



# 2018 Sustainability Report

ORIFLAME  
— SWEDEN —

# Content

Sustainability highlights .....	4
Statement from the CEO .....	6
Geographical footprint .....	8
Sustainability in the value chain .....	10
Sustainability strategy .....	13

## Opportunity for Consultants 16 – 29

Additional income .....	21
Growth and development .....	25
Sense of belonging .....	26
Goals and commitments .....	28

## Respect for Nature 30 – 55

Reducing environmental impact – our journey .....	34
Water .....	36
Forest .....	38
Climate .....	40
Packaging .....	44
Formulations .....	46
Goals and commitments .....	50

## Passion for People 56 – 77

Employee experience .....	60
Human rights .....	64
Consumer safety .....	70
Socially responsible products .....	72
Goals and commitments .....	74

## Communicate and engage 78 – 89

Beautiful Change .....	82
Oriflame Foundation .....	85
Stakeholder engagement .....	88

## Management approach 90 – 100

Organising for improvements .....	94
Materiality .....	95
Supporting the Sustainable Development Goals .....	96
Sustainability risks .....	98
About this report .....	100

# Our Formula

**Oriflame’s business success is built on a simple formula: combine people’s natural desire to improve their lives with the right opportunity, and create real, positive change.**

We are proud to offer people all over the globe the opportunity to make that change. If they share our passion for beauty and wellness, we can help them bring more of it into the world. For most people, this means saving money while enjoying our responsible beauty and wellness products. For others, it means using our direct-selling model to earn an income or to build a business.

Oriflame has a proven business model, perfect for the modern networking world. It is flexible, digital and powered by millions of trusted relationships and recommendations. With low risk we offer “entrepreneurship in a box”.

By accelerating our business, we have a positive impact on people and communities around the world. The value of local entrepreneurship in our global society is well recognised, from the jobs it generates to the skills it nurtures.

More than 50 years in, Oriflame is the choice of three million people. Looking ahead, we are committed to continuing to build on this simple formula – empowering people and enabling positive change around the world.

# Sustainability highlights

## Opportunity for Consultants

More than



distributed to Oriflame Consultants through bonuses and other forms of recognition



Consultants participated in Oriflame Business and Beauty academy training

More than



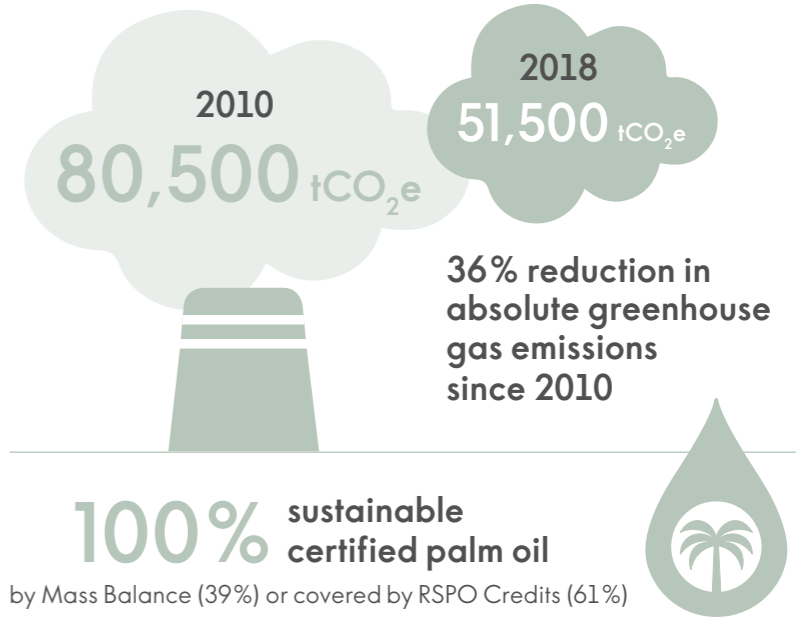
registered Consultants in over



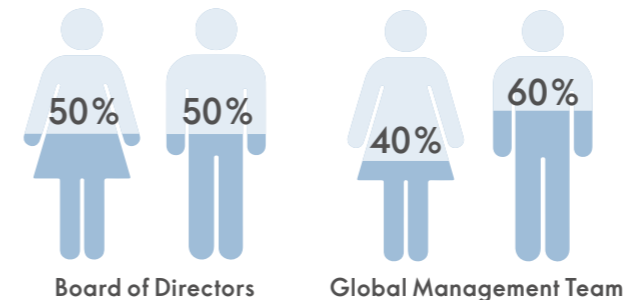
## Respect for Nature

100%

- renewable electricity at all Oriflame operated sites
- natural origin exfoliants in our products
- of raw materials and products in development were screened through our sustainability review process



## Passion for People



of finished goods suppliers use the Supplier Assessment Tool for sustainability performance



# Statement from the CEO

Oriflame exists to fulfil dreams. Since the very beginning, Oriflame has made entrepreneurship accessible. With an attractive joining fee and no need to invest in product inventory, Consultants have the possibility to start using and selling Oriflame products and making money from day one. By providing people from around the world with this business opportunity, we have seen how it creates real, positive change in our Consultant's lives.

During the years ahead, we want to continue to enable millions of people to fulfil their dreams, whilst at the same time reducing any negative impact on the environment.

## Stepping up to the challenge

The last year has featured many extreme global weather events. In Sweden, we were impacted by the storm Alfrida, as well as last summer's drought and the devastating forest fires that accompanied record temperatures. Many scientists are convinced that our increasingly unstable climate is to blame. The Intergovernmental Panel on Climate Change (IPCC) Special Report launched during the fall showed an urgent need for climate action. I feel proud to lead a business that both acknowledges and is proactively responding to this global challenge, and to others.

Our sustainability efforts also help us meet the expectations of our stakeholders. They – quite rightly – increasingly expect Oriflame to act responsibly and respect nature in all aspects of our business. An example of what we have

“I feel proud to lead a business that both acknowledges and is proactively responding to this global challenge”

done this year is to increase our supply of biodegradable rinse-off products, which we initially launched in 2017. In addition, we are sourcing 96% of all our catalogue paper and board packaging from recycled or credibly certified sources.

Further on in this report we share significant climate-related achievements from the past year. I'm proud of reaching our goal for 100% renewable electricity for all Oriflame operated sites, along with the continuing reduction in our absolute emissions by 36% since 2010. In 2018, we also made a commitment to set Science Based Targets, which means our goals will be externally validated to ensure they deliver the change required for our business to operate well within a 1.5 degree rise in global temperatures. Nevertheless, we also need to be clear with the fact that we are a company that encourages people to meet each other, face to face. To a large extent that is done by extensive use of video conference equipment. But we also value, and the business depends on people coming together in real life, not just through digital tools. Given our geographical footprint encompassing more than 60 countries, this means a lot of flying. Under these circumstances, it is with great excitement that we now are drafting a plan to climate compensate for all our remaining measured emissions. As well as sharing

our progress, this report describes our plans and ambitions for the months and years ahead. In 2018, we updated our sustainability strategy to properly capture the positive change that is created through our opportunity.

You will see a step change in the way of our new targets, such as our 2030 goals to halve our environmental footprint per unit of product produced, as well as our goal to use 100% renewable or recycled and recyclable packaging. I'm pleased to say our strategy continues to contribute to the UN Sustainable Development Goals and, of course, supports the Ten Principles of the United Nations' Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

## The path ahead

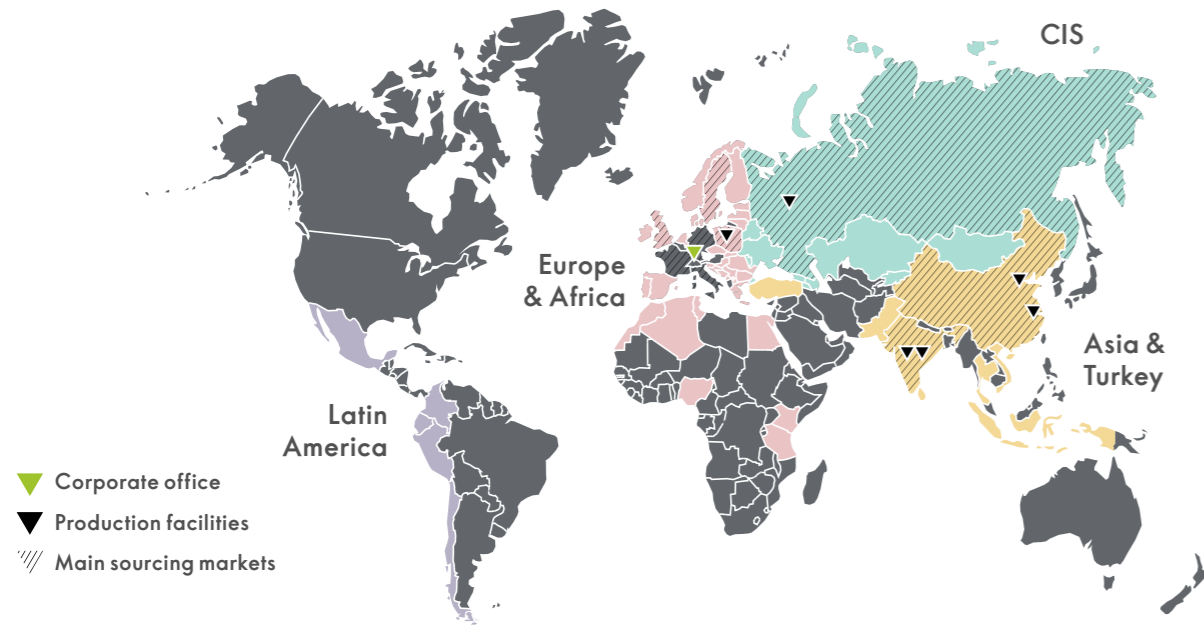
Looking ahead, there are issues we still need to deal with – like our ambitions around plastic waste and the circular economy. Our updated sustainability strategy is designed to help us address these.

As we move forward into the forever uncertain, challenging and exciting future, I believe three principles will keep us on the right path. First, our business' love and respect for nature. Second, our genuine commitment to all the people who come into contact with our business – from employees to Consultants, customers and suppliers. And third, by accelerating our business and providing our business opportunity, we can enable waves of change that positively impact people and communities around the world.

By staying true to these core values, we will build a more beautiful future.

Magnus Brännström, CEO and President

# Geographical footprint



## Our sales markets

We are present in over 60 markets – including markets operated by franchisees – and have identified six of these as strategic markets (Mexico, Russia, Turkey, India, China and Indonesia). To grow our global business further, we are focusing our resources and investments in these strategic markets.

## Production

We have six production facilities in four countries (Poland, China, Russia and India).

## Group Distribution Centres

We have four Group Distribution Centres in four countries (Poland, Hungary, Ukraine and Russia).

## Corporate offices

- Corporate office in Schaffhausen (Switzerland)
- Group Support Offices in Dublin (Ireland), Luxembourg (Luxembourg), Stockholm (Sweden), Stuttgart (Germany) and Warsaw (Poland)
- Global IT Centre of Excellence in Olomouc (Czech Republic)
- GS Finance Centre of Excellence in Warsaw (Poland)

## Supply chain

We source close to 500 million units every year from more than 50 global and regional finished goods suppliers. These are shipped to Oriflame's markets worldwide. Our main sourcing markets are Poland, Russia, India, China, UK, France, Sweden, Italy and Germany. Close to 60% of our product volumes are manufactured in-house.



# Sustainability in the value chain

WHAT IT LOOKS LIKE IN PRACTICE FOR A LOVE NATURE SHAMPOO

Read more about our value chain in the 2018 Annual Report.

## Research and development

- 100% natural extracts and natural origin scrubs.
- Developed with biodegradable formulas. The product was independently tested to ensure compliance with the OECD testing protocol for biodegradability.
- All raw materials have been screened to assess their naturalness, environmental impact and ethicalness.

## Product development

- Packaging developed with more sustainable materials such as 40% post-consumer recycled (PCR) plastic and recyclable packaging.
- Rigorous safety testing undertaken by independent laboratories to confirm consumer safety.
- Developed without intentional genetically modified organisms (GMO's).

## Sourcing and manufacturing

- Manufactured with 100% renewable electricity.
- Purchased palm oil and palm kernel oil-based derivatives are either Mass Balance certified or covered with Book & Claim Credits from Roundtable on Sustainable Palm Oil (RSPO).
- Suppliers are a part of a global supplier evaluation programme to improve sustainability performance.

## Go-to-market

Catalogue paper suppliers are assessed to ensure claims of credible certification or recycled paper.

## Consultants and customers

Sustainability initiatives are communicated to the Consultants through customer-friendly stories – inspiring Oriflame Consultants and customers to make their own contributions towards a better world.





# Sustainability strategy

We have a vision to become a sustainable company. The sustainability strategy is there to help the business succeed while aiming to contribute towards a more sustainable planet.

Our long-term commitment to become a sustainable company is also echoed through our Swedish brand attributes and our focus on using ingredients from nature.

We started updating our sustainability strategy in 2018, with an overall focus on increasing our positive impact whilst reducing any negatives. This decoupling is absolutely fundamental and has led us to the strategy's three core areas: Opportunities for Consultants, Respect for Nature and Passion for People. More explicitly than previously, we want to capture the core of our business model and how the opportunities given to our Consultants convert into real positive change. This can range from a simple increase in disposable income and the social impact this has on a family, to increased business skills, improved self-esteem and confidence, as well as to a newly acquired sense of belonging. Reducing our most significant impact areas is focused around the actions where we have the greatest opportunity and possibility to achieve change. Our newly set target to reduce our environmental footprint per unit of product with 50% by 2030\* demonstrates our serious commitment to eliminating the negatives of our business.

We know that all this is a journey, but recent developments in relation to climate change and biodiversity loss indicate that it has become more urgent than ever to achieve fundamental change.

\*Baseline 2020.

# Three new strategic focus areas

## 1 Opportunity for Consultants

Focusing on the value we can offer our Consultants, this section addresses the income opportunity and subsequent increase in flexibility and freedom. It also highlights empowerment and skills creation, as well as access to a local and an international community of likeminded people.

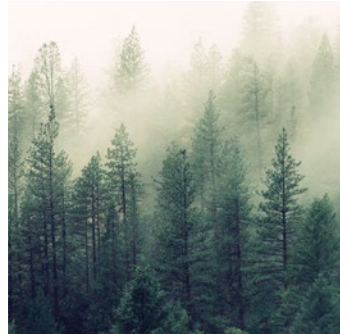
*Read more about our Opportunity for Consultants on pp. 16–29.*



## 2 Respect for Nature

In this part of the report we address the environmental aspects of our business, such as packaging and formulations, as well as the impact our business has on forests, water and climate.

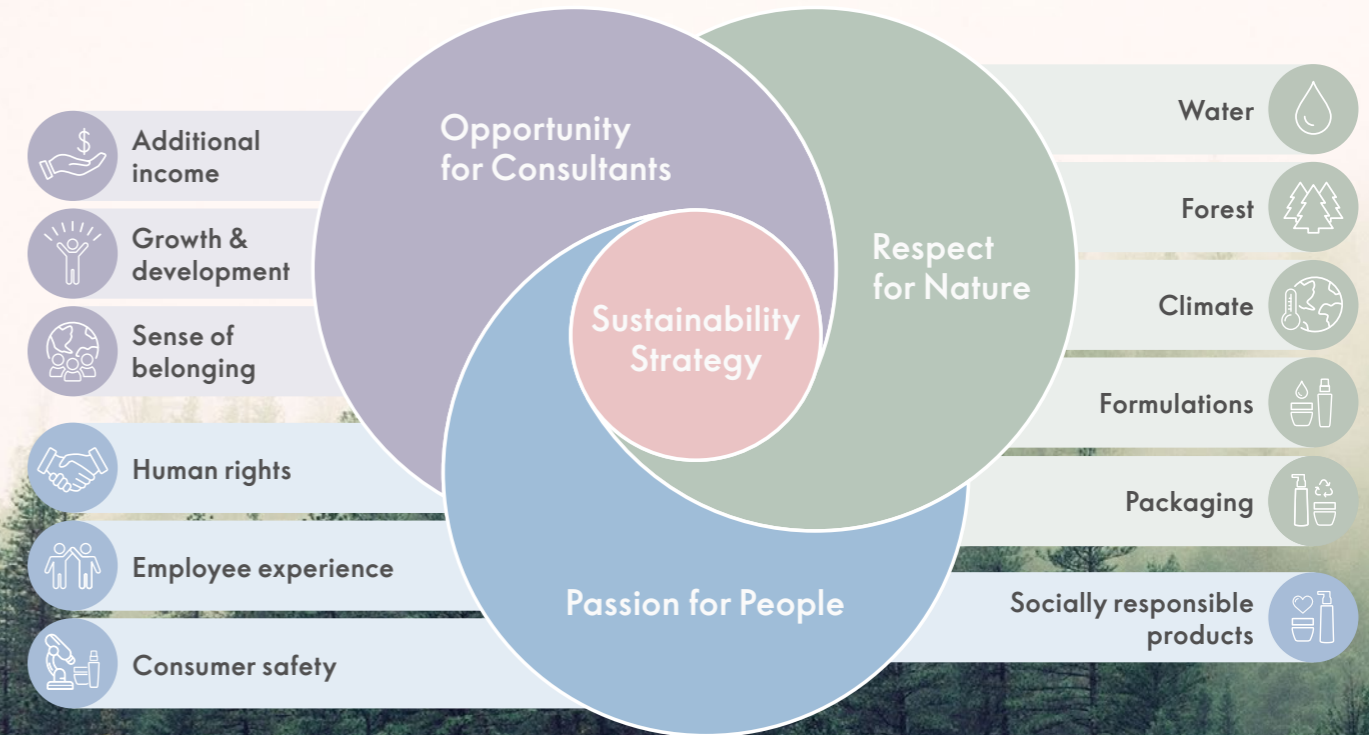
*Read more about our Respect for Nature on pp. 30–55.*



## 3 Passion for People

This section covers everything related to sustainability and people across our value chain – from our consumers and Consultants, to our employees and our suppliers' employees. This includes our supplier Code of Conduct, our consumer safety work and our efforts to create socially responsible products.

*Read more about our Passion for People on pp. 56–75.*



### Strategy structure

The three core areas Opportunity for Consultants, Respect for Nature and Passion for People are underpinned by 12 subareas which contain 47 targets with different time horizons. Most new targets are set for 2025. We have also created a couple of 2030 targets to push ourselves further, and to align with the United Nations' Sustainable Development Goals in Agenda 2030.





# Opportunity for Consultants

**Our business reaches more than three million Consultants every year, giving us a truly unique opportunity to touch lives. This is central to Oriflame's business model, and at the core of our sustainability strategy.**

The impact our business has on people's lives is exciting. Every week we are impressed by testimonials from our Consultants. Social selling gives people – most often women – a real opportunity to earn an income within a more flexible framework than traditional employment, and combine it with childcare, studies or working from home. One of the most important advantages is the flexibility and freedom that our Consultants get from the business opportunity.

Furthermore, when someone becomes an Oriflame Consultant, they get access to a network, to trainings, to meetings and events. They also earn recognition, which boosts their self-esteem and confidence, as well as their abilities.

All these benefits enable development, in places where this impact plays a more important role. To keep moving forward, we want to continue bringing positive sustainable change to our Consultants' lives while contributing to economic development.

Our vision is to become the #1 Beauty company selling direct. By reaching for this goal, our business will become even more accessible to people around the world. This opportunity, together with people's natural desire to improve their lives, will create real, positive change.



“I wanted to earn some extra money. I needed a source of income that would not interfere with my studies, and I believed in Oriflame Opportunities.”

**Marcelina Kostrzycka**  
Diamond Director, Poland



“It’s lots of fun and I meet new people every day. I have an opportunity to showcase my talent – awards, recognitions, world travel – enough reasons to join Oriflame.”

**Sadhana Dey**  
Senior Manager, India

## Why did you join Oriflame?



“Initially, I wanted to change my life for the better. After my success, now I want to help many others achieve a better life.”

**Oktavianus Yudistira**  
Executive Director, Indonesia



“I wanted to be financially independent, grow and be successful. I strongly believed that Oriflame would give me this opportunity.”

**Anastasia Turcanu**  
Manager, Moldova



## Additional income

Oriflame’s business model creates value by offering people around the world the chance to improve their lives: enabling entrepreneurial opportunities for Oriflame Consultants as well as a unique shopping experience for customers. In 2018, Oriflame had more than three million registered actives in over 60 countries, generating annual sales of around €1.3 billion.

Anyone can become an Oriflame Consultant, if they live in one of our markets around the world. They can save money on the products they purchase for themselves and their families and either earn a little extra income through part-time work or go full-time and develop a career in direct sales. Most Consultants choose the former option.

In addition to the immediate profit of around 20% that Consultants make when they sell a product, we also distribute bonuses and other forms of recognition. In 2018 we distributed more than €370 million, a decrease from €390 million in 2017. Because the majority of Oriflame Consultants are women living in developing countries, this type of additional income can make a big difference to their lives. For example, it may increase their income and give them more independence.

### Trustworthy business partner

It is of the utmost importance to Oriflame that we act as a trustworthy business partner towards all Oriflame Consultants.

Oriflame is a member of both the Direct Selling Association (DSA) in the countries it operates and the World Federation of Direct Selling Associations (WFDSA), which is chaired by our CEO. As a member of WFDSA, Oriflame pledges annually to abide by the Code of Ethics outlined by the Federation. The Code of Ethics is a set of guidelines which ensures that companies operating in the direct selling industry treat their sales force and customers ethically and fairly.


As part of the process to become a Consultant, everyone must sign and comply with the Oriflame Code of Ethics and rules of conduct. In line with Oriflame ethical standards, Oriflame Consultants are expected to, and shall comply with any and all legal requirements of the country where they operate their Oriflame business.

## Consultant satisfaction

It is important we understand how all our Consultants are getting on – wherever they are in the world and however much they are selling and earning. Measuring their satisfaction provides insights into how our brand is meeting their expectations and how we can work with improvements within each region.

We are using the Net Promotor System (NPS) to measure Consultant satisfaction on an ongoing basis. The measure shows us how likely our Consultants are to recommend Oriflame to a close friend or relative. In addition, we also measure satisfaction of other metrics such as customer service, product availability and product quality. We gather feedback about their expectations, as well as indications on how and where we can improve. This process has helped us identify areas for improvement in each of our markets.

The NPS has been implemented in all our markets since end of 2017. During 2018, we have trained the markets in how to work with the NPS, for example by educating our operations and customer service in how to utilise the data in the best way. Customer service is identified as one of our eight growth drivers that we have identified as a crucial strategic area. During the year, India and Indonesia made large improvements in their NPS score, due to increased efforts in customer service trainings and improvements in communications with Consultants.

A group of four women are shown in a celebratory mood, laughing and raising their hands as confetti falls around them. They are outdoors, with string lights visible in the background. The woman on the far left is wearing a dark floral patterned top, the woman next to her is in a light purple top, the woman in the center is wearing a blue and black patterned top, and the woman on the far right is in a light pink sequined dress. The overall atmosphere is joyful and festive.

**A direct selling survey conducted by the European Direct Selling Association (Seldia) in 2018 showed that 81% of Direct Sellers consider direct selling a good way to earn an additional income.**

Source: Seldia Direct Sellers 2018 survey



**“I joined Oriflame to develop personally and professionally and be the strong woman that I dreamed to be.”**

**Yusra Abed**  
Senior Manager, Algeria



# Growth and development

Personal and professional development is an important part of our value proposition. We aim to provide our Consultants with a rewarding journey, and we deliver on this by offering world-class tools and trainings. The Direct Sellers Study conducted by Seldia (2018), showed that growth and development is very important for Direct Sellers. 72% concluded that their people skills have improved and 66% stated improvements in business management and sales skills, as a result of working with direct selling.

Oriflame’s digital strategy has a consultant-centric approach, which means that the initiatives are shaped from the perspective of how the Consultants are empowered to sell, recruit and manage their business using the latest digital tools.

Oriflame Academy is an educational system with different training modules for each Oriflame Consultant level. Participation in Oriflame Academy will give Consultants the knowledge they need to move to the next steps of their career and build professional skills. Oriflame Academy consists of business trainings, beauty academy, wellness academy and e-learning.

During 2018, the number of participants at our leadership trainings increased by 43%. A total of approximately 156,000 (109,000 in 2017) leaders and potential leaders participated in our leadership training. In addition, approximately 294,000 (225,000 in 2017) Consultants participated in Oriflame Business and Beauty academy training – an increase by 31%. The purpose of these trainings is learning business skills as well as more about our products in order to move to the next step of the Consultant’s career.

Furthermore, we continued the development of new video and micro-courses on our open e-learning platform. Our micro-courses library expanded during 2018 and now includes 27 videos and micro-courses on Oriflame products, business opportunities, sales and recruitment skills and sponsor’s skills.

A total of 41 markets have implemented the e-learning platform and more than 163,000 courses were completed by Consultants during the year.

# Sense of belonging

Beyond offering our Consultants tools and training, we also provide them with the opportunity to attend conferences and events, as well as daily activities and interactions within our network. The personal benefit of meeting new people via direct selling is strongly attested by 85% of Direct Sellers according to the Seldia Direct Sellers 2018 survey.

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 access to income and new skills.

## Oriflame international conferences

Our conferences are one of Oriflame's key incentives when it comes to building the Oriflame community and creating a sense of social belonging. They also help us promote recognition, motivation and performance among Consultants, primarily leaders. Conferences are an excellent occasion to share examples of best practice by successful leaders across various regions, and for us to share our sustainability achievements. Conferences also provide an opportunity

for increased understanding of the Oriflame brand and culture. Each year, Oriflame organises Gold, Diamond and Executive conferences in new inspiring international locations, enabling people from all around the world to meet and better understand each other.

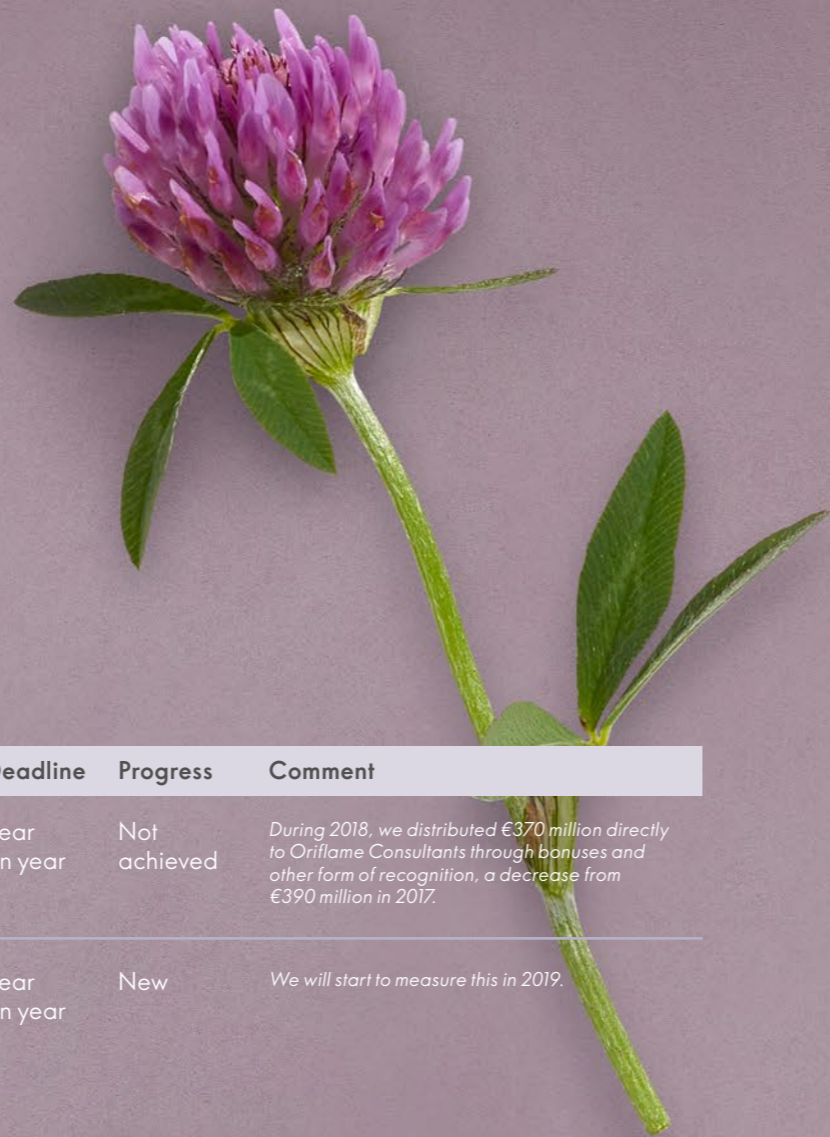
Oriflame Conferences is one of our strategic growth drivers and an incredibly powerful motivation for our Consultants. But beyond motivation, our conferences also inspire and connect people.

In 2018, the Oriflame Gold Conference for Asia, Africa and Turkey took place in Paris. Themed "Passion for Success", it was attended by 3,500 participants for five days. The Oriflame Conference App removed the need for brochures and printed material, all information was provided to participants via the app. The conference delivered an unforgettable Oriflame and Parisian experience for all attendees.

A similar approach was taken for the CIS Gold Conference in Madrid - full use of digital tools and no printed material.



# Goals and commitments



## Additional income

Commitment	Deadline	Progress	Comment
1. Continue to grow the business in order to increase the total amount paid out to Consultants annually.	Year on year	Not achieved	During 2018, we distributed €370 million directly to Oriflame Consultants through bonuses and other form of recognition, a decrease from €390 million in 2017.
2. We want our Consultants to recognise Oriflame as a good opportunity to earn an additional income and gain an increase in freedom and flexibility in their daily life.	Year on year	New	We will start to measure this in 2019.



## Growth & development

Commitment	Deadline	Progress	Comment
3. Provide our Consultants with classroom trainings and e-learnings to build sales skills, marketing skills and beauty skills.	Year on year	On track	During 2018, a total of approximately 156,000 (109,000 in 2017) leaders and potential leaders participated in our leadership training. In addition, approximately 294,000 (225,000 in 2017) Consultants participated in Oriflame Business and Beauty academy training.
4. We want our Consultants to recognise Oriflame as a good opportunity for learning and self-development and as a result, perceive that they have: <ul style="list-style-type: none"> <li>• Become more confident</li> <li>• Improved their self-esteem</li> <li>• Improved their skills</li> </ul>	Year on year	New	We will start to measure this in 2019.



## Sense of belonging

Commitment	Deadline	Progress	Comment
5. We want our Consultants to recognise Oriflame as a good environment for meaningful and fun activities, making new friends and feeling that they are part of a community.	Year on year	New	We will start to measure this in 2019.



# Respect for Nature



**For more than a decade we have been systematically trying to reduce our impact on nature. 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 and possibilities to achieve change.**

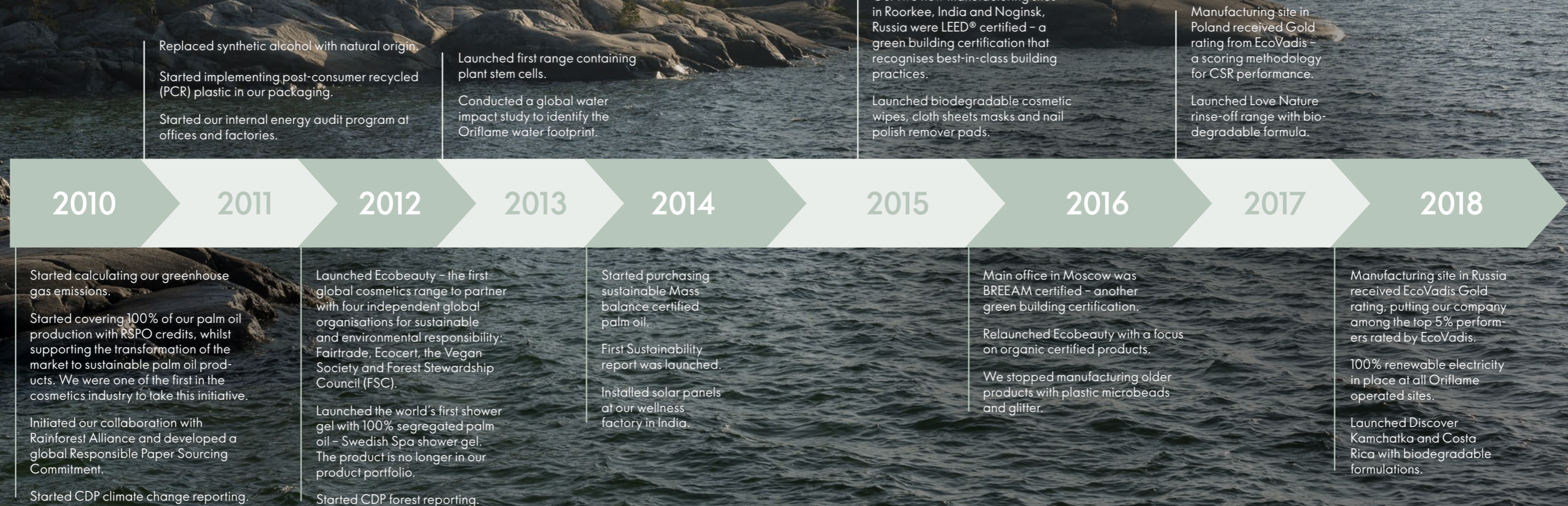
Respecting nature starts by truly valuing its contribution. This includes valuing the services nature provides, such as clean air and water, a stable climate, fertile soil and vibrant wildlife. We want to make our business completely environmentally sustainable.

Of course, we are already on the path towards sustainability, and are always finding new ways to accelerate towards it. In practice, this means preventing deforestation, avoiding the pollution of air, land and waterways, decarbonising our demand for energy, fuel and ingredients, safeguarding animal welfare, and driving demand for environmentally responsible products both in terms of the formulations and materials we use and the packaging we choose. Our environmental policy is integrated in our Code of Conduct and followed up by 28 goals and commitments.

By 2030, we aim to reduce our environmental footprint by 50% per unit of product produced compared to 2020.



# Reducing environmental impact – our journey





# Water

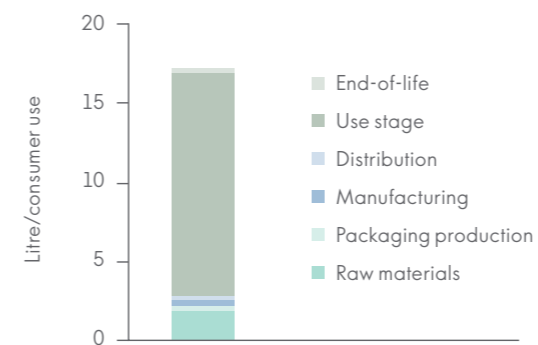
## WE ARE LIMITING OUR IMPACT ON WATER – GLOBALLY AND LOCALLY

There is increasing pressure on global water resources – from population and economic growth factors, climate change and water pollution, to competition for water resources. The decline of available fresh water (at the right quality and quantity level) has been identified as one of the top four impact risks in the World Economic Forum’s Global Risks Report, 2019. Water issues are a global challenge, but because we operate in water-scarce countries it is important for us to consider the implications at a local level too.

In our business, we depend on water throughout the product lifecycle, in particular during our manufacturing process, consumer usage and raw material sourcing. Therefore, there are two main challenges we need to address: water pollution and water scarcity.

To understand these challenges better, we conducted a water impact study on the lifecycle of a representative selection of our key products. The results helped us to define the focus areas for our water strategy and to strengthen our commitments. For example, the study showed that over the lifecycle of a shampoo, 88% of freshwater use is generated by consumers. As a result of this insight, we are looking at ways to engage our consumers around more sustainable water use, whilst also looking into opportunities for developing water-less products.

Freshwater withdrawal – lifecycle stages of shampoo



Microplastic contamination is identified as a cause of water pollution. A variety of pollution sources have been identified, including the use of plastic microbeads in cosmetic formulations. We therefore decided to stop using plastic microbeads and plastic glitter in our cosmetic rinse-off products and started testing alternatives in early 2013. We identified a number of alternatives of natural origin, including plant waxes, nutshells and seeds that all met our high performance and safety expectations. By the end of 2016, we had stopped manufacturing older rinse-off products with plastic microbeads and glitter. In 2018, we have continued to use only natural origin scrubs in all of our exfoliating products.

We also know that rinse-off products have a high end-of-life impact – they end up in the water system and may have an impact on ecosystems. It is therefore important to us that we improve our raw materials’ biodegradability and are committed to only using biodegradable cleansing ingredients in our Personal care rinse-off products. All newly developed rinse-off products in our Love Nature Personal care range and Discover Kamchatka and Costa Rica have been created with biodegradable formulations. To add credibility

to our developments, we independently test our products to ensure they pass the OECD testing protocol for biodegradability. Both ranges are a wonderful vehicle to help educate Oriflame Consultants and consumers about responsible product usage and respect for our water resources.

The material we use to make cosmetic wipes, cloth sheet masks and nail polish remover pads has been biodegradable since 2015. This means the material will break down naturally, as long as it is disposed of correctly and not flushed down the toilet.

In 2018, we revisited our commitment to reducing water pollution and recognised that in order to further strengthen our commitment we need to do more. We set new targets for all newly developed Skin care and Personal care rinse-off products to be biodegradable by 2025.

At our manufacturing sites we focus on improving water efficiency. By 2020, we are committed to reducing water use at manufacturing sites by 15% per produced unit (compared to a 2015 baseline). In 2018, the water usage per produced unit was reduced by 21%.

Our wellness factory in India is designed to reuse 100% of its water. All sewage is treated in our own effluent treatment plant and reused for irrigation purposes. Rainwater is collected in rainwater harvesting pits to replenish groundwater.

### Achievements in 2018

- 100% natural origin exfoliants
- Discover Kamchatka and Costa Rica were launched with biodegradable formulations in addition to existing Love Nature range
- 21% reduction in water usage per produced unit at manufacturing sites since 2015

# Forest

## WORKING TOWARDS SUSTAINABLE FORESTRY PRACTICES

Forests are a vital part of global and local ecosystems: they provide habitats, preserve biodiversity, clean our air and water, absorb carbon and provide people with materials, food and livelihoods. The largest threat to our forests today is deforestation. According to the World Wildlife Fund (WWF), 18.7 million acres of forests are lost annually due to deforestation.

Our main raw material by weight is paper, which we use for catalogues (90%) and product packaging (10%). Palm oil is another important raw material used in many of Oriflame's cosmetic products. We purchase palm oil and palm kernel oil based derivatives. 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 to avoid deforestation. We report our forest-related risks for timber and palm oil annually to the CDP, formerly the Carbon Disclosure Project, a not-for-profit charity that runs global disclosure systems for investors and companies to manage environmental impact.

Our next step is to investigate other forest-related raw materials and verify they are sustainably sourced. During the year we increased our commitment to wood-based products further and will source 100% of wooden pencils developed after 2020 from FSC™ certified wood.

### Paper in catalogues and packaging

We started working towards sustainable forestry practices in 2010. In collaboration with the Rainforest Alliance, we developed a global Responsible Paper Sourcing Commitment, which we updated again in 2014. Our main goal is to

source 100% of our paper and board packaging and publications from either credibly certified sources and/or recycled origin by 2020. In practice, this means giving preference to Forest Stewardship Council (FSC™) certified paper when possible. In certain markets, where FSC™ certification is not available, we allow other certifications that meet our minimum requirements, such as Programme for the Endorsement of Forest Certification (PEFC).

For 2018, 96% of our paper packaging, product leaflets and catalogues came from recycled or credible certified sources, in accordance with our paper commitment. This was an decrease from last year, due to suppliers not delivering the requested paper certification. We are in contact with the suppliers to rectify this.

Our paper supplier questionnaires for product packaging, accessories and catalogues have been developed by



Rainforest Alliance to verify claims of FSC™ certification or other credible certified sources.

### Achievements in 2018

- 96% of paper packaging, product leaflets and catalogues from credible certified or recycled sources
- Received score B in the CDP Forest Timber questionnaire

### Palm oil

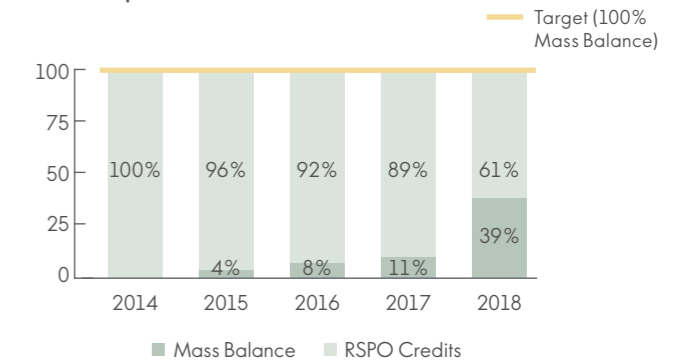
Palm oil is one of the world's most widely used raw materials and its demand continues to rise. This is a problem because its cultivation has serious environmental impact – such as large-scale deforestation and habitat loss, soil erosion, pollution and climate change. However, compared to other vegetable oils, palm oil gives the highest yield per hectare. According to WWF, palm oil supplies 35% of the world's vegetable oil demand on just 10% of the land. To get the same amount of other vegetable oils you would need between 4 to 10 times more land and in return shift the problem to other parts of the world. Furthermore, millions of smallholder farmers depend on producing palm oil for their livelihood. Therefore, we want to take action to source palm oil more sustainably.

The Roundtable on Sustainable Palm Oil (RSPO) is a not-for-profit with more than 4,000 members that unites stakeholders from the palm oil industry. The RSPO has developed a set of environmental and social criteria which companies must comply with in order to produce Certified Sustainable Palm Oil. We use palm oil and palm kernel oil based derivatives in many of our cosmetic products. Since 2010, we have been covering 100% of our consumption with Book & Claim Credits from the RSPO. We were among the first companies in the cosmetics industry to do so. This means we actively and effectively engage supply chain actors for palm oil to be part of sustainable palm oil trade and take steps to support the production and use of sustainable oil palm products.

Today, we are committed to sourcing 100% sustainable certified palm oil\* by physical supply chain by 2020. 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. However, during 2018 we increased our efforts and moved from 11% to 39% Mass Balance certified palm oil. This was mainly due to an investment in Mass Balance palm oil in our soap bars.

We have been an active member of the RSPO and have participated with varying frequency in conferences, committees and working groups since 2011.

### Certified palm oil



### Achievements in 2018

- 39% of Mass Balance certified palm oil, and the remaining consumption (61%) covered by RSPO Credits
- Received score B in the CDP Forest Palm Oil questionnaire

\*RSPO have developed a standard for the certification of sustainable palm oil production. For more information, please visit [www.rsपो.org](http://www.rsपो.org).



# Climate

## TAKING ACTION TO REDUCE EMISSIONS ACROSS OUR BUSINESS

Emissions of greenhouse gases in the atmosphere are a serious global challenge. Year after year, the United Nations report record levels of carbon dioxide (CO<sub>2</sub>) and other greenhouse gases (GHG) in the atmosphere. Greenhouse gases are one of the major contributions to global warming and therefore to climate change. In addition, emissions contain particles that result in local air pollution and health issues.

In the years to come, changing global climate patterns will mean more extreme and unpredictable weather, including more frequent and intense storms, heat waves, droughts and floods. Last year (2018) was described as an extreme year for unusual weather events with record heat levels worldwide. In October, the United Nation's Climate Panel published the Special Report on Global Warming of 1.5°C warning that global warming should be kept to 1.5°C above pre-industrial levels to decrease the risk of catastrophic droughts, floods and extreme heat.

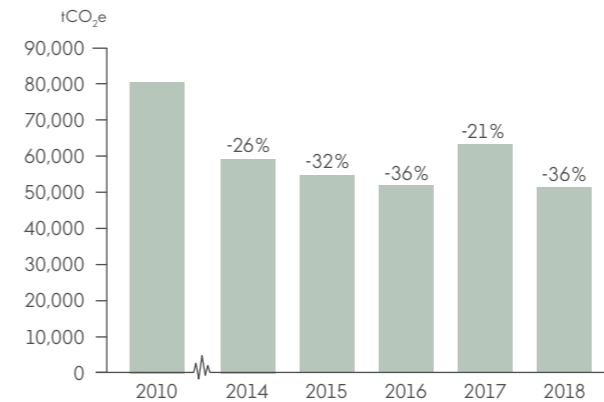
Our business impacts the climate, both directly via our operations and indirectly via our supply chain. Oriflame is present in countries that are already experiencing the severe effects of climate change, which encourages us to take action to reduce our impact. We have also identified changing weather patterns as a potential risk for decreased or irregular raw materials supply. It is important for us to act now in order to help speed up the transition towards a low-carbon economy.

We report our climate-related risks annually to the CDP. In 2018, we improved our score from B- to B.

### Climate reduction since 2010

By implementing a company-wide emissions reduction program in 2010, we have reduced our absolute emissions by 36 % since then. Compared to last year, we have achieved an emission reduction of 19 % in absolute terms. This is mainly due to our investment in renewable electricity.

Absolute GHG emissions over time



We set our current scope of emissions in 2010 and it includes our own operations (Scope 1 and 2), as well as water, waste, employee business travel, Consultants' travel to international conferences, electricity transmission and distribution losses and logistics transports (Scope 3). We have developed a strategy for where to make savings in both emissions and costs.

Our goal for 2020 is to reduce emissions relative to sales by 50 % (from a 2010 baseline). In 2018, we reached 27% emission reduction.

Since 2010, we have undertaken a wide range of initiatives:

- Starting with our own operations, we have implemented an energy audit programme at our factories and offices and have conducted on average five energy audits per year since 2011. The audits focus on environmental sustainability including energy efficiency, water consumption and waste. The results have helped us identify areas of improvement and establish energy saving programmes.
- We have developed a logistics programme to gradually consolidate local warehouses and move our product sourcing, catalogue printing and Global Distribution Centres closer to our major markets. This reduces environmental impacts and lead times. Since 2010, we have reduced our emissions from global logistics transportation by 20% per pallet shipped. We are continuously reviewing packaging and loading routines to fit more in each truck and container. Our transportation routes are improved, and we are focused on reducing our air shipments. When selecting road carriers, we aim to utilise Euro 4, 5 and 6 standard trucks wherever possible.
- Our aim is to certify all our new construction and major renovations. In 2015, we built two new manufacturing sites in Noginsk, Russia and Roorkee, India with LEED® certifications. LEED® is a green building certification recognising best-in-class sustainable building practices. The following year, our main office in Moscow was BREEAM certified – another green building certification that helps drive sustainable improvements through operational efficiency. In 2018, our factory in Russia received a gold certification, the highest score, from EcoVadis – a scoring methodology for CSR performance. The assessment covers environmental criteria among others. The same certification was received for our factory in Poland the year before.

Our next step is to set company-wide emissions targets that align with climate science for 2030. In 2018, we joined the Science Based Targets initiative and, during 2019, will screen our supply chain emissions and work on developing targets to submit for validation. Once the targets are set we will reach along our value chain to find and create opportunities for emission reduction among our suppliers and consumers.

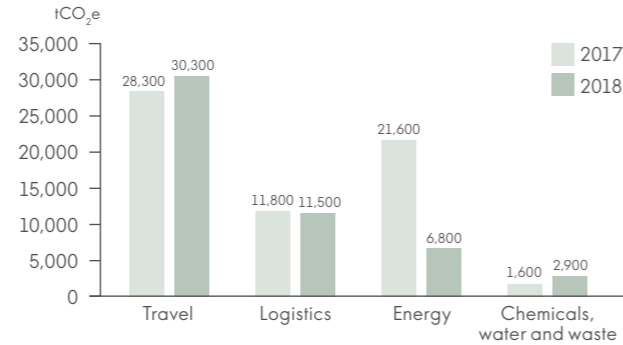
### 100% renewable electricity

We are continuously working to increase how much renewable electricity we use across our business. Our goal was to use 100% renewable electricity in all Oriflame operated buildings by 2020. We achieved this target two years ahead of schedule by purchasing traceable renewable electricity in all of our markets. For 2018 we have matched our electricity consumption with Guarantees of Origin in Europe and the International REC Standard (I-RECs) on other continents. The origin of this electricity is a mix of wind, solar, hydro and biomass. We have had solar panels installed at our wellness factory in India since 2014, covering around 14% of the factory's consumption.

### GHG emission breakdown in 2018

A majority of our emissions originate from employee and Consultants' travel. Conferences are an important part of our business since it creates a sense of social belonging as well as promoting recognition, motivation and performance among Consultants and leaders. Therefore, reducing the travel emissions from conferences remains a challenge for us. Compared with last year, we increased our travel emissions by 7%. However, for 2019 we are looking into alternatives to reduce these emissions, for example by estimating travel emissions when choosing conference destinations. We are currently also committed to climate compensate for all of our measured emissions for 2019.

GHG emission sources



### Manufacturing

We continue to implement energy efficiency measures at our manufacturing sites: initiatives include developing lower energy processing techniques, upgrading lighting, improving heating and ventilations systems and focusing on better insulation. All manufacturing sites\* have climate-related operational targets that are followed up annually. We have also implemented the following certified management systems to ensure we constantly continue to improve our performance:

- ISO 9001:2015 – Quality management systems (All)
- ISO 14001:2015 – Environmental management systems (Poland, Russia)
- OHSAS 18001:2007 – Occupational Health and Safety Management Certification (Poland, Russia)
- ISO 22716:2007 – Good manufacturing practices (Poland, Russia, India)

Since 2015 our manufacturing sites have reduced their energy Scope 1 and 2 emissions by 61% and their electricity use by 13%, per produced unit.

### Achievements in 2018

- 100% renewable electricity in our own operations, consisting of wind, solar, hydro and biomass
- 36% absolute GHG emission reduction since 2010
- GHG emissions from global logistics transportation have decreased by 20% per pallet shipped since 2010
- Received score B in the 2018 CDP climate change questionnaire, an increase from B- in 2017

\*Our wellness factory in China was not included in the target setting due to low production volumes at the time, and therefore not included in the results.

# Packaging

WE ARE STRIVING FOR MORE SUSTAINABLE PACKAGING SOLUTIONS

Product packaging is an important part of the consumer experience and ensures the safety and performance of the products delivered to the consumer. Due to the consumption of natural resources during production, and even further during its disposal at the end-of-life phase, Oriflame product packaging plays a large part in our environmental impact.

Our cosmetics packaging materials by weight consist of mainly plastics (45%) and glass (46%), but also paper and other wood-fibre materials (7%) and metals (2%). The environmental impact of our product packaging starts with the packaging design. By selecting which materials and how many different ones are used, with overall weight and size optimisations considered, we have the opportunity to reduce our environmental impact throughout our supply chain.

Waste is a significant impact area for our business. Due to our geographical footprint in markets where recycling infrastructure is missing a large proportion of our product packaging ends up in landfill, which is problematic as unmanaged landfill creates a lot of harmful gases and contaminants, including methane – a particularly potent greenhouse gas. In addition, informal landfills are present in many of our markets, contributing to pollution of streets, water streams and eventually oceans.

We are aware of the scale of our waste challenge and are committed to tackling it. Much of our progress will come from creating better, more efficient packaging from the very start. Our primary focus areas are removal of unnecessary packaging, weight optimisation and selecting more sustainable materials such as renewable and post-consumer recycled (PCR) plastic.

We strive to make our packaging recyclable, with the aim that it can be disposed of responsibly where recycling facilities are available. For a long time, we have been working with finding the right balance between more lightweight packaging and durability. We never compromise on the quality of our packaging. When we develop a more lightweight packaging, tests are conducted to make sure the packaging quality is approved. We are committed to reduce the overall weight of packaging material used in our cosmetics and wellness products annually. We have also committed resources to packaging materials development with successful trials in bio-polymers and bio-based materials. Our ambition is that by 2025, a significant share of Oriflame's plastic packaging will be from either PCR, bio-based or other sustainable materials.

## Reducing the impact from plastic

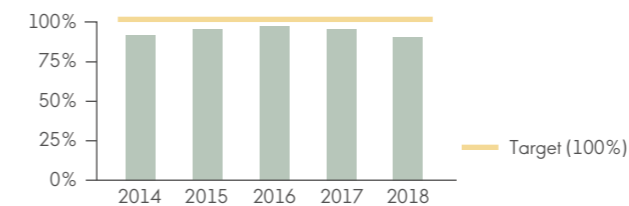
Global production and consumption of petroleum-based plastics continues to rise and with limited access to correct waste disposal, it is leading towards worldwide plastic pollution with implications for human health and our climate. Since the majority of our products' packaging is made from plastic, we want to move from petroleum-based plastics to renewable materials or PCR plastics.

In 2011, we started to specify PCR plastic in some of our tube packaging and our ambition is to increase usage across all our brands. Many of the materials we use are recyclable, our ambition is that by 2025, 75% of our packaging will be designed to be fully recyclable, reusable or compostable. In a shorter time period (2020), we are committed to increase the PCR content of PE and PET cosmetic packaging by 20%, aiming to reach 50% by 2025.

## Certified paper packaging

We have been working with the Rainforest Alliance since 2010 to improve the impact of our paper and other wood-based packaging. With their help, we have set a goal to source 100% of product packaging from FSC™ certified sources. In 2018, 79% of our paper packaging was from FSC™ certified sources. This is a significant decrease from last year due to suppliers not delivering the requested FSC™ certification. We are in touch with these suppliers in order to rectify this.

FSC™ certified product packaging



## Towards zero landfill waste

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. By 2020, we plan to send zero waste to landfill across our manufacturing – in 2018, 99% of our manufacturing waste avoided landfill, the vast majority going to recycling. We will also be working to find new ways to help our Consultants reduce their waste – both while at our service centres and elsewhere in their lives.



## Did you know?

Our Love Nature range includes several bottles made with 40% PCR plastic. In 2018, a total of 120 tonnes of PCR plastic was used in our products. In 2019, all Love Nature bottles will include 40% PCR plastic.

In 2018, we improved the packaging of all our watches sold from catalogues. We replaced plastic packaging and excessive wrapping with an FSC™ certified paper packaging – avoiding a total of two tonnes of plastic per year.

## Achievements in 2018

- 79% of our paper product packaging from FSC™ certified sources
- 120 tonnes of petroleum-based plastic replaced by PCR plastic
- 99% of manufacturing waste avoided landfill
- 9% of reduced manufacturing waste per produced unit since 2015



## Formulations

### WE WANT PRODUCTS THAT BENEFIT PEOPLE AND THE PLANET

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. The formulations in our products have an environmental impact during the production stage. In addition, the formulations also affect the environment after consumer usage, such as chemicals ending up in waterways and soils, harming fish and wildlife. We are committed to addressing consumer concerns about raw materials (from human safety, environmental and ethical perspectives), and have a roadmap in place to seek alternatives and phase out those we do not wish to use in future developments.

#### Partnering with nature

Nature and raw materials from nature play an important part in our product philosophy. This explains why we don't use materials derived from protected or endangered flora and fauna, and why we were one of the first cosmetics companies in the world to use raw materials 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 – a great example of promoting the use of natural raw materials and reducing climate impact. We also have a large portfolio of natural materials including extracts,

butters, waxes, oils and we use only natural origin scrubs in our exfoliating products.

We also look to nature for inspiration during our concept stage and are developing new formulations with ethically and environmentally responsible sourced raw materials in mind. For example, our search for sustainable anti-aging active raw materials led us to plant stem cells, which bring many benefits to our products. We are consistently increasing our portfolio of actives from plant stem cells technology.

#### Raw materials integrity

We have been proactive over the years, with a focus on driving responsible sourcing of our raw materials for cosmetics and wellness products.

We have always paid attention to raw materials that may be of concern for consumers, both from a human safety and environmental/ethical perspective. For example, we removed formaldehyde and triclosan globally, both materials that may raise safety concerns, and continuously assess our preservation system options. Certain materials with negative environmental impact have also been phased out over the years such as phthalates, and plastic microbeads/glitter from rinse-off products.

From an ethical sourcing perspective, we took the decision to stop using natural diamond powder due to conflict concerns. Our cosmetic products do not contain certain potential allergens such as nickel and peanut, and any fragrance allergens are listed on the product. Of course, we always ensure our raw materials do not come from endangered sources or materials, and we never use direct animal materials in our cosmetic products. In addition, our raw materials are not derived from GMO sources.

For certain raw materials, that are key to the cosmetics industry, such as palm oil and mica, we have taken a pragmatic and proactive approach by partnering with the Roundtable on Sustainable Palm Oil and the Responsible Mica Initiative.

We have an expert team focused on our raw materials portfolio and governance, and we are actively driving the development of new brand-aligned raw materials with alternative options to materials that may cause concern such as oxybenzone, certain preservatives, silicones and petroleum.

We are constantly researching and working with our partners to seek responsible alternatives with the best safety and sustainability profile.



## Understanding our raw materials

We have a Raw Material Rationale process in place to ensure that we drive the influx of new raw materials that are in line with our brand. Our experts continue to review each and every raw material from a safety perspective and in addition 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 of avocado oil or a biotechnical process like fermentation.
- **Environmental impact:** this involves checking whether a material has come from an endangered plant/ ecosystem and evaluating its biodegradability and potential aquatic toxicity.
- **Ethicalness:** we look at whether the raw material is animal based, contains genetically modified organisms or has any connection 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 take the most impactful action.

## Social and 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 the materials we source:

- We do not use materials derived from animals (fur/ leather) in our accessory products. Furthermore, we focus on using synthetic hair in our brushes.

- 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 use fish oil from sustainably managed stocks in our wellness food supplements range.

We have never tested our products or raw materials 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 due to 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 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, see our Animal Welfare Policy on our corporate website.

## Achievements in 2018

- 100% of new raw materials and products in development were screened through our sustainability review process.
- 100% natural origin alcohols in our Fragrances.
- Launched a makeup brush range with non-animal hair bristles registered with the Vegan Society™, with one of the brushes having bamboo handles.

## Case study

### Ecobeauty

Ecobeauty is the most natural, ethical and environmentally responsible range we have ever developed and was re-launched in 2016. The Skin care range of products are approved by leading independent organisation, Ecocert® as natural or organic certified. The FSC™ label on our cartons gives the assurance that the fibres used in the cartons have been responsibly sourced. In addition, the Ecobeauty face and eye cream are both certified by Fairtrade™.

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 to nature and our firm commitment to embed sustainability across our product development.



# Goals and commitments



## Water

Commitment	Deadline	Progress	Comment
1. Reduce water use in factories* by 15% by 2020. <small>*Our Wellnes factory in China was not included in the target setting due to low production volumes at the time, and therefore not included in the results.</small>	2020	On track	Since 2015, water consumption in factories relative to units produced has decreased by 21%.
2. By 2025, 100% of new Skin care and Personal care rinse off developments should be biodegradable.	2025	On track	In 2018, we continued to launch rinse-off products (Discover Kamchatka and Costa Rica) with biodegradable formulations in an effort to further strengthen our water stewardship.
3. To further reduce our dependency of water, we will launch new waterless products as part of a key range by 2025.	2025	New	

## Forest

Commitment	Deadline	Progress	Comment
4. Source 100% of wood fibre from credible certified and/or recycled sources by 2020.	2020	On track	In 2018, 96% of our product packaging, product leaflets and catalogues were compliant with our Responsible Paper Sourcing Commitment. We will keep working to ensure that we reach 100% by 2020.
5. Source 100% of catalogue paper from credibly certified and/or recycled origin by 2020.	2020	On track	97% was complaint with our Paper Sourcing Commitment.
6. Source 100% of display packaging cartons and leaflets from FSC™ certified sources by 2020.	2020	More to do	In 2018, 79 % of our paper packaging was from FSC™ certified sources. This is a significant decrease from last year due to suppliers not delivering the requested FSC™ certification. We are in touch with these suppliers in order to rectify this.
7. 100% of wooden pencils developed after 2020 will be sourced from FSC™ certified wood.	2020	New	We will start to measure this in 2019.
8. Source 100% certified sustainable palm oil by physical supply chain by 2020.	2020	More to do	In 2018, 39% of palm oil in our finished goods were Mass Balance certified, an increase from 11%* in 2017. The remaining 61% were covered by RSPO credits.  <small>*The method to calculate palm oil usage was updated during the year, resulting in adjusted 2017 results (the figure previously reported was 8%).</small>



## Climate

Commitment	Deadline	Progress	Comment
<p>9. Reduce GHG emissions from global Oriflame operations by 50% by 2020.*</p> <p><i>*The goal is based on emissions relative to sales from 2010 as our base year.</i></p>	2020	On track	<i>Since 2010, the GHG emissions relative to sales have decreased by 27%.</i>
<p>10. Reduce GHG emissions from stationary fuel and energy in factories* by 15% by 2020.</p> <p><i>*Our wellness factory in China is not included due to lack of operational influence and low production volumes.</i></p>	2020	On track	<i>Since 2015, the GHG emissions relative to units produced have decreased by 61%. This is due to our investment in renewable electricity.</i>
<p>11. Reduce electricity use in factories* by 15% by 2020.</p> <p><i>*Our wellness factory in China is not included due to lack of operational influence and low production volumes.</i></p>	2020	On track	<i>Since 2015, electricity use relative to units produced has decreased by 13%.</i>
<p>12. Increase renewable electricity in factories to 70% by 2018.</p>	2018	Achieved	<i>During 2018, 100% of electricity consumption at all Oriflame factories came from renewable sources – an increase from 47% in 2017.</i>
<p>13. Achieve 100% renewable electricity in Oriflame operated buildings.</p>	2020	Achieved	<i>During 2018, 100% of electricity consumption at all Oriflame operated offices, warehouses and factories came from renewable sources – an increase from 9% in 2017.</i>
<p>14. By 2019, carbon offset Oriflame's current scope of emissions (Scope 1, 2 and parts of the scope 3).</p>	2019	New	
<p>15. By 2020, set Science Based Targets (SBT) for Scope 1, Scope 2 and Scope 3 with the aim of achieving climate neutral operations by 2030.</p>	2020	New	



## Packaging

Commitment	Deadline	Progress	Comment
<p>16. Reduce waste created in factories* by 15% by 2020.</p> <p><i>*Our wellness factory in China is not included due to lack of operational influence and low production volumes.</i></p>	2020	On track	<i>Since 2015, waste production relative to units produced has decreased by 9%.</i>
<p>17. Send no waste to landfill from factories* by 2020.</p> <p><i>*Our wellness factory in China is not included due to lack of operational influence and low production volumes.</i></p>	2020	On track	<i>Since 2018, 99% of all waste produced at Oriflame factories has avoided ending up in landfill.</i>
<p>18. Use at least 20% post-consumer recycled (PCR) materials in our PE and PET cosmetics packaging by 2020.</p>	2020	More to do	<i>Our Love Nature range includes several bottles made with 40% PCR plastic. In 2018, a total of 120 tonnes of PCR plastic was used in our products. In 2019, all Love Nature bottles will include 40% PCR plastic.</i>
<p>19. Oriflame is committed to increasing refillable and/or reusable packaging. By 2025, 75% of the packaging used in our cosmetics and wellness products will be designed to be fully recyclable, reusable or compostable.</p>	2025	New	
<p>20. By 2025, a significant* share of Oriflame's plastic packaging will be from either PCR, bio-based or other sustainable materials.</p> <p><i>*By Q1 2020 we will make clear what we mean by significant, stating an exact percentage.</i></p>	2025	New	

Commitment	Deadline	Progress	Comment
21. Oriflame is committed to reducing the overall weight of our packaging materials.* <i>*By Q1 2020 we will clarify the concrete target.</i>	Year on year	New	
22. By 2022, increase recycling of product packaging by offering recycling opportunities at all our service centres worldwide.	2022	New	



## Formulations

Commitment	Deadline	Progress	Comment
23. Continue sustainability review process of risk chemicals and raw materials used across our product portfolio. Incorporate formal review of wellness raw materials by 2018.	2018	Achieved	<i>100% of our cosmetics were screened through our sustainability review process. Additionally, in 2018 we put in place process to screen all new wellness raw materials.</i>
24. We are committed to having a road map in place for all identified raw materials of concern in order to find alternatives and phase them out in potential future developments.	Year on year	New	
25. Improve our Product portfolio, by increasing sustainable/natural/circular/innovative ingredients and solutions and by launching new and more sustainable products every year.	Year on year	New	

## Conferences & Facilities

Commitment	Deadline	Progress	Comment
26. Pursue LEED® Green Building scheme certification for all new construction and major renovations and pursue environmental effectiveness on all our premises.	Year on year	Achieved	<i>No new construction and major renovations were concluded in 2018.</i>
27. By 2020, All Oriflame's Global & Regional conferences are fully compliant with the updated Sustainable Conference Guidelines (2019-edition) wherever feasible.	2020	New	
28. By 2020, minimize the conference environmental footprint per participant on all Oriflame's Global & Regional conferences, hence using sustainability criteria* into the decision making process of selecting conference destinations.  <i>*For 2019-decision making the criteria is GHG emissions. For 2020-and forward, the decision making criteria are GHG emissions, Use of environmentally certified hotels, Use of environmentally certified venues and the venues ability to recycle and/or reuse residual conference material.</i>	2020	New	



# Passion for People

**Social responsibility is important to Oriflame because of the impact and potential influence we have on people around the world. Through our employees, the Oriflame Consultants, our suppliers, the communities where we operate and our customers, our business touches millions of lives every day. Our commitment to social sustainability is an ongoing one.**

This section of our strategy covers the targets that relate to people and social sustainability. That includes our own employees – as well as our Consultants, our customers and those employed by our suppliers. That’s why this section addresses issues such as human rights, consumer safety, diversity and inclusion, anti-corruption, and employee health and safety.





# Employee experience

THE #1 COMPANY FOR PEOPLE WHO ACT ON THEIR DREAMS

At the heart of our employee strategy, we put the dreams and desires of our people first. We want them to feel the connection and the excitement, to feel challenged and needed. That is why we are on this journey together, all to be known among professional talents across the world as the #1 company for people who act on their dreams.

In 2018, we continued working hard with implementing this employee-centric approach to each employee's journey: from their first introduction to Oriflame, to every career and development discussion between employee and manager, all the way to an employee's exit or rehire.

As an employer, this approach demands a lot of Oriflame and we expect the same from our employees. We demand that each employee will actively shape their career based upon their strongest interests and passions. This proactiveness is what defines and drives our strategic vision.

## Finding the best

We have seen great results from the investment and energy we have put into LinkedIn, the world's largest career networking website. Targeted job advertisements and an in-depth company profile now influence nearly 30% of Oriflame new hires who already have a LinkedIn presence.

## Championing skills

During the year, we started testing a new model for unbiased recruitment—one where the name, gender, age and appearance were removed from many parts of the application process itself. Oriflame believes that a recruiting

process that acknowledges human biases and is designed to remove them, improves recruitment success. Our goal is to apply the new model at GSO Stockholm in 2019, and after that start piloting globally.

## @lifeatoriflame

In 2018, our very own employee Instagram account (@lifeatoriflame) reached 10,000 followers, making it the world's largest global career account amongst beauty companies selling direct. This was an achievement solely made possible by the Togetherness, Spirit and Passion mindset of our community and by championing our employees to be the best influencers for our company. Doing so has given us an open platform to communicate our message and provide an inspiring glimpse at what employee life is like at Oriflame.

## Developing the talent of tomorrow

To stay flexible and dynamic, we have changed the way we develop fresh talent. Previously we offered opportunities to young professionals through our Global Future Manager programme, a trainee programme for future leaders. Now we are finding new ways for Oriflame to take a more dynamic and open approach to developing management talent. We do, however, continue to give young talents a chance to experience life at Oriflame through our annual Global Summer Internship Programme. A programme designed to match special projects from our markets with top-performing candidates, giving candidates a unique chance to experience Oriflame and deliver real value to our business. The programme has been successful and many of our young talents at Oriflame today started their journey with us this way.

## Support our people's desire to grow

When we invest in employee learning, we stay innovative and competitive, which motivates our employees in return.

In 2018, we relaunched The Oriflame Employee Academy, our new and improved platform that support the growth of our employees. It consists primarily of three parts:

1. **The Oriflame Way for all employees.** This essential training covers Oriflame's culture, history, and business.
2. **The Oriflame Way Manager's edition.** This unique leadership training for Oriflame is specially designed for new managers. Both Oriflame Way trainings are run by the CEO or members of Group Management or Regional heads. In 2019, the Oriflame Way is planned to cover all staff.
3. **On-Demand learning for all.** These trainings are based on employee-specific needs.

In mid 2018, to increase our on-demand learning capabilities, we teamed up with LinkedIn Learning, one of the world's largest e-learning platforms. Currently, one in six employees across our company voluntarily access the Oriflame-branded platform, averaging 5 hours of training per employee so far. The success of this initiative was acknowledged by LinkedIn in their online editorial, featuring it as a best-practice example.

## Local initiatives

On a regional and market level, we continue to implement and celebrate employee initiatives—combining both external and internal trainings, individual coaching, as well as customised educational programmes.

One initiative in particular, the Master of Business, was first initiated in our CIS-markets. What began as a talent programme for sales staff grew into a market-wide programme that any Oriflame employee could apply

for. Similar talent programmes are presently being run in our Central Europe (CE) and Africa regions, with very promising results. In Poland the Employee Experience Operations for CE and Africa was awarded the prestigious Certificate of Highest HR Quality, issued by the Polish Association of Human Resources Management (PSZK), for the second year in a row.

## Strengthening our employee community

In order to achieve our long-term goals, we must empower our Oriflame community by communicating and involving our employees. Not only in terms of our culture but also with the digital tools we offer and through the building of networks between individuals, teams, and within the organisation itself.

## The power of moments

In 2018, we launched a memorable initiative to re-ignite our employee culture – “Oriflame Moments”. This movement focuses on those special moments that unite, enhance, and inspire ambition within our employees. The idea is that through the moments, our values of Togetherness, Spirit and Passion come alive as they take the form of actual personal stories and experiences. The accompanying tagline, “Share a moment – Give a moment”, encourages them to share their moments but also to create lasting experiences with one another.

The movement began on the 14<sup>th</sup> of September, 2018, with CEO Connect, a frequently held global webcast meeting hosted by Magnus Brännström, Oriflame's CEO. Here, every employee had the opportunity to ask him a question. With “Oriflame Culture” as the overall theme, this resulted in two sessions with nearly 200 submitted questions from our employees, all with very positive feedback.

Because we want our employees to feel heard and assume ownership in our shared company culture, senior management prepared a written draft that was shared amongst

employees about how they see and define our Oriflame culture on a global level. This draft was designed for employees to give their input and help shape Oriflame culture. Hundreds of entries later, this culture document is to be shared with all new employees during their on-boarding process.

### The state of our employee experience

At Oriflame, we are always looking for new ways to become more agile, especially in how we measure and improve our employee experience. In stark opposition to the lengthy engagement surveys popular among companies, we have introduced our own Employee Net Promotor Score (eNPS) which is designed for employee feedback and input on a quarterly basis.

Entirely unique to Oriflame, eNPS combines standard NPS methodology and employee satisfaction by identifying a number of strategic areas within the company, such as employee impressions from working at Oriflame, employee readiness to recommend Oriflame as an attractive place to work, and employee suggestions on how to improve. These areas are influenced by, but not restricted to, Jacob Morgan's Employee Experience Index, who is a renowned thought leader on the subject.

In 2018, the eNPS was surveyed in 15 markets and the regions of CIS, Latin America and Africa. A global rollout is now planned for 2019. The results so far, to mention a few, have given us a confirmation that our corporate strategy and culture is considered a key factor for staying at Oriflame. Given the results, a clear area for improvement is the overall performance management at Oriflame and the transparency in internal career opportunities.

### Delivering on diversity

Oriflame believes that a mix of gender, nationalities and cultures performing at equal merit leads to better decisions, ideas and products. Diversity is about celebrating,

respecting and harnessing the value of the differences amongst our people and the talent we want to attract. Guiding the diversity work of Oriflame is the Policy for Diversity and Equal Opportunities, see the GRI Index for further information about the measurements we are doing.

Overall, 73 nationalities are represented in our global workforce. In terms of gender, we believe our workforce as a whole has a good balance, with 59% women and 41% men. In 2018, women represented 40% of the Global Management Team. The Group Management consist of 3 women and 7 men by the end of 2018, which is an increase of 2 women compared to previous year. Amongst our Oriflame Board of Directors, there is now an equal gender balance, with two women joining in 2018 – one of whom is Anna af Jochnick, the daughter of Oriflame co-founder Jonas af Jochnick, who after showing great results in Oriflame's market operations joins the board.

### Protecting health and safety

At Oriflame, we are committed to ensure that no employee should be exposed to any health or safety risk when they work for us or on our behalf. Our group Health & Safety function continues to support our organisation to identify and control those risks. Several initiatives were set in motion in 2018 to provide our employees with safe workplace, processes and tools. These include but are not limited to: Health & Safety Awareness eLearning available to all employees, health and safety self-assessment checklists for warehouses and review of machine safety in factories. The key requirements for the management of health and safety at the workplace are detailed in a Group-level Policy. These requirements include but are not limited to: identification of and monitoring of compliance with applicable health and safety regulation, emergency planning, fire and loss prevention, qualification of suppliers and contractors.

The policy is followed-up through an internal control process, where each Oriflame entity must confirm policy implementation. Verification of the implementation is con-

ducted annually in selected entities. Employee health and safety is also a part of our Code of Conduct.

During 2018, there were no fatalities and no occupational diseases at any of our sites. We report and record every accident at all our sites. Accidents are investigated and followed-up with the aim to identify root causes, and consequently corrective actions are implemented to prevent future incidents. On a global level, we gather and monitor incident and accident data from our sites and analyse results to help us implement any necessary improvements or preventive measures. At our major sites we have established health and safety committees representing the total workforce. Meetings usually take place at least four times a year, depending on the location, and involve representatives from the workers and health and safety authorities.

*Detailed health and safety data is available in the GRI Content Index.*

### Number of nationalities



### Average age

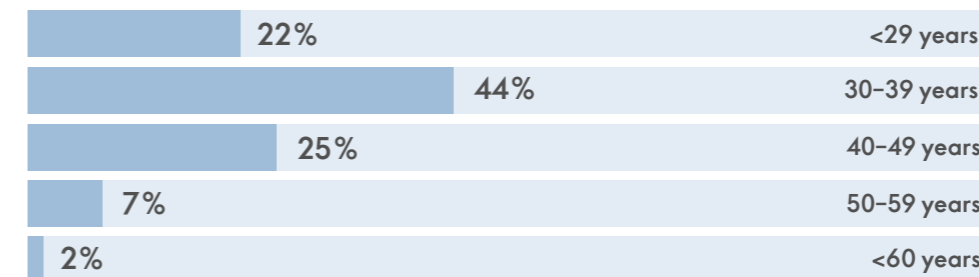
37



### Average tenure

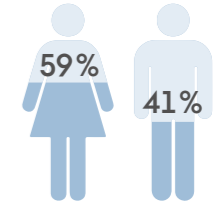
6.1 years

### Age distribution

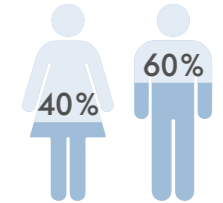


### Gender balance

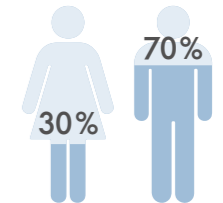
#### Oriflame



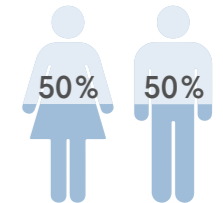
#### Global Management Team



#### Group Management



#### Board of Directors





# Human rights

## IMPROVING STANDARDS ACROSS OUR VALUE CHAIN

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 human rights breaches. In order to understand the risk as fully as possible, we have developed a Corporate Human Rights Due Diligence process for new markets. Sustainability and human rights risks are incorporated into our corporate business risk assessment process.

In 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 identified our most salient risks and 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. Our commitment to respecting human rights throughout our own operations, in our supply chain and in the communities we operate, are summarised in an internal Human Rights Commitment approved by the Group Management.

### Ethics and compliance

Compliance at Oriflame is defined as the range of initiatives and tools implemented to safeguard the company's employees, resources, integrity, reputation and business

partners. We comply strictly with the letter and spirit of the law, and strive to go above and beyond wherever we can, to always do the right thing.

#### At Oriflame, we have a zero-tolerance policy towards:

- any form of active or passive corruption
- any form of harassment
- any form of discrimination

In 2007, we issued our Code of Conduct, which has been updated numerous times since then. This document is supported by several internal policies and sets out the principles that guide how we operate at Oriflame, always with a high level of integrity and a strong ethical and moral conscience.

The Code of Conduct and supporting policies are available to all employees, in several languages. Their content is also explained to all employees in several ongoing classroom and eLearning courses. In 2018, 312 of our managers in local entities have received live trainings on compliance matters, and more than 2,000 individual compliance related courses have been undertaken by our employees of various levels of management.

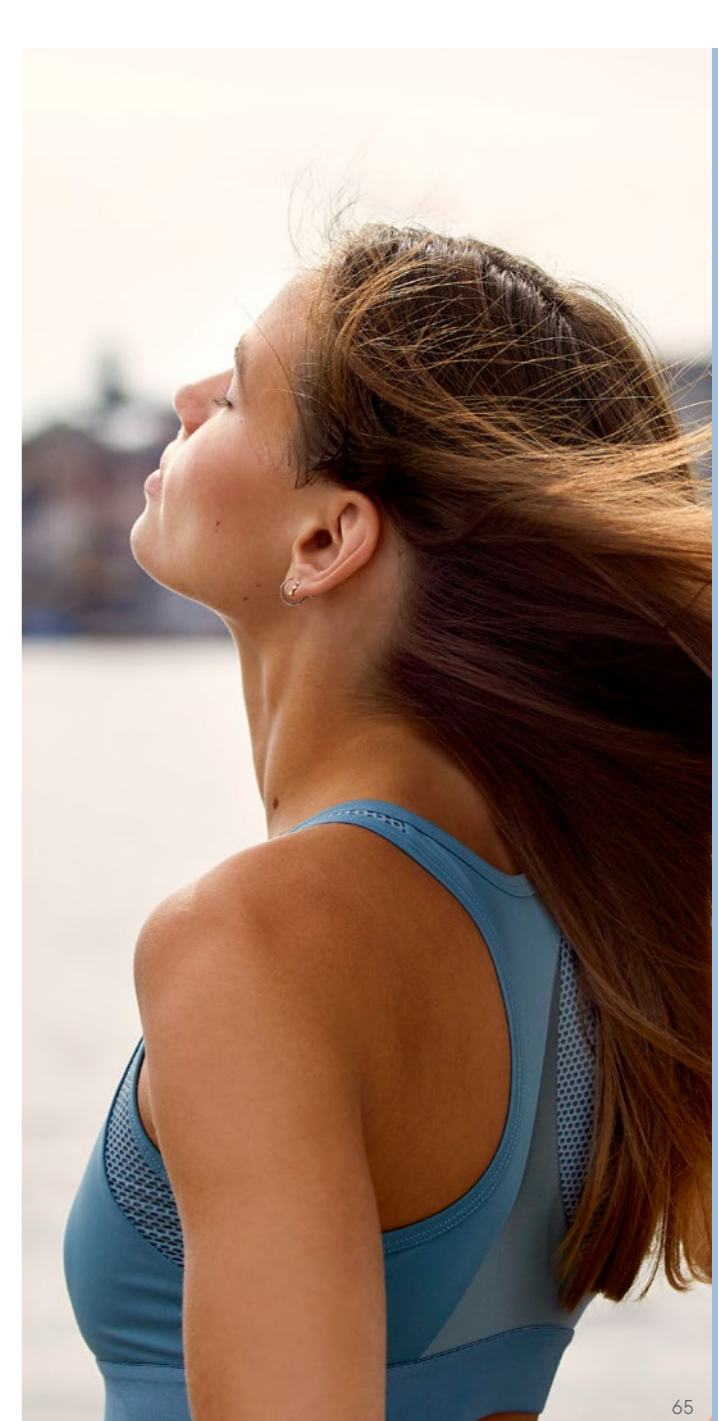
Our managers are our first line of defence – we expect them to lead by example in everything they do, to actively listen to concerns within their teams and to act upon them. In 2018, we launched our Annual Compliance Pledge initiative. All of our 184 most senior managers (Vice-Presidents and up, Regional Management Team, local Managing Directors and Finance Managers) have confirmed that they have acted upon and/or reported any concerns they or their team

members may have had; they have also committed to follow the spirit and the letter of our Code of Conduct and associated policies, and to implement our values and principles at all times going forward.

We encourage employees to openly report concerns and to ask compliance related questions. Employees are regularly reminded that they can address these concerns to their direct manager, or to any other manager in the company. In addition, Oriflame has implemented a compliance-breach reporting mechanism since 2007, guaranteeing confidentiality and protection to employees reporting in good faith. All allegations of breaches of the Oriflame Code of Conduct are reviewed by a Governance Committee composed of members of the senior management of the Company (CEO, CFO, VP General Counsel, VP Global Assurance, VP Sustainability, Senior Director Employee Experience). This committee requests investigations to be undertaken wherever necessary. Since its inception, the Governance Committee has reviewed around 10 cases per year on average. In 2018, the committee processed less than 15 cases.

Statistics for these reporting mechanisms, as well as highlights from notable cases, are presented on a quarterly basis to the Audit Committee, while preserving the confidentiality of those employees who report.

Oriflame is committed to the protection of human rights, including the freedom of association, at all stages in its value chain. Our Code of Conduct draws a clear line in the sand when it comes to forced labour, child labour, or modern slavery. These practices are clearly and strictly prohibited within Oriflame, and we have a Supplier Code of Conduct that carries over these requirements to our external supply chain. The Supplier Code of Conduct is part of our standard terms of doing business with suppliers.





## Sustainable suppliers

At Oriflame, we believe that integrating sustainability criteria within procurement practice is an essential part of moving towards a more sustainable value chain.

## Oriflame's supply chain

Close to 60% of our product volumes are manufactured in-house, up from under 50% in 2015. Manufacturing sites are located in Poland, Russia, India and China. External suppliers in Western and Central Europe, Russia and Asia produce the majority of our remaining products, including cosmetics, accessories and wellness products. We strive to source as closely to our markets as possible through different regional sourcing initiatives, while maintaining legal requirements and increasing service levels. During 2018 we continued to increase regional sourcing from suppliers based in strategic locations, particularly in China, India and Indonesia.

Some of our products, components and raw materials are sourced from markets that are classified as high risk from a human rights and corruption perspective. These are mainly in Asia.

## Helping our suppliers improve

Our Oriflame Global Supplier Evaluation programme is significant in helping us improve our sustainability performance across our whole value chain. The programme allows us to objectively assess our suppliers on a range of sustainability criteria including human rights.

The programme is a five-step process that assess our suppliers' progress and sets out requirements as well as specifies how suppliers are evaluated, scored and developed.

The foundation of this process is the Supplier Code of Conduct which outlines our requirements regarding working conditions, health and safety, discrimination and environmental impact, to name a few. The Code applies primarily to all our first-tier suppliers though we encourage our suppliers to implement this Code of Conduct upstream in their own value chain.

The second step of this process is a supplier assessment tool that is used to understand the level of management system implemented and helps us prioritise the subsequent audits and helps us to identify high-risk suppliers and prioritise their audit and evaluation. We support suppliers willing to make improvements and will stop working with any that score below the requisite grade (C) and that are unwilling to commit to making a positive change. When screening

and selecting new suppliers we take sustainability performance into consideration. For any new supplier approval, we conduct a supplier assessment of sustainability management systems.

## Supplier Assessment Tool

We have worked with a Supplier Assessment Tool towards strategic suppliers since 2013. Suppliers representing approximately 99% of our direct cosmetics and wellness spend are covered by this tool.

This tool enables us to collect and evaluate sustainability data from our suppliers. They are required to provide relevant documentation backed up by evidence for their sustainability performance, including certifications and social compliance data. The data is analysed to evaluate and rate the supplier, checking that its performance is acceptable to Oriflame. When non-conformances are found and suppliers do not achieve minimum requirements through this evaluation system, we aim to provide them with the necessary support to improve and achieve acceptable levels.

## Sustainability audits of suppliers in 2018

We conduct audits on those suppliers who get weak scores from the Supplier Assessment Tool or who are considered high-risk suppliers due to the country they operate in or the type of product they produce. The categories audited include cosmetics, wellness, packaging and accessories suppliers.

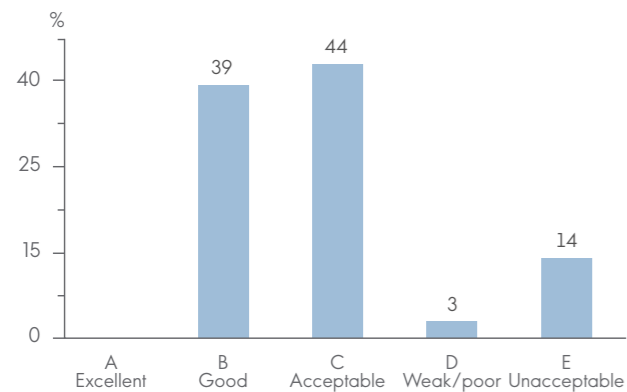
### Supplier evaluation: A five step model

1	Code of conduct	Oriflame's requirements towards our suppliers.
2	Supplier desktop assessment	Online questionnaire and assessment by Supplier Assessment Tool.
3	Evaluation/audit prioritisation	Select which suppliers to audit based on supplier tool risk assessment and geographical risk.
4	Audits/visits	Physical audit carried out by Oriflame auditors or third party auditor and/or Oriflame Agencies.
5	Scoring and development	Final score and development plan for improvements.

Our focus in the past year has been on working together with suppliers to reduce non-conformances and improve their sustainability performance. The majority of these audits achieved results that were considered good or acceptable. However, work to improve supplier performance is ongoing – workplace safety (personal protective equipment control and occupational health examination control), legal compliance (insufficient hazardous waste control), and conditions of employment (working hours and overtime) are the top three issues of non-conformance found during the audits.

When non-conformances are found among existing suppliers, a corrective action plan is agreed upon with the supplier and put into place. The supplier is then given a set amount of time to complete the actions required to close the non-conformances. If the supplier fails to correct the non-conformances an exit plan is initiated. New suppliers are not taken into use until they meet our basic expectations. Each supplier's current progress status is regularly reviewed by the procurement team and by the global quality and sustainability team.

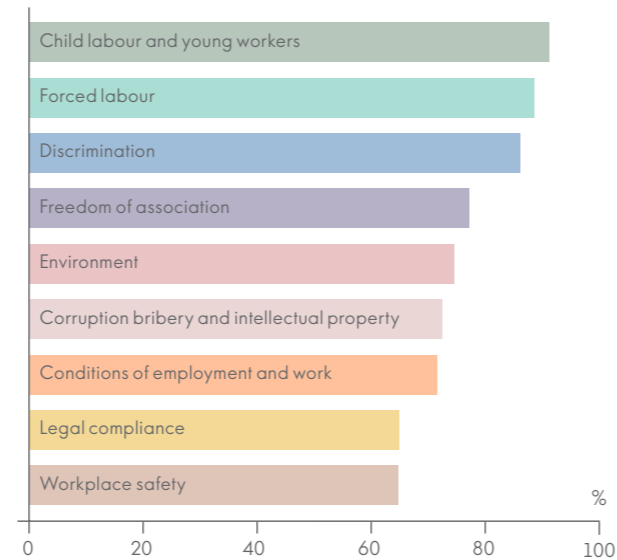
Sustainability audit score results in Asia



## Supplier compliance

We have not found any child or young labour through our audits nor have we faced any cases of discrimination or forced labour. The main challenge we face is that suppliers lack the policy and procedures in place to clearly prevent their non-compliance regarding these issues.

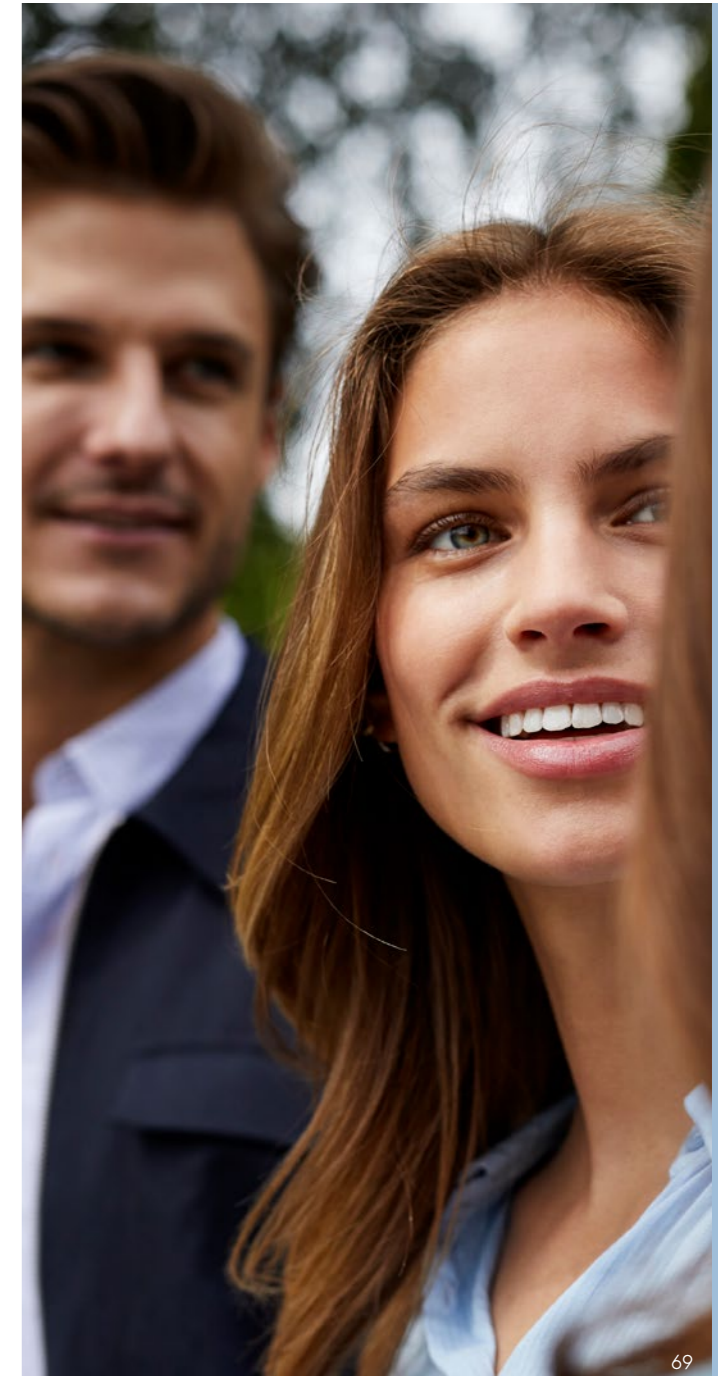
### Compliance



Below we have outlined the most common examples of non-conformances discovered this past year.

- Child labour and young workers**  
 No child or young labour found. At one factory, a written child remediation plan was not available. Although there was no evidence of child labour at this particular factory, it is important that suppliers have a written child remediation plan as part of standard protocol.

- Forced labour**  
 No forced labour found. Unreasonable discipline/punishment practices such as wage deductions.
- Discrimination**  
 No discrimination cases found. Issues related to the way anti-discrimination policies were communicated to workers; unreasonable penalty clauses found.
- Freedom of association**  
 Either no written policy or an inadequate policy; non-availability of work committee or non-availability of work committee's meeting records; workers unaware of works committee; inadequate frequency of works committee meetings and poor records of employee suggestions process.
- Environment**  
 Inadequate documentation regarding environmental performance and environmental aspect-impact assessments; poor waste water or hazardous waste disposal control etc.
- Corruption bribery and intellectual property**  
 Lack of relevant documented policies or of evidence to support policy implementation; lack of internal and external policy communication.
- Conditions of employment and work**  
 High overtime and long working hours.
- Legal compliance**  
 Missing/expired compliance certificates or inadequate workers' contracts.
- Workplace safety**  
 Insufficient personal protection equipment; temporarily blocked emergency exits and inadequate health examinations of workers in hazardous positions.





## Consumer 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 every product we sell meets our high quality and safety standards. We have the same high standards wherever in the world our products are made or sold.

At Oriflame we only use the highest quality raw materials. By doing this we ensure that we minimize the presence of any unintentionally added ingredients. All our raw materials undergo a rigorous assessment process by numerous experts at various stages in the development of our products, in order to ensure that all materials meet our very high standards.

For all our cosmetics 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, internationally approved for use in food and selected for optimum safety and efficacy to ensure our products meet the same safety standards around the world. Everything we make meets all our markets’ relevant Regulations as well as recommendations from food safety bodies such as the World Health Organisation.



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, 1169/2011 for Foodstuffs.

We have safety certificates present for 100% of our 1,000+ products we have on the market. In 2018 there were no incidences of non-compliance with regulations and voluntary codes concerning the health and safety impact of our cosmetic or wellness products.

Oriflame is committed to avoiding the use of CMR substances in our products (substances classified as carcinogenic, mutagenic, or toxic for reproduction). We do this by continuously monitoring the latest scientific data on our ingredients and by taking action early on if any ingredient may fall into this class. We are therefore proud to report that we do not have any CMR substances present in our products. We are aware that endocrine disruptors are of concern for our consumers. As with all ingredients that we know may cause harm we monitor developments on endocrine disruptors and either ensure we do not permit their use or remove them from products if the scientific data confirms an ingredient’s endocrine disrupting effect.

At Oriflame we believe in taking extra measures to ensure the safety of children who use our products. For this reason, we ensure that any fragrance used in children’s products is free from any of the known fragrance allergens.

Nanotechnology is still an emerging science and presents many great possibilities. Whilst the science is still evolving, we commit to only using nanomaterials assessed by the independent scientific body that advises the European Commission and that have been proven to be safe. We want to give our consumers the confidence that the nanomaterials in Oriflame products are both safe and efficacious.

# Socially responsible products

– THAT MAKE A DIFFERENCE

Our products need to add value in several ways for us to stay relevant to our customers. We have added this specific target area to highlight our intentions going forward. As you will read below, we have established several initiatives throughout the years. Today we are more dedicated than ever before to developing products that not only make you beautiful, but also make you feel beautiful. From the inside and out.

## Supporting Fairtrade communities in India

Oriflame sources Fairtrade Organic coconut oil from a community of farmers in Kerala, India, for use in the world's first global Fairtrade certified cosmetic range – the Ecobeauty face and eye cream. By working with Fairtrade, the farmers are ensured a fair price for the ingredients. In addition, a percentage of the products sales are invested into a fund which further supports the community in specific social, economic and environmental projects. Projects include:

- The organising of South India's largest seed exchange event: each year the annual Seed Festival brings to-

gether tens of thousands of farmers who between them exchange nearly 6,000 indigenous varieties of seeds that enhance biodiversity and food security.

- The creation of community seed banks where neighbourhood women's collectives serve as custodians of the myriad seed diversity in select crops through in situ conservation.
- Training on climate risk mitigation and natural resource management, including the development and protection of community water resources.
- Promoting food security and crop protection through bio-fencing around farm lands and solar/battery powered fencing.

Fairtrade Alliance Kerala is an organisation of small holder farmers in South India. The organisation evolved as a response to the agrarian crisis that resulted in indebtedness and a situation where farmers were many times not even covered for the cost of production. By introducing the Fairtrade principles, small scale farmers are guaranteed a fair price for the produce, whilst sustainable farming also means that the land and workers are better protected.

## Sourcing mica

Mica is a group of minerals used in a large variety of consumer goods. At Oriflame we use it for example as a pearlescent pigment in cosmetics. To support the development of impactful solutions against this issue, Oriflame joined the Responsible Mica Initiative in 2017 and continued our proactive engagement in 2018. The Responsible Mica Initiative is a unique, cross-sector association, ensuring close collaboration between private, public and non-profit sectors, in order to achieve a 100% responsible mica supply chain over the next 5 years.

## Assisting local communities in Indonesia

The Tesso Nilo forest in Indonesia is unique in many ways, for its high biodiversity and as a habitat to 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 area, which only contributes to deforestation. Oriflame therefore wanted to support the development of sustainable livelihoods and is helping the local community to find new markets for sustainable forest products such as the Sialang honey. Today, Oriflame has sold 350,000 bottles of honey through our catalogue, providing the community with a steady income. This has impacted the community positively by reducing their dependence on forest timber products and thereby reducing the threat of deforestation.



# Goals and commitments



## Employee experience

Commitment	Deadline	Progress	Comment
1. Ensure equal opportunities for all women and men, by having the minority gender representing no less than 40% in key governing bodies and management teams.	Year on year	On track	<i>In 2018, women represented 40% of the Global Management Team. Our Group Management increased by two women during the year, which resulted in women representing 30% of the group. Oriflame Board of Directors currently have an equal gender balance, with two women joining in 2018.</i>
2. Create great places to work by having implemented a Global Employee NPS for a majority of our markets by 2020, with the purpose of measuring our employees' loyalty and satisfaction.	2020	New	<i>In 2018, the eNPS was surveyed in 15 markets and the regions of CIS, Latin America and Africa. A global rollout is planned for 2019.</i>
3. By 2020, to have implemented a Global Employee Experience Index for a majority of our markets, with the purpose of measuring our physical work environment, our inclusive culture and user-friendly technology.	2020	New	<i>We will start to measure this in 2019.</i>



## Human rights

Commitment	Deadline	Progress	Comment
4. Conduct a human rights risk assessment for all new markets as part of our due diligence process.	Year on year	On track	<i>No new markets were entered in 2018.</i>
5. Educate our employees on our business responsibility to respect human rights, and train the Global Management Team on this by 2018.	2018	Not achieved	<i>Selected departments and individuals have been trained in relevant human rights aspects during the year. However, the full Global Management Team has not been trained yet.</i>
6. Oriflame is committed to the safety of our employees. Strict processes have been implemented to assess the chemical risk of all new raw materials.	Year on year	New	
7. Oriflame is committed to terminating existing business relationship with any supplier or discontinue the approval process of a new supplier, in case of systematic Human Rights breaches or systematic cases of corruption and/or bribery.	Year on year	New	



## Consumer safety

Commitment	Deadline	Progress	Comment
8. All our cosmetic and wellness products undergo continuous assessment post launch, from continuous monitoring of ingredients to receiving and analysing consumer feedback, ensuring we continuously improve the safety of our products for our consumers.	Year on year	New	
9. Oriflame is committed to avoiding the use of CMR ingredients in our products. We do this by continuously monitoring the latest scientific data on our ingredients and by taking early action on any ingredient which may fall into this class.	Year on year	New	
10. Oriflame is committed to monitoring developments on endocrine disruptors and ensure we do not permit their use or remove them from our products if the scientific data confirms an ingredient's endocrine disrupting effect.	Year on year	New	
11. Oriflame is committed to taking extra measures to ensuring the safety of children who use our products. For this reason, we ensure that any fragrance used in products for children is free from any of the known fragrance allergens.	Year on year	New	

### Commitment

### Deadline

### Progress

### Comment

12. Oriflame is committed to only using nano-materials which have been assessed by the independent scientific body that advises the European Commission and that have been proven to be safe to give our consumers the confidence that the nanomaterials in Oriflame products are both safe and efficacious.

Year on year

New

13. Oriflame is committed to only using the highest quality raw materials. By doing this we ensure that we minimize the presence of any unintentionally added ingredients. All our raw materials undergo a rigorous assessment by numerous experts at various stages through the product development process to ensure that all materials meet our very high standards.

Year on year

New



## Socially responsible products

### Commitment

### Deadline

### Progress

### Comment

14. Develop new and grow sales of existing products with a social purpose\*.  
*\*Social purpose is when the product and its surrounding communication aims to benefit the consumer pertaining to their physical or mental wellbeing.*

Year on year

New

15. Oriflame is committed to ensuring an ethical approach when sourcing our raw materials.

Year on year

On track

Oriflame joined the Responsible Mica Initiative in 2017 and continued our proactive engagement in 2018.



Communicate  
and engage



**We want an open transparent dialogue with all our stakeholders; employees, suppliers, investors and other actors of society.**

We also recognise the potential that engagement and successful communication with our Consultants and consumers has in achieving our sustainability ambitions. Our business reaches more than 10 million people in more than 60 countries every month. If we can showcase the value of sustainability behaviours to these Consultants, they will help spread these behaviours to many millions more.



# Beautiful Change

## OUR WAY OF COMMUNICATING SUSTAINABILITY

We want to inspire Oriflame Consultants and consumers to take action and make their own contribution towards a better world. We believe that Beauty is more than just the way you look – it's about the way you act.

Our new brand positioning “Beauty by Sweden” stands for everything we want to be as a company. It enhances our Swedishness and helps us to stand out against our competitors.

### Our four Swedish brand attributes are:

- Accessible
- Natural
- Progressive
- Trustworthy

**Accessible** means we believe in the simple idea that great things should be available to the many. This means we work hard to create great value for money products, as well as a worthwhile business opportunity, for our Consultants and consumers around the world. As people we are also open and accessible – anyone with an idea can bring it forward and be heard.

**Natural** means a respect for nature that has been part of our heritage since day one. Everyone has the right to access and enjoy nature – and we all have a responsibility to care for it. We are inspired by nature and harness the power of its ingredients in our products. We also aim to make responsible and sustainable choices in all areas of our business.

**Progressive** means that we use curiosity and creativity

to constantly move forward. This approach is reflected throughout our community and the reason why we continuously improve our products and our business opportunity. Our progressiveness also drives our desire to discover and explore the latest developments and trends within science, fashion, technology, and the world around us.

**Trustworthy** means we always strive to exceed our customers' expectations and take great pride in being known as a reliable and honest business partner, delivering on our promises. We act with integrity and respect everyone we interact with. Safety is a priority. We carefully select our raw materials and choose suppliers who meet our strict safety standards.

In 2017 we created and launched the Beautiful Change concept. Beautiful Change communicates Oriflame's sustainability initiatives and achievements in a simple, emotional and engaging way. We want to spread a very simple message that can have a very big impact – everyone can make a Beautiful Change. This is an opportunity for us because many of our Consultants and consumers are in markets with a low interest and understanding of sustainability issues.

In 2018, we delivered consumer friendly stories on our sustainability achievements to our regions, enabling them to reach out to our Consultants and consumers on these topics. Now the entire Beautiful Change concept has been incorporated in our Brand communication. This way we underline the fact that sustainability is an integral part of our Beauty by Sweden brand and its communication. We continue to use #BeautifulChange to underline our sustainability work on social media platforms.





# Oriflame Foundation

EMPOWER CHILDREN AND YOUNG WOMEN 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. However, we want to reach further than our own network of influence. This is why we have the Oriflame Foundation – it is our way of creating long-term value for people we do not connect with through our business, specifically for those children and young women who are most vulnerable in society.

Our goal is to help educate children by doubling the amount of money donated to Oriflame Foundation by 2022. During 2018, the total amount of money raised by Oriflame Foundation was €1 million. Since 2009, the total sum raised amounts to more than €10 million.

## Why we created the Oriflame Foundation

Oriflame has always supported charitable causes, but a number of years ago we decided we would make a bigger positive impact in all regions by combining 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 reinforces our reputation as a socially responsible company and attracts 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.

## Funds raised through sales

We also develop accessories and beauty products that we sell specifically to raise funds. Additionally, some markets also offer customers the opportunity to make an extra donation at the end of their online order, with possible matching made by some of Oriflame's local markets. Markets are also encouraged to raise additional funds through fun, creative and innovative activities, for example through galas, sponsored walks and raffles.

## Employee volunteering

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. All Oriflame employees have the benefit of one paid day off for volunteering, and can support a charity of their choice.



### Case study

## Deepalaya school in India

In 2018, Oriflame India continued its initiatives to empower girls, after the success of its campaign led by Kalki Koechlin on female empowerment through education. Oriflame has been involved in the Deepalaya School in Gusbethi, Haryana since 2006, sponsoring the education of 7,000 girls since last 12 years. Oriflame is to contribute to the construction of a new three-storey building, sprawling over 90,000 sq. ft. area with classrooms and an administrative block. The premises will be accessible to over 3,000 students from underprivileged backgrounds. The Oriflame team inaugurated the premises with much pride, reaffirming Oriflame's commitment to responsible beauty.

Ever since we started our association with Deepalaya in 2006, we have witnessed the extent of change we have brought into the lives of underprivileged children in the area. For many of these children, the school is an educational haven. During its years of association with the company, Deepalaya school has seen an appreciable decrease in drop-out and absentee rates. Oriflame has also donated two buses to the school to encourage the children's access to education.

The Oriflame Foundation's vision is to continue its engagement with such institutions, empowering girls and women through education and helping their dreams to flourish.



# Stakeholder engagement

Our business' success is created by people – from our employees, Consultants, customers and suppliers, to our shareholders, and the general public. These are all our stakeholders, and they rightly expect us – a global company – to pursue the highest level of social and environmental responsibility.

We are determined to be a leader when it comes to meeting these expectations. To that end, we maintain a reasonable 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.

## Cooperations and memberships of associations or advocacy organisations

The organisations listed below are a selection of those Oriflame is either a member of or works closely with:

- Cosmetics Europe
- World Federation of Direct Selling Associations (WFDSA)
- Seldia, the European Direct Selling Association
- United Nations Global Compact
- Roundtable on Sustainable Palm Oil (RSPO)
- Responsible Mica Initiative (RMI)
- Swedish Network for Business and Human Rights
- We Mean Business Coalition
- Swedish Network for Sustainability Reporting
- Rainforest Alliance

	How we engage on sustainability	Key issues raised
Employees	<ul style="list-style-type: none"> <li>• Employee NPS – quarterly survey collecting information and feedback on important elements of employee satisfaction and experiences</li> <li>• CEO Connect – annual live broadcast where employees ask the CEO questions both during and in advance of the event</li> <li>• Continuous trainings and feedback, eg. the Oriflame culture, Oriflame Way (see Employee experience section)</li> <li>• Dialogue and sharing through Oriflame's Intranet and Internal social media</li> </ul>	<ul style="list-style-type: none"> <li>• Performance management</li> <li>• Recognition and rewards</li> <li>• Personal development and career opportunities</li> <li>• Empowerment – leadership, corporate culture</li> <li>• Diversity and inclusion</li> <li>• Charity</li> <li>• Sustainable packaging</li> </ul>
Consultants	<ul style="list-style-type: none"> <li>• Consultant NPS – permanent feedback from Consultants about experiences and possible improvements</li> <li>• Business meetings, trainings, conferences and events</li> <li>• Sustainability study – through a web panel collecting information on what our Consultants prioritise most regarding sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Job creation/recruitment and benefits</li> <li>• Charity</li> <li>• Sustainable sourcing</li> <li>• Product ingredients and safety</li> <li>• Sustainable packaging</li> <li>• Animal testing</li> </ul>
Investors	<ul style="list-style-type: none"> <li>• Meetings with investors – one-on-one meetings, quarterly roadshows, capital market days and conference calls</li> <li>• Responding to online investor questions and data reporting requests</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable sourcing</li> <li>• Climate impact</li> <li>• Supply chain</li> <li>• R&amp;D and product ingredients</li> <li>• Customer relations</li> <li>• Diversity</li> </ul>
Consumers	<ul style="list-style-type: none"> <li>• Consumer research, primarily product focused</li> <li>• Consumer surveys, sometimes including Oriflame Consultants in their role as consumers</li> <li>• Oriflame Brand Image Index, OBII (Annual)</li> </ul>	<ul style="list-style-type: none"> <li>• Product ingredients and safety</li> <li>• Customer engagement</li> <li>• Sustainable sourcing</li> <li>• Animal testing</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Regular meetings/site visits with Oriflame teams regarding purchasing, packaging etc.</li> <li>• Regular sustainability site audits</li> <li>• Supplier self-assessment survey</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable product development</li> <li>• Supply chain</li> </ul>
NGOs	<ul style="list-style-type: none"> <li>• One-on-one meetings discussing both general strategy and more specific topics</li> <li>• Discussions at industry events</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain</li> <li>• Transparency and communication</li> <li>• Product ingredients and safety</li> <li>• Female empowerment</li> <li>• Sustainable sourcing</li> </ul>
Society	<ul style="list-style-type: none"> <li>• Participation in industry initiatives and standardisation bodies</li> <li>• Community involvement, including Oriflame Foundation initiatives</li> <li>• Participation in conferences and events</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable sourcing</li> <li>• Human rights</li> <li>• Ethics and fraud</li> <li>• Charity</li> </ul>



# Management approach

**In this section of the report, we have gathered information on some of the fundamentals of good sustainability work and reporting, as well as information on our organisation and our approach to materiality, along with other details about this report.**

In addition, we disclose our sustainability work in relation to the Sustainability Development Goals (SDG) and explain what sustainability risks we face in our kind of business.



# Organising for improvements

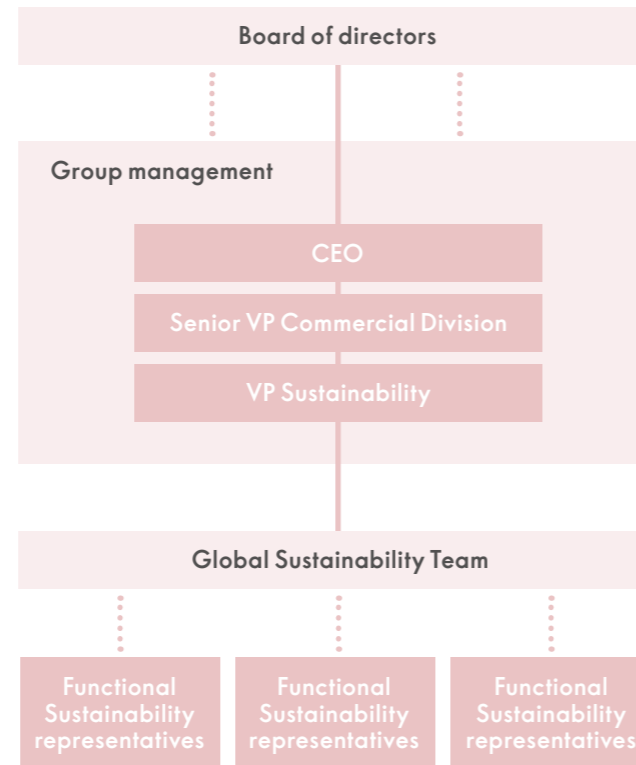
To make sure our sustainability strategy is successful, we need to give it the same kind of attention, respect and level of organisation as our other business strategies. This is why our CEO and the Board of Directors oversee our sustainability strategy.

A global sustainability team is responsible for developing global targets and supporting the organisation by identifying key responsibilities, helping to set goals and targets, as well as monitoring and reporting progress externally. The Vice President of Sustainability is part of our Group Management, with sustainability topics scheduled into several of the Group Management's all major meetings during the year to inform and discuss relevant material issues.

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

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

- We are integrating sustainability goals into performance targets of key Senior Managers and lower levels where appropriate.
- We provide ongoing training in specific sustainability areas to those who require it.
- We communicate sustainability topics to our employees via meetings, conferences, trainings and the intranet. We also have e-learning modules available to all employees that provide an introduction to sustainability and what it means to our business.



- We are working on more ways to engage our employees and Consultants around sustainability issues, for example via our social media hashtag #beautifulchange.

# Materiality

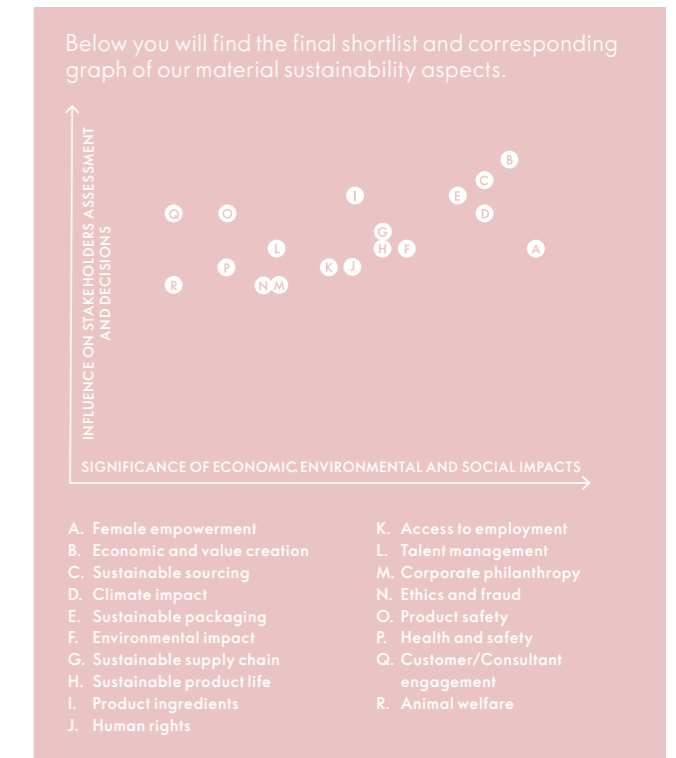
Our initial in-depth materiality assessment was conducted in 2014 to gain a clearer view of the issues most pertinent to our business. Materiality refers to the issues that reflect an organisation's significant economic, environmental and social impacts, and substantively influences the assessment and decisions of stakeholders. In addition to conducting an in-depth analysis, we are continuously monitoring and evaluating relevant areas to make sure we focus on the right issues.

## Understanding our impact

In the first step of our materiality assessment we used all our existing knowledge and research of our direct and indirect impact factors 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 we report to the United Nations 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 organisations 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 re-evaluate our original list of Oriflame's biggest impacts and relevant issues. This approach ensured that 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. It also allowed us to prioritise the list accordingly.

In 2018, we transitioned from GRI G4 to GRI Standards. In combination with our updated sustainability strategy we re-evaluated the materiality analysis to help us fully understand our business impact, improve our knowledge on what stakeholders find important and develop our priorities and processes.







# Supporting the Sustainable Development Goals

The 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) were adopted by all United Nations member states in 2015. The SDGs are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. These goals intend to create long-term action in order to address the world's most pressing issues during the next 15 years. Three years in, although there is good progress towards the Sustainable Development Goals, there is also a significant shortfall, particularly around climate action and reduced inequalities.

Oriflame has been a member of the United Nations Global Compact since 2009 and has recognised the importance of the SDGs since they were conceived in 2015. Although we have an opportunity to support all of the goals set, we have identified some to be more relevant to our business, particularly as we deliver on our updated sustainability strategy.

Around the world, local Global Compact Networks exist to help companies and organisations engage in driving the SDGs and sustainable development at both a national and local level. During 2018, Oriflame joined the Swedish local Global Compact Network.

## How Oriflame contributes

	<ul style="list-style-type: none"> <li>Reducing environmental impact by working with water (pp. 36-37), air (pp. 40-43) and waste (pp. 44-45).</li> </ul>	<ul style="list-style-type: none"> <li>Protecting employee health and safety (pp. 62-63).</li> </ul>
	<ul style="list-style-type: none"> <li>Giving Consultants, mainly women, an opportunity to additional income (pp. 20-21), growth and development (pp. 24-25) and network opportunities (pp. 26-27).</li> </ul>	<ul style="list-style-type: none"> <li>Creating a diverse global workforce at all management levels (pp. 60-63).</li> </ul>
	<ul style="list-style-type: none"> <li>6,100 employees in more than 60 countries with 73 nationalities.</li> <li>Giving 3 million Consultants the opportunity to have an additional income (pp. 20-21).</li> </ul>	<ul style="list-style-type: none"> <li>Creating a diverse global workforce at all management levels (pp. 60-63).</li> </ul>
	<ul style="list-style-type: none"> <li>Sustainable sourcing of paper and palm oil (pp. 38-39)</li> <li>Increasing post-consumer recycled plastic and renewable packaging materials (pp. 44-45).</li> </ul>	<ul style="list-style-type: none"> <li>Screening all raw materials based on naturalness, environmental impact and ethicalness (pp. 46-49).</li> <li>Being innovative in formulation developments (pp. 46-49).</li> </ul>
	<ul style="list-style-type: none"> <li>Reducing greenhouse gas emissions (pp. 40-43).</li> <li>Improving energy efficiency at manufacturing sites (pp. 40-43).</li> <li>Renewable electricity at all Oriflame operated sites (pp. 40-43).</li> <li>Solar panels installed at wellness factory in India (pp. 40-43).</li> </ul>	<ul style="list-style-type: none"> <li>Reducing electricity consumption at manufacturing sites (pp. 40-43).</li> <li>Investing in sustainable certified manufacturing sites (pp. 40-43).</li> </ul>
	<ul style="list-style-type: none"> <li>Using fish oil from sustainably managed stocks in our wellness food supplements range (p. 48).</li> <li>Reducing impact to water by implementing biodegradable formulations into personal care products and removing plastic microbeads (pp. 36-37).</li> </ul>	<ul style="list-style-type: none"> <li>Paying attention to raw materials that may be of concern for consumers (pp. 70-71).</li> </ul>
	<ul style="list-style-type: none"> <li>Sourcing paper and palm oil (main raw materials) from sustainable sources (pp. 38-39).</li> <li>Raw materials from nature play an important part in our product philosophy. We do not use materials derived from protected</li> </ul>	<ul style="list-style-type: none"> <li>or endangered flora and fauna and we were one of the first companies in the world to use raw materials sourced directly from nature (pp. 46-49).</li> </ul>
	<ul style="list-style-type: none"> <li>Respecting human rights for employees and suppliers (pp. 64-69).</li> </ul>	<ul style="list-style-type: none"> <li>All new global suppliers sign the Supplier Code of Conduct before conducting business with us (pp. 66-69).</li> </ul>



# Sustainability risks

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Sustainability risks are continuously being identified, assessed and addressed within Oriflame's general risk assessment process.

A Global Assurance department was established in October 2018 consisting of pre-existing internal control, compliance and data protection functions. The department is led by the Vice President Global Assurance and works to ensure that necessary attention is given to risk and compliance matters within the organisation. Oriflame's risks map was established to identify and analyse the main business risks to which the Group is exposed and to set appropriate mitigations action plans. These risks are defined after an annual review of the company's value chain by the Global Assurance department.

The Audit Committee (composed of Board members) annually reviews the risks map of Oriflame. The Board then decides or validates mitigation strategies that are overseen by the Group Management, of which the Vice President Sustainability is part.

Risk Area	Description	Mitigation
Human Rights – suppliers	Oriflame has implemented some measures to guarantee the respect of human rights in its own factories, warehouses, distributions centres and offices. However, a significant exposure remains with suppliers in emerging markets.	<ul style="list-style-type: none"> <li>• Human rights impact assessments when entering new markets</li> <li>• The five-step supplier evaluation Process</li> <li>• Supplier Code of Conduct</li> </ul>
Corruption	Operating in countries where the corruption risk exposure is quite high, Oriflame needs to be very clear on its anti-corruption standards.	<ul style="list-style-type: none"> <li>• Zero-tolerance policy towards active or passive corruption</li> <li>• Code of Conduct for employees</li> <li>• Compliance-breach reporting mechanism</li> <li>• Annual compliance pledge by the 184 most senior managers</li> <li>• Supplier Code of Conduct</li> </ul>
Environment – Water	Oriflame depends on water throughout the product lifecycle, but mainly during the manufacturing, consumer usage and raw material sourcing process. The availability and the quality of water is therefore of importance for us. Increased water scarcity that could potentially lead to reduction or disruption in the manufacturing process is a risk for us.	<ul style="list-style-type: none"> <li>• Conducted a water footprint study</li> <li>• Improving water efficiency at manufacturing sites</li> <li>• Developing products with biodegradable formulas</li> <li>• No plastic microbeads and plastic glitter</li> <li>• Sustainable packaging</li> </ul>
Environment – Forest	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 to avoid deforestation.	<ul style="list-style-type: none"> <li>• Increasing our share of Mass Balance certified palm oil</li> <li>• Purchased RSPO Credits since 2010</li> <li>• Aim to source paper from credible certified or recycled sources</li> </ul>
Environment – Climate	Our business impacts the climate, both directly via our operations and indirectly via our supply chain. We have identified changing weather patterns as a potential risk for decreased or irregular raw materials supply.	<ul style="list-style-type: none"> <li>• Working with reducing our GHG emissions since 2010</li> <li>• Renewable electricity at all Oriflame operated sites</li> <li>• Committed to set Science Based Targets</li> </ul>
Health and safety – employees	At Oriflame, it is our responsibility to ensure that no employee should be exposed to any health or safety risk when they work for us or on our behalf.	<ul style="list-style-type: none"> <li>• Group-level policy</li> <li>• Health and safety committees at major sites</li> <li>• Health and safety eLearning for employees</li> <li>• Health and safety audits</li> </ul>
Human rights – employees	At Oriflame, having more than 6,000 employees all over the world, some may be exposed to human rights risks. However, very few cases are reported annually, so we have reason to believe that the values we have in our culture work in our favour and our employees can separate right from wrong.	<ul style="list-style-type: none"> <li>• Code of Conduct for employees</li> <li>• Human rights commitments</li> <li>• Compliance-breach reporting mechanism</li> <li>• Zero-tolerance policy towards any form of harassment and any form of discrimination</li> </ul>
Consumer safety	We never compromise on the safety of our consumers – their wellbeing is of paramount importance to us. Hence our consumer safety work is all about assessing, monitoring, testing and evaluating ingredients and formulas that could be of risk to the consumer.	<ul style="list-style-type: none"> <li>• Conduct a thorough evaluation of all raw materials</li> <li>• Measure safe concentration levels</li> <li>• Test final formulations for irritation and sensitisation</li> <li>• Collect feedback from consumers post-launch</li> </ul>

# About this report

Oriflame has a strategy for becoming a more sustainable company which includes communicating openly on our commitments and progress. During recent years, we have gradually increased all our reporting as an organisation, and published our first separate Sustainability Report in 2014.

This Sustainability Report covers material sustainability strategies, activities and performances for the company Oriflame Holding AG (called Oriflame in this report) during the period January 1 to December 31, 2018, unless stated otherwise. Franchise operations are not covered in this report. This report was published on Oriflame's website, [www.oriflame.com](http://www.oriflame.com), on April 15 2019, where you will also find additional information about our sustainability efforts. This report has been prepared in accordance with the GRI Standards: Core option. A GRI Content Index is published on our website. The value creation model on page 10-11 in the Annual Report is inspired by the International <IR> Framework.

Information and facts are selected on the basis of sustainability aspects assessed and material to 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 2018. Unless otherwise specified, all data concerning suppliers and suppliers' factories includes all suppliers and factories that were active and approved for production during the reporting period. Our greenhouse gas emission calculations and reporting are aligned with the Greenhouse Gas Protocol Standard.

This report has not been externally assured. However, part of our greenhouse gas emission calculations (71% of Scope 1 and 83% of Scope 2 (location-based)) that are also to be reported to CDP have been subject to limited assurance by KPMG. The verification standard used was the International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements. Additionally, the requirements found in the Greenhouse Gas Protocol have been used as applicable criteria. Our paper supplier questionnaires for product packaging, accessories and catalogues have been developed by Rainforest Alliance to verify claims of FSC™ certification or other credible certified sources.

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



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