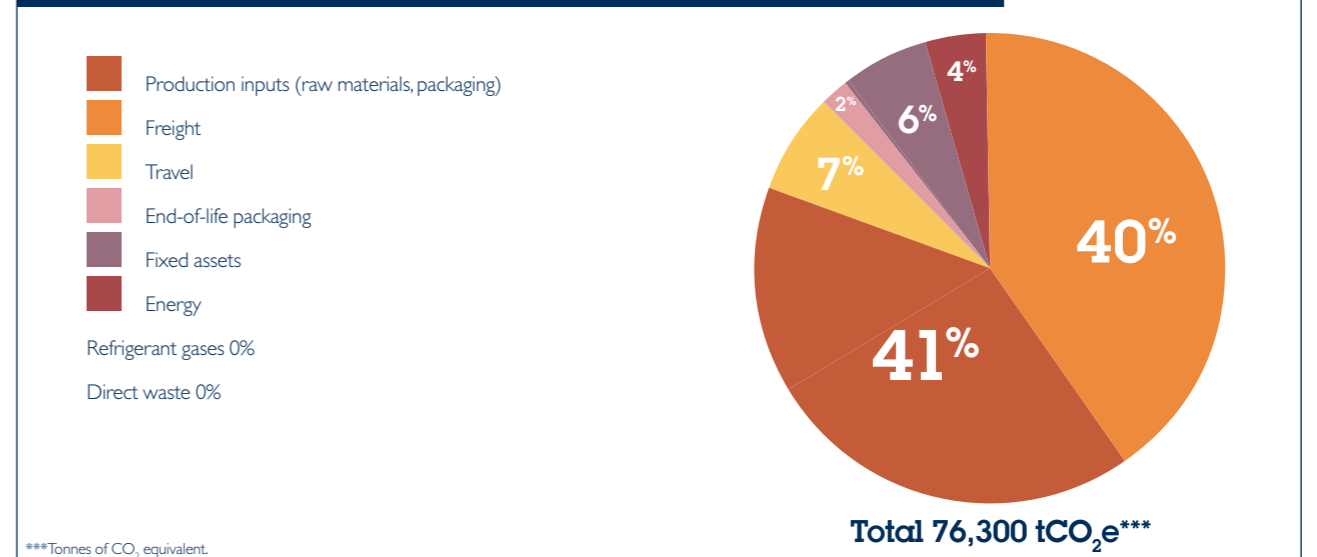
To go even further, this year the Group decided to extend its carbon footprint analysis to its subsidiaries. This will be launched as a pilot in the 2017 financial year and will apply to some of our subsidiaries.

REDUCING THE USE OF AIR TRANSPORT

Since 2010, the Group has continued its efforts to reduce the use of air transport and, wherever possible, to carry its goods by sea, rail or road transport instead. In 2010, air freight represented 5% of volumes transported. In the 2016 financial year, only 1.6% of volumes were transported by air (compared with 2.5% in 2015).

*% reduction per unit delivered. This relates to the transport of inputs (raw materials and packaging), internal transport (between the two production sites, to subcontractors and to overflow warehouses) and downstream transport (to our subsidiaries). Reduction observed between the 2010 and 2014 financial years. ** % reduction per unit of material produced.

BREAKDOWN OF CARBON EMISSIONS PER CATEGORY - Financial year 2014



PROMOTING SUSTAINABLE TRAVEL SOLUTIONS

In 2008, a green transport plan was launched in our production sites and at our site in Paris and at our head office in Geneva. Many initiatives are undertaken each year to raise awareness among our employees and encourage them to give priority to less polluting modes of transport. Overall, during the 2016 financial year, 30% of employees on these sites used «soft», eco-friendly transport (buses, company shuttle bus, bikes, carpooling).



REDUCING WASTE

RECYCLING IN OUR FACTORIES

The Group is committed to limiting the amount of waste produced in its factories. To manage its waste as well as possible within the framework of production, the Group monitors levels of waste per waste disposal method (landfill, incineration and recycling) on a monthly basis. In all, for the 2016 financial year, 69.8% of waste produced on our industrial sites was recycled (see details in the appendix).

Our objective is to continue our efforts to increase the proportion of recycled waste and reduce landfill waste to zero.

RECYCLING IN OUR STORES

We are working on ways to recycle our products in partnership with an innovative company specialized in processing difficult-to-recycle materials, called Terracycle. In 2014, a programme to recycle our empty containers was

launched in our L'OCCITANE and Melvita stores in France. The aim of this programme is to encourage our customers to recycle. Since its launch, almost 15,000 containers have been collected and recycled.

In March, this programme was also launched in Australia. The objective for 2017 is to extend this programme to other subsidiaries.

TRIMAN RECYCLING LEGISLATION

Since January 2015, in accordance with French law, companies have had to inform consumers of the recyclability of a product sold in the French market. To encourage recycling, specific pages with sorting and recycling recommendations have been created for the French websites of the Group's different brands.

IMPROVE OUR FORMULAS AND PACKAGING

ECO-FRIENDLY FORMULAS

Our formulas are developed in accordance with rigorous guidelines, with respect for man and the environment. We always give priority to natural ingredients. Over 300 plant-derived ingredients are used in our formulas, a quarter of which are organic. These are incorporated into our formulas at the best level of concentration.

92% of the products launched this year contain at least 90% natural ingredients, while 57% contain over 95%.



MORE SUSTAINABLE PACKAGING

As part of our continued efforts to reduce the environmental impact of our packaging, much of our packaging is made with recycled materials or uses resources that are renewable or from sustainably managed forests. We also design packaging that is easy to recycle and we produce eco-refills.

Our packaging contains, on average, 20.6% eco-friendly materials (recycled or recyclable).

Since 2011, eco-refills have also been offered for some of our products, which use up to 90% less plastic than the original product. There are thirteen eco-refills available in L'OCCITANE stores.



USING RESOURCES EFFICIENTLY

ENERGY AUDITS

Statutory energy audits were carried out, starting this year, at our industrial sites and company-owned L'OCCITANE stores in France, with the aim of identifying areas for improvement with regard to energy efficiency. An action plan was developed around two major themes: optimizing and insulating production equipment, and using a building management system to monitor and control temperature.

At the Manosque site, the aim is to reduce our electricity consumption by 2% by 2017.



REDUCING ELECTRICITY CONSUMPTION

Electricity consumption is highest at the industrial sites and in our stores (see details in appendix).

Our production site in Lagorce and our stores in France have a contract with a renewable electricity provider. We have also installed photovoltaic panels on our two factories. When we renovate our stores, we systematically integrate 100% LED (Light Emitting Diode) lighting. 586 stores have been equipped with LED lighting, representing 28% of our outlets.

In addition, since 2009, the signs on all of our company-owned stores in France have been switched off between 10 pm and 7 am.

Finally, the carbon footprint analysis due to be conducted in 2017 will enable us to go even further, to measure energy consumption in our subsidiaries and to set up action plans to further reduce our environmental impact.

ZOOM Q

Divine Harmony: the very best for the skin – and for the planet.

In September 2016, L'OCCITANE is launching the Divine Harmony Serum and Cream. The packaging for these products is high-tech, stylish, practical and environmentally friendly. Eco-refills are available for both products, and can be replaced time and time again. A Serum with two refills uses 54% less material than three Serum jars.



PRESERVING BIODIVERSITY

Biodiversity is a major issue in the 21st century. Limiting the environmental impact of our activities and protecting biodiversity are an integral part of the Group's values. Moreover, the Group is particularly involved in protecting the natural heritage of the Mediterranean.

SUSTAINABLE SOURCING

Whenever possible, the Group uses ingredients that come from responsible supply chains. For several years, it has worked to set up sustainable supply chains through the *Sustainable Communities* programme (more information in the Sustainably sourcing our ingredients section).

MOVING FORWARD WITH PARTNERS

As part of its commitment to protecting biodiversity, the Group works with outside organizations and experts.

Since 2012, for example, it has supported the «Sauvegarde du Patrimoine Lavandes en Provence» endowment fund, which finances programmes aimed at finding ecological solutions to save lavender in the face of the challenges posed by climate change.

More recently, it established a partnership with the STARESO marine research station, to protect algae along the Corsican coast and, on a wider scale, support marine research in the Mediterranean.



ZOOM Q

STARESO and L'OCCITANE : a partnership dedicated to protecting marine biodiversity

Corsica is home to extraordinary areas of natural beauty. Observation and knowledge of nature have always guided the development of the L'OCCITANE brand. Over the years, strong partnerships have been forged with organizations known for their actions to protect our botanical heritage. The partnership that began in 2015 with STARESO has opened up a new territory for L'OCCITANE: the marine world.

The L'OCCITANE Group is working with STARESO on its overall project, and particularly its work to protect the coastal algal communities, to which *Jania rubens* (one of the key ingredients in our new Divine Harmony range) belongs. The STARESO project also includes looking at the threats linked to changes in these communities.





02

RESPONSIBLE PURCHASING AND QUALITY

<p>TRACEABILITY</p>  <p>71 TRACEABLE INGREDIENT SUPPLY CHAINS representing almost 450 hectares of cultivation.</p>	<p>PARTNERS</p>  <p>We work directly with over 130 FARMERS and over 10,000 PICKERS</p>	<p>RESPONSIBLE PURCHASING TRAINING</p>  <p>OVER 50 PEOPLE have been given training in responsible purchasing and product eco-design</p>
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PURCHASING RESPONSIBLY

Being a responsible business partner for subcontractors and suppliers is one of the Group's priorities. The Group's purchasing policy is based on several elements: a code of ethics, requesting certifications and auditing suppliers when necessary, providing training for purchasing staff and building up long-term relationships with key suppliers.

ESTABLISHING A CODE OF ETHICS

Since 2011, Laboratoires M&L has been signatories to the United Nations Global Compact, and hence fair practices and fighting corruption are also among the company's concerns.

A Code of Ethics has existed since 2009. It is based on standards of practice (respect for the law, fair treatment and transparency, health and safety in the workplace, respecting the rights of employees, respect for the environment) and standards of conduct (professional responsibility, confidentiality, conflicts of interest, relationships with clients and suppliers, political activities).

Since its creation, this Code of Ethics has been available to employees, the management team, human resources managers and staff representatives.

A RESPONSIBLE PURCHASING PROCESS

We have set up a process aimed at selecting responsible and accredited suppliers and subcontractors.

Laboratoires M&L, which is responsible for the production of cosmetic products, sources most of its supplies in France and in Europe. For regions where the national and regional legal frameworks are not excessively burdensome, recognized international certifications such as the Business Social Compliance Initiative (BSCI) or SA8000 are requested of suppliers in order to ensure that they adhere to specific standards for working conditions.

The Group also gives recommendations to all subsidiaries, throughout the world, with regard to responsible purchasing: environmentally friendly materials, norms and values of suppliers, etc. For example, for all printed materials (posters, brochures, etc.), the Group asks its subsidiaries to only use paper and card from sustainably managed forests. Audits are regularly conducted to ensure that recommendations are implemented.

TRAINING IN RESPONSIBLE PURCHASING

Many areas of activity are involved in the purchasing process, from defining needs to following up with the accredited supplier.

Since 2012, in-house training sessions have been organized by the purchasing department of our French subsidiary, Laboratoires M&L. These sessions are aimed at all the teams concerned, to provide them with knowledge, tools, and an understanding of the Group's vision of responsible purchasing and eco-designed products. All of the purchasers working for the Laboratoires M&L are given training to inform them of the necessity of integrating social and environmental criteria when choosing a new supplier, with the help of the tools available (CSR Charter, social audit, etc.).

This year, 50 people were given training in responsible purchasing and eco-design. In all, over 110 people have received training in these areas since 2012.





WORKING WITH AND RAISING AWARENESS AMONG SUPPLIERS

The Group's relationship with its suppliers goes beyond business. It builds long-term relationships of mutual trust, to ensure that it has complete control over all of its purchases. Audits showed that it was systematically difficult to have control of indirect suppliers (subcontractors of our suppliers or traders). For this reason, the Group is working to have more control over the entire production chain by establishing a true long-term partnership with its suppliers.

Through this relationship of trust, it can ensure that:

- it is informed, in complete transparency, when suppliers call on subcontractors (so that we can audit them if necessary);
- it can work closely and efficiently with suppliers to ensure that store openings and window displays are completed and ready on time.

A dedicated team is based in China, so it can visit suppliers in the region to conduct social and quality audits.

EFFECTIVELY MANAGING OUR ETHICAL AND RESPONSIBLE PRACTICES

This year, the Group began working with Sedex – a non-profit making organization dedicated to driving improvements in ethical and responsible business practices in global supply chains.

Sedex offers an online system that makes it possible to collect and analyse information about ethical and responsible business practices within our supply chain. A partnership will be signed in the 2017 financial year.

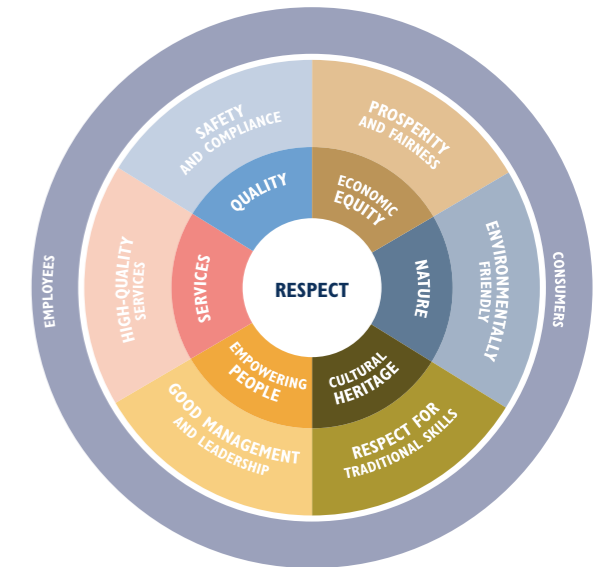
SUSTAINABLY SOURCING OUR INGREDIENTS

The Group sees nature as an inspiration and uses the natural properties of plants to drive innovation. A team of agricultural experts is dedicated to sustainably securing plant supply chains. It works on the ground, directly with producers, focusing on the continuous improvement of supply chains. We forge long-term partnerships that are built on trust and respect.

THE « SUSTAINABLE COMMUNITIES » APPROACH

We are committed to upholding the Group's values through the ways in which we source our plants.

With this in mind, we developed Sustainable Communities – a set of programmes that involves developing the Group's supply chains, with the aim of covering all sustainability challenges.



TRACEABILITY

We strive to purchase local products whenever possible, in order to reduce our carbon footprint and support local business, for the benefit of the social fabric of the region.

We give priority to small, integrated networks, to have complete control over the traceability of extracts, from the seeds right up to the finished product.

QUALITY

Growing, harvesting, drying and storage conditions all have an impact on the purity of plant materials. We guarantee their quality through specifications that are drawn up with our analytical, quality and regulatory departments, and with the help of our technical partners on the ground.

Our key ingredients are, for the most part, organically derived, to guarantee the absence of chemical inputs.

The harvesting of wild plants is governed by sustainable harvesting guidelines, to protect the integrity and habitat of these plants.

SUSTAINABILITY

Our work requires respect for both man and the environment. We make no compromises with regard to the protection of endangered species and the skills of communities.

We do not patent ways of using ingredients that are based on traditions (biopiracy), but carry out new effectiveness tests and work on combinations of ingredients to meet cosmetic needs.

FAIRNESS

For our key ingredients, we build partnerships that are strengthened, whenever possible, by multi-year contracts with our producers. These contracts guarantee them a minimum purchase volume, which ensures that they have a reliable, lasting outlet for their produce, at a price that is agreed by all parties.

The fairness of our partnerships can also be found in our North-South trade. Several of our supply chains (shea butter; argan oil, orange blossom floral water) are fair trade approved* and we donate a percentage of the purchase price of the raw material to local development projects.

* According to the ESR standard (Fairness, Solidarity and Responsibility) developed and controlled by ECOCERT Environnement and available at www.ecocert.com.

THE IMMORTELLE SUPPLY CHAIN IN CORSICA

To avoid putting too much pressure on natural areas and to secure supplies of this ingredient, we set up the very first large-scale organic immortelle plantation programme in 2004.

To ensure the sustainability of this supply chain, this year the Group focused on two areas.

- **Technical support for producers:** some 20 field missions were carried out to work with our partners and help them to adopt good cultivation, harvesting and distillation practices (for example, showing them how to use mechanical weeding equipment or setting up a composting unit on one of our partner's sites);

- **Diversifying the income of producers** by finding ways to use the coproducts of immortelle or working with them to find other suppliers to purchase their plants.

10 partners farmers and distillers, with production contracts covering 5 to 7 years.

THE LAVENDER SUPPLY CHAIN IN PROVENCE

The Group acts in two main ways to help keep the lavender industry alive and well:

- **supporting production** through five-year contracts with over twenty producers;

- **contributing to an endowment** finding to lavender, created in May 2012 to support find ecological solutions to save lavender in the face of the challenges posed by climate change.

**Over 4 tons of fine lavender essential oil purchased (including 3.5 tons that carry the PDO label).
Contracts with over 20 producers.
Around 250 hectares of cultivation.**

* Protected Designation of Origin.



THE ALMOND SUPPLY CHAIN IN PROVENCE

In the 1930s, the almond tree had virtually disappeared from the Provençal landscape, despite being such a strong symbol of the region. By purchasing our almonds from producers in the South of France, we are helping to revive the cultivation of almond trees, to bring this exceptional heritage back to life. In 2015, we signed another three-year contract with one of our producers.

In addition to our commercial involvement, we are taking part in a project to revive this industry, which involves all of the technical partners in the region.

THE FAIR TRADE SHEA BUTTER SUPPLY CHAIN IN BURKINA FASO

The Group works with women from ten different provinces in Burkina Faso in a joint-development partnership. This partnership has been strengthened as the group's involvement has grown, with positive results locally.

Purchase volumes multiplied by 7 in the last 10 years.

Over 10,000 direct beneficiaries.

3% of the price of the butter allocated to a community development fund.

The Group is continuing with its three-year strategy, focused on three areas.

- **Protecting the resource**, with the creation of certified -organic shea parklands, as well as collection and nut-processing centres. The aim is to enable women to have worry-free access to the biological resource and collectively manage areas where the shea tree grows, with the involvement of local players.

The first phase made it possible to provide an assessment of areas with high shea butter potential by an external partner for our partner cooperative unions. The second phase, which involves securing areas where the shea nuts are collected, in partnership with local authorities and the shea butter women, is now beginning.

Thus, by the end of the project, women will have access to certified-organic secured areas, where they can collect the shea nuts.

This will make it possible to meet the needs of L'OCCITANE (which is committed to purchasing 100% organic shea butter by 2018) but also to meet the needs of other potential customers.

- **Producing responsibly**, with continued efforts to support mechanization and reduce environmental impacts throughout production and processing. Within this area, the group is working with the NGO RONGEAD.

- **Giving added value**, by developing the links in the downstream chain of this industry in Africa and, through the L'OCCITANE Foundation, promoting women's leadership (literacy and micro-credits).





THE FAIR TRADE ARGAN SUPPLY CHAIN IN MOROCCO

Since 2006, the Group has sourced its organic argan oil for the Melvita brand from a family business that forges close links with the women in charge of gathering and shelling the fruits of the argan tree.

To support this supply chain, the Group worked with local partners to obtain ESR (Fairness, Solidarity and Responsibility) fair trade certification, controlled by ECOCERT Environnement. Two multi-year contracts have been signed with our two local suppliers.

Since 2015, the Group has also been working with the women who collect argan nuts to help them develop a beekeeping activity. This enables them to generate an additional income and, more generally, encourages beekeeping among young people and in the most isolated local communities.

Working in partnership with the French association Man & Nature, as well as the Moroccan NGO AMANAR, the Melvita brand is committed to providing support to help organize training in beekeeping, invest in the materials required for

producing honey, replant melliferous plants and implement initiatives to raise awareness and promote traditional beekeeping skills in order to save bees and protect biodiversity. In 2015/2016, 200 beehives were set up and 240 women from six different cooperatives were given training.

- 40 tons ordered.**
- 250 women involved.**
- 1,500 indirect beneficiaries.**
- 24 jobs supported in the processing units.**

THE GROUP'S PALM OIL COMMITMENT

The Group does not purchase or use palm oil directly in its formulas. However, our soap flakes and certain derivatives may contain it. Since 2011, the Group has been committed to the RSPO* process, aimed at ensuring that the palm oil we source is sustainably produced. In 2015, we continued to reformulate our soaps with RSPO-certified palm oil that meets the most stringent levels of certification. At present, 94.5% of our soap flakes are RSPO-certified.

In 2014, as part of its efforts to ensure even greater traceability, the Group began a study to identify the palm oil-derived ingredients that we use, and their palm oil content. As a result, in 2015, all palm oil derivatives were identified and the Group now knows its overall palm oil consumption.

*Roundtable on Sustainable Palm Oil.

A STRONG FOCUS ON PROSPECTIVE PROJECTS

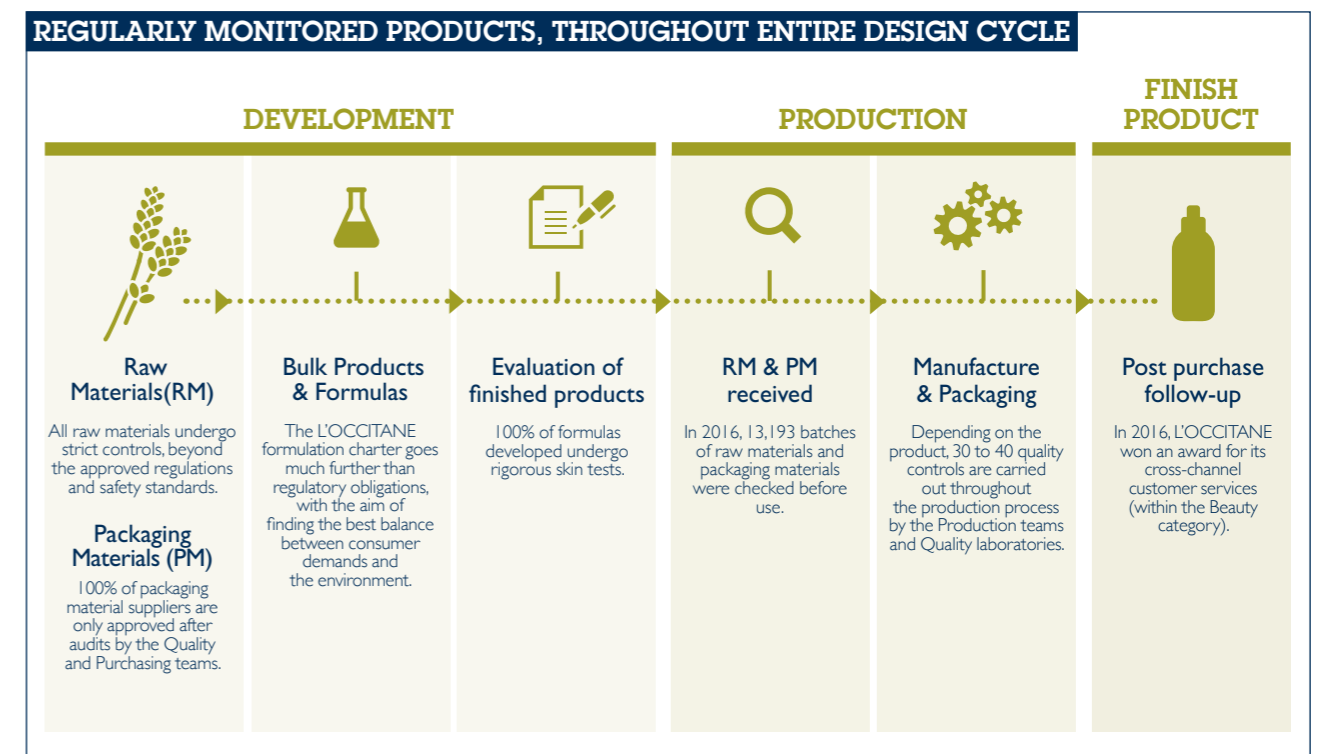
One of the missions of the Sustainable Ingredients department is to find new ingredients with potential for development that come from local and traceable supply chains. 2015 was a particularly dynamic year in this respect, with more than 20 prospective projects.

One of the key areas of focus is the coproducts produced by our existing supply chains. Finding ways to use such coproducts is consistent with our sustainable development commitments. In general, coproducts provide an additional source of income for producers while also reducing the environmental impact of the production process.

GUARANTEEING THE SAFETY AND QUALITY OF OUR PRODUCTS

The quality and safety of our products are among our key priorities. Tests are carried out throughout the different stages in the development of our products, which undergo many controls during their manufacture (see diagram).

If, despite all the efforts and care taken during these stages, we are unable to achieve customer satisfaction, we carefully follow up and do our best to resolve any complaints made about the quality of our products or relating to their safety (cosmetovigilance).



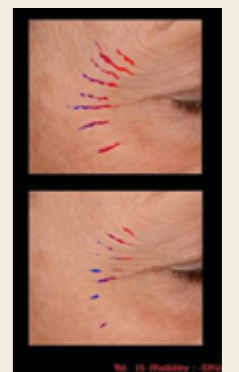
ZOOM Q

The Skin Biology department, at the cutting edge of innovation.

The effectiveness of our natural active ingredients is evaluated at an early stage, in vitro, using skin cell cultures – a very modern predictive method. Using models that closely resemble human physiology is important if we are to predict the effectiveness of our natural active ingredients as well as possible. With this in mind, the Skin Biology department has set up methods to reconstruct human skin in vitro.

Natural active ingredients can be tested every day by applying them to reconstructed, developing skin for up to six weeks, thus mimicking the repeated application of a potential future cosmetic product.

Any skin benefits observed are used to determine the best active ingredients and the ideal active dose of the natural active ingredient, which will then be integrated into the finished products. Clinical tests on volunteers in Europe and Asia are then carried out, to confirm the overall performance of our products.





03

SOCIAL RESPONSIBILITY

CREATING OPPORTUNITIES AND OFFERING A MOTIVATING WORK ENVIRONMENT

The Group places great importance on having a good dialogue with employees and has set up action plans with the aim of building a responsible company that knows how to draw strength from diversity.



« GREAT PLACES TO WORK »

This year, several of the Group's subsidiaries took part in the Great Place to Work survey. This employee and company culture survey enables us to identify our strong points in terms of well-being at work, as well as areas for improvement.

More than just a measuring tool, the Great Place to Work initiative enables the Group to have regular exchanges with other member companies and to share best practices.

In all, over 50% of our employees in the Group have already been able to give their feedback and contribute to our continuous improvement approach with regard to this subject. Improvement initiatives will be launched in 2016.

Some of our subsidiaries have been committed to this approach for several years. For example, every year since 2012, L'OCCITANE UK has been named a «UK Top Employer» by the Sunday Times, featuring in its list of the «100 Best Companies to Work For».



INCREASE EMPLOYMENT

The Group employs more than 10,000 persons over the world, offering opportunities for young professionals to start their careers in the retail industry.

GREAT PLACE TO WORK



50%

OF THE GROUP'S EMPLOYEES have been surveyed and been able to make their contribution to building a company that's a great place to work.

TRAINING



86.5%

OF EMPLOYEES of the Group's French subsidiary attended at least one training course in 2015.

DIVERSITY



Laboratoires M&L has employed the equivalent of 6.83%

DISABLED WORKERS.

ENSURING THE HEALTH AND SAFETY OF OUR EMPLOYEES

The health of our employees and their safety on our sites is of the utmost importance. The Santé & Environnement au Travail (health and the environment at work) prevention policy is implemented at each production site, so that any problems or malfunctions can be dealt with directly.



During the 2016 financial year, Laboratoires M&L began addressing the requirements of the OHSAS 18001 occupational health and safety management system, with the aim of obtaining certification for its two production sites in the 2017 fiscal year.

Laboratoires M&L includes prevention and action strategies in the annual Prevention and Safety at Work plan, which is shared with social partners during the HSWC (Health, Safety & Working Conditions) committee meetings.

Many preventative measures (noise, position and posture, psychosocial risks, etc.) are implemented in consultation with the occupational health team, and are regularly covered during HSWC meetings, as well as specific and multidisciplinary working group meetings.

DEVELOPING TALENTS

One of the priorities of the Group's Human Resources department is to build solid, committed teams by taking concrete measures to help them develop their skills. It offers its employees training and professional development opportunities to improve their performance and employability.



Within the French subsidiary, Laboratoires M&L, 86.5% of employees were given training in 2015. For the year ended December 31, 2015, spending on training represented 2.66% of total payroll.

Overall, Laboratoires M&L has invested almost €1,277,000 in training.



PROMOTING DIVERSITY WITHIN TEAMS

The Group firmly believes that the richness of a team resides in its diversity – not just in terms of gender, but also in terms of employing disabled workers.



In October 2014, the French subsidiary, Laboratoires M&L, formalized its commitment to diversity when it signed the French Diversity Charter, which is backed by the public authorities. This charter consists of six articles, and guides companies through the process of implementing new practices, focused on recognizing and utilizing individual skills.

INCLUSION OF DISABLED WORKERS

On our industrial sites, for many years, the French subsidiary has gone beyond the regulations related to integrating people with disabilities. In 2015, Laboratoires M&L employed the equivalent of 6.83% disabled workers.

In addition, a team seconded from an «ESAT» vocational centre, consisting of 12 people, works at the Manosque site all year long, alongside the Quality and Internal Operations teams and Subcontractors department.

PROMOTING GENDER EQUALITY

Laboratoires M&L has gone further than current regulations by signing a gender equality agreement in 2014, with a three-year action plan. In January 2016, it also signed a « Contrat pour la mixité des emplois et l'égalité professionnelle entre les femmes et les hommes » (a contract focused on gender equality and diversity in the workplace) with local authorities, to support the appointment of women to management positions.

FIGHTING DISCRIMINATION

Since 2016, Laboratoires M&L has been a member of IMS-Entreprendre pour la Cité – a network of companies working together with the aim of fighting discrimination. Laboratoires M&L is also a partner of Passeport Avenir – an association that works with young people from lower-class backgrounds to help them succeed academically and professionally.



04

OUR CONTRIBUTION TO THE COMMUNITY

<p>HELPING OTHERS</p>  <p>500,000 PEOPLE received eye care, and 13,000 WOMEN have been given support to help them develop their business</p>	<p>GETTING EMPLOYEES INVOLVED</p>  <p>OVER 200 EMPLOYEES have got involved with charities and associations</p>	<p>DONATING PRODUCTS</p>  <p>28 PALLETS OF L'OCCITANE products have been distributed to at least 687 CHARITIES</p>
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BEING A SOCIALLY RESPONSIBLE AND PHILANTHROPIC COMPANY

Every year, we give support to many initiatives and public interest projects by working with various organizations – as well as through philanthropy programmes that are supported by the Group.

ZOOM Q

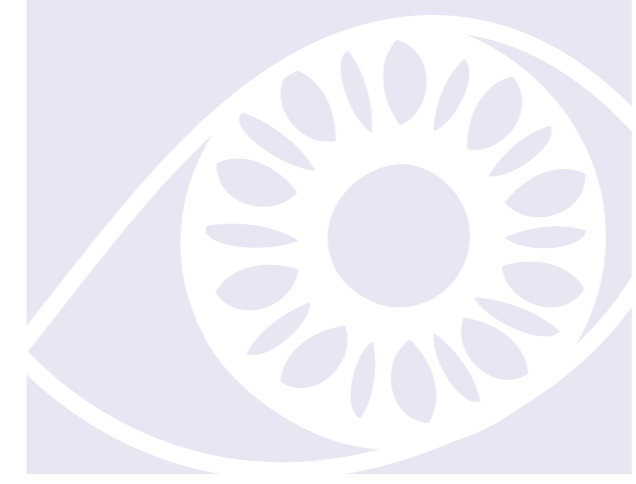
The UNION FOR VISION programme – objective: 10 by 20

Through its flagship UNION FOR VISION programme, the L'OCCITANE Foundation focuses on fighting preventable blindness by improving access to quality eye care throughout the world.

Working in partnership with expert NGOs, this programme supports research, training for medical teams, vision screening, treatments and surgical operations, as well as awareness campaigns.

L'OCCITANE employees in subsidiaries also get involved: we have 20 contacts supporting NGOs in their own countries.

Our objective is to provide eye care to 10 million people by 2020.



L'OCCITANE PHILANTHROPY

THE L'OCCITANE FOUNDATION

Created in 2006, the L'OCCITANE Foundation invests in three areas: the fight against preventable blindness, women's leadership and protecting natural heritage. It also works with about twenty Group subsidiaries that wish to get involved in local projects. This year, the Foundation was able to support 44 projects within its three fields of action, representing a budget of €1,359,764.

500,000 people were able to receive eye care, while 13,000 women were given support to help them develop their business.



THE L'OCCITANE FUND

The L'OCCITANE Fund was set up in 2011, following the Japanese tsunami. It has raised two million euros from group employees and shareholders to support reconstruction projects in devastated areas. This year, the Fund continued to support its project to strengthen communities, working with the NGO KENKO, to which it granted €44,565.



MELVITA PHILANTHROPY

For over 30 years, Melvita has been committed to protecting the environment. Since 2010, it has supported public interest initiatives through a philanthropy programme focused on protecting biodiversity and safeguarding the future of bees. Its projects take an agroecological approach, and help to build communities and promote social integration.

In 2015, Melvita allocated €60,000 to support the «Argan Bees» and «Cocagne Bees» programmes. The Argan Bees programme involves working in partnership with the NGO Man & Nature, to develop beekeeping among the women's cooperatives in the argan oil industry. The Cocagne Bees programme is dedicated to developing beekeeping in organic market gardens that help integrate people back into the workplace.



ZOOM Q



The Cocagne bees project

Melvita joined forces with the Réseau Cocagne network to develop beekeeping in organic gardens that promote social reintegration. Beekeeping is a natural continuation of the market gardening activity and an excellent teaching tool that can help people with social difficulties to integrate back into society.

In 2015-2016, €30,000 were invested in the Réseau de Cocagne. This made it possible for eleven gardens to train fifteen technical supervisors, to work with 38 employees on the project (including 15 who are being given support to get back into the workplace), to purchase 74 hives and to raise awareness among some 2,000 people within the framework of an environmental education programme.

LE COUVENT DES MINIMES PHILANTHROPY

In 1862, the Convent of the Minims was transformed into a hospice by the Franciscan Missionaries of Mary. Today, the Le Couvent des Minimes brand is dedicated to continuing the hospice's long tradition of sharing and generosity.

To show how much it cares, Le Couvent des Minimes donates 1% of its annual sales to the charitable organisation, EDOMI, to support children's aid and healthcare projects around the world.

This year, €77,310 were donated to fund five humanitarian projects in India, Brazil, Vietnam and Kenya. Over 520 people were able to benefit.

GETTING EMPLOYEES MORE INVOLVED

Alongside its philanthropic projects, the Group also encourages its employees to «do their bit». Some of our affiliates have set up a specific Employee Commitment Programme, which enables employees to take one day «off» a year to get involved in a community project.

This year, over 200 people did their bit, either by taking a day «off» as part of this programme or by helping a charity or community organization during their own time.



ZOOM Q

A new, promising project in Kenya

This year, le Couvent des Minimes began supporting a training centre project in Kakuma – a poor area in north-western Kenya. The aim of this centre is to provide training in different areas for Kenyans and numerous refugees of various African nationalities, to help them get into the workplace.

DONATING PRODUCTS

For the past five years, our French subsidiary has been a partner of the Dons Solidaires association, which collects basic necessities from companies and redistributes them to people who are facing financial or personal difficulties.

This year, 28 pallets of products were donated to Dons Solidaires, which works in partnership with Gifts In Kind International to distribute these products throughout Europe. 317 charities in France received products, as well as 297 in the United Kingdom and 73 in Germany.

APPENDIX 1: HONG KONG STOCK EXCHANGE ESG SUBJECTS AREAS, ASPECTS, GENERAL DISCLOSURES AND KPIS – CORRELATION TABLE

COMPLY OR EXPLAIN PROVISIONS	GROUP L'OCCITANE DISCLOSURES
A. ENVIRONMENTAL	
Aspect A1 : Emissions	
<p>General disclosure Information on: - the policies; and - compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p>KPI A1.1 The types of emissions and respective emissions data.</p> <p>KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).</p> <p>KPI A1.5 Description of measures to mitigate emissions and results achieved.</p> <p>KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.</p>	<p>Policy & actions to reduce our products & activities environmental impacts => page 7</p> <p>Our main emissions are CO₂ emissions => page 7</p> <p>76,300 tons of CO₂ (in 2014) => page 7</p> <p>We follow the quantities of waste that have been recycled, incinerated and sent to landfill => page 8, page 31</p> <p>We follow the quantities of waste that have been recycled, incinerated and sent to landfill => page 8, page 31</p> <ul style="list-style-type: none"> - Measuring : launch of an international carbon footprint - Air transportation : 1.6% of our good transported by air - Promotion of gentle mobility : 30 % of employees are using low-impact means of transportation => pages 7- 8 <p>We follow the quantities of waste that I have been recycled, incinerated and sent to landfill => page 7</p>
Aspect A2: Use of Resources	
<p>General disclosure Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).</p>	<p>To have an efficient use of resources, we did an energy audit => page 9</p> <p>Electricity is our main energy consumption. We implement several actions to decrease its consumption => page 9, page 31</p>

<p>KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).</p>	<p>Total water consumption => page 31</p>
<p>KPI A2.3 Description of energy use efficiency initiatives and results achieved.</p>	<p>Electricity consumption & use efficiency => page 9, page 31</p>
<p>KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.</p>	<p>Not relevant in our activity</p>
<p>KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</p>	<p>Our packaging contain 20.6% of ecological material => page 9</p>
Aspect A3: The Environment and Natural Resources	
<p>General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.</p> <p>KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</p>	<p>Reduction of our emissions, our wastes, eco designing formulas and packaging and resources use efficiency => pages 7 - 9</p>
B. SOCIAL	
EMPLOYMENT AND LABOUR PRACTICES	
Aspect B1 : Employment	
<p>General Disclosure Information on: - the policies; and - compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	<ul style="list-style-type: none"> - Compliance with French law for our production sites - Diversity policies & KPI's => page 23 - Recruitment and opportunities => page 21
Aspect B2: Health and Safety	
<p>General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</p>	<ul style="list-style-type: none"> - Respect of French law - Commitment to obtain OHSAS 18001 certification for the two production sites

Aspect B3: Development and Training	
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	86.5% of our French employees have received a training => page 22
Aspect B4: Labour Standards	
General Disclosure Information on: - the policies; and - compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	- Ethical charter => page 13 - Support to the ten principles of the Global Compact => page 4 - Respect of Employment French Laws
OPERATING PRACTICES	
Aspect B5: Supply Chain Management	
General Disclosure Policies on managing environmental and social risks of the supply chain.	Sustainable ingredients supply chain => pages 15 - 18
Aspect B6: Product Responsibility	
General Disclosure Information on: - the policies; and - compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Tests & controls on products => page 19
Aspect B7: Anti-corruption	
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	- Ethical charter for suppliers => page 13 - Responsible purchasing process => page 13 - Responsible purchasing training & awareness => page 13 - SEDEX partnership => page 14
COMMUNITY	
Aspect B8: Community Investment	
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Several philanthropic programs are implemented every year => pages 25 - 27

APPENDIX 2 : WATER CONSUMPTION IN M3 AT OUR INDUSTRIAL SITES

	In m ³	
	FY 2015	FY 2016
MANOSQUE	97,450	97,092
LAGORCE	20,306	23,179

APPENDIX 3 : ELECTRICITY CONSUMPTION IN KWH AT OUR INDUSTRIAL SITES

	kWh		kWh per kU*	
	FY 2015	FY 2016	FY 2015	FY 2016
MANOSQUE	7,419,860	7,201,208	132	147
LAGORCE	3,135,311	3,354,248	60	52

*kU : thousands of units.

APPENDIX 4 : GAS CONSUMPTION IN KWH AT OUR INDUSTRIAL SITES

	kWh		kWh per m ²		kWh per kU*	
	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016
MANOSQUE	8,267,723	8,203,846	20.8	20.4	147	167
LAGORCE	1,128,666	1,262,127	96	85	20	20

*kU : thousands of units.

APPENDIX 5 : LEVELS OF WASTE PER WASTE DISPOSAL METHOD

	% waste sent to landfill		% waste recycled		% waste incinerated	
	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016
MANOSQUE	6	4	60	62	34	34
LAGORCE	14	8	77	82	9	10

THE L'OCCITANE GROUP
CARES

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