

L'ORÉAL

United Nations Global Compact Communication On Progress ("COP") 2018

Advanced Level

November 2019



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



About this document

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

In 2018, L'Oréal was recognised as a Global Compact LEAD Company.

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

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

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

This report reflects our self-assessment on how we have met the UN Global Compact Advanced Level criteria in 2018. We consider that a criterion is met when we communicated its implementation or planned implementation of one or more of the commonly accepted best practices suggested under each criterion.

As a signatory of the Women's Empowerment Principles (WEPs), we furthermore report according to the WEPs Reporting on Progress Guidance (see Annex 1).

In 2018, L'Oréal officially announced its support of the United Nations LGBTI Standards of Conduct of Business. Although there is at present no reporting standard on this commitment, we have chosen to include specific information on our actions in this report (see Annex 2). We hope to encourage other companies to do the same in the future.

Finally, L'Oréal supports the United Nations Sustainable Development Goals (“SDGs”). A cross-reference table (see Annex 3) has been included in this report to allow our stakeholders to better understand how L'Oréal contributes by its actions to the SDGs.

Information in L'Oréal's 2018 COP is namely compiled from our [2018 Annual Registration Document](#), and [2018 Sharing Beauty With All Progress Report](#).

Statement Of Continued Support

Extract from Jean-Paul AGON's statement in the *2018 Sharing Beauty With All* Progress Report



“We have undertaken our initiatives in the context of the United Nations Global Compact’s ten principles for nearly 20 years, and since 2015 they have also contributed to the United Nations Sustainable Development Goals. We are conscious that we cannot act alone to address the magnitude of the current challenges. That’s why we are joining forces to participate in transforming our sector and we’re forging external partnerships with multiple stakeholders, including NGOs, start-ups, corporate organisations and suppliers. The more numerous we

are in taking action, the more all our initiatives, placed side by side, contribute to making a tangible positive difference.

Doing everything in our power to be an exemplary leader is our obsession. Because L’Oréal will continue to be a high-performing company if, and only if, it generates sustainable growth while creating shared value. We have undertaken and accomplished multiple initiatives, but we must collectively accelerate our efforts in the face of the climate crisis. It is a moral imperative – we must act. We are resolved to addressing these challenges on a global scale. It’s the condition inherent to the company’s long-term success and to safeguarding our planet. Our future as citizens of the world hangs in the balance.”

A handwritten signature in black ink, consisting of stylized, overlapping loops and strokes.

Jean-Paul AGON,
Chairman and Chief Executive Officer

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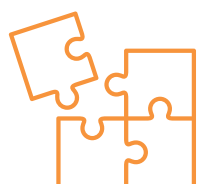
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Implementing The 10 Principles Into Strategies & Operations

CRITERION 1

The COP describes mainstreaming into corporate functions and business units

| INDICATORS | ANSWERS |
|--|--|
| <p>Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc.) ensuring no function conflicts with company's sustainability commitments and objectives</p> | <p>L'Oréal is built on strong Ethical Principles that guide its development and contribute to building its reputation. These Principles – Integrity, Respect, Courage and Transparency – are namely the foundation of the Group's sustainability, compliance, diversity and philanthropy policies.</p> <p>L'Oréal's Senior Vice President & Chief Ethics Officer is the United Nations Global Compact contact and reports to the Chairman and CEO. He has a dedicated budget and team, has access to all the information and documents concerning the Group's activities and can call upon all the Group's teams and resources to carry out his mission.</p> <p>L'Oréal's Executive Vice President - Chief Corporate Responsibility Officer & Executive Vice President of the L'Oréal Foundation is a member of L'Oréal's Executive Committee, reports directly to the Chairman and Chief Executive Officer and has a dedicated budget and team. She is responsible for the oversight of L'Oréal's sustainability "Sharing Beauty With All" program and manages the Group non-financial performance.</p> <p>The Director of Risk Management and Compliance, in charge of the anti-corruption Program, also reports directly to the Chairman and CEO and has a dedicated budget and team.</p> <p>All relevant corporate functions (Procurement, Government Affairs, Human Resources, Research & Innovation, Legal, Internal Audit, etc...) are required to act in accordance with L'Oréal's Ethical Principles and Code of Ethics and to support L'Oréal's Ethics, Sustainability and Compliance Policies.</p> <ul style="list-style-type: none"> • Acting Ethically section on loreal.com • 2018 Registration Document 2.8.2.1 p110-111, 3.1 p.144-145 • 2018 Sharing Beauty With All Progress Report p.6-7 |
| <p>Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy</p> | <p>Country General Managers (or for Corporate or Zone Staff, the Members of the Group Executive Committee to whom they report) are responsible for ensuring the respect of L'Oréal's Ethical Principles and Code of Ethics.</p> <p>Ensuring the effective implementation of L'Oréal's sustainability, compliance and diversity is also part of their job description.</p> <p>Sustainability performance criteria in relation with conduct of the Sharing Beauty With All Program have been integrated in the variable remuneration of Executive Committee members and the Group's Top Senior Managers (Brand & Country General Managers).</p> <ul style="list-style-type: none"> • L'Oréal Code of Ethics • 2018 Sharing Beauty With All Progress Report p.6-7 • Corruption Prevention Policy |



| INDICATORS | ANSWERS |
|---|---|
| <p>Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary</p> | <p>A network of 75 Ethics Correspondents support members of the Group Executive Committee and Country General Managers in ensuring the respect of L'Oréal's Ethical Principles and Code of Ethics.</p> <p>A network of 60 "Sharing Beauty With All" Coordinators has been put in place in the different subsidiaries of L'Oréal everywhere around the world, and in the different corporate entities (Research, Operations, brands) in order to deploy L'Oréal's sustainability strategy.</p> <p>A network of 140 Internal Control Managers has been put in place to support Country General Managers to support the proper deployment of L'Oréal's Corruption Prevention Program.</p> <ul style="list-style-type: none"> • 2018 Registration Document 2.8.2.1 p.110 • Sharing Beauty With All section on loreal.com |
| <p>Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs</p> | <p>We consider that acting ethically and sustainably is compatible with and supports growth.</p> <p>L'Oréal's "Sharing Beauty With All" program helps create synergies in four areas:</p> <p>1 – Innovating sustainably By 2020, the Group will innovate so that 100% of L'Oréal products will have an improved environmental or social profile.</p> <p>2 – Producing sustainably By 2020, the Group commits to reducing the environmental footprint of its plants and distribution centres by 60%.</p> <p>3 – Living sustainably By 2020, the Group will empower its consumers to make sustainable choices.</p> <p>4 – Developing sustainably</p> <ul style="list-style-type: none"> - With Employees - by 2020, L'Oréal Employees will have access to healthcare, social protection and training, wherever they are in the world; - With suppliers - by 2020, 100% of the Group's strategic suppliers will be participating in the Supplier Sustainability Program; - With communities - by 2020, the Group will enable more than 100,000 people from underprivileged communities to access work. <ul style="list-style-type: none"> • 2018 Sharing Beauty With All Progress Report p.8-9.106 |
| <p>Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts</p> | <p>Relevant Corporate Functions (Procurement, Government Affairs, Human Resources, Research & Innovation, Legal, Internal Audit, etc) participate in the various working groups and committees set up to implement such policies. This ensures coordination and maximized performance.</p> <p>Examples of such committees include the Group Human Rights Committee and the Group Corruption Prevention Committee whose members represent various corporate functions, geographic zones and business units</p> |



| INDICATORS | ANSWERS |
|--|--|
| Other established or emerging best practices | <p>In many areas L'Oréal adopts best practices which go beyond the law (see criteria 3, 6, 9). In particular, the Code of Ethics provides that "where local law or customs impose higher standards than those set out in the Code, local law and customs should always apply. If, by contrast, the Code provides for a higher standard, it should prevail, unless this results in illegal activity."</p> <p>In 2018, L'Oréal's efforts and progress were recognised and rewarded as in previous years by the most demanding organisations in this field:</p> <ul style="list-style-type: none"> - recognized for the 9th time by Ethisphere as one of the World's Most Ethical Companies - reached 1st place in the Covalence Ethical Quote rating - ranked No. 1 in all business sectors by the extra-financial rating agency Vigeo Eiris - for the 7th year running, the extra-financial rating Agency ISS-Oekom gave L'Oréal Prime status - the CDP gave L'Oréal a triple "A", representing the top score, for each of the ratings made on key topics: the fight against climate change, sustainable water management and forest conservation - 1st place among European companies in the Equileap Awards - L'Oréal retained its position in both of the Ethibel Sustainability Indices (ESI): Excellence Europe and Excellence Global <p>• 2018 Sharing Beauty With All Progress Report p.27 • 2018 Registration Document p.149 • Acting Ethically section on loreal.com</p> |

**L'ORÉAL NAMED AS A WORLD'S MOST ETHICAL COMPANY FOR THE 9TH TIME
BY THE ETHISPHERE**





CRITERION 2

The COP describes value chain implementation

| INDICATORS | ANSWERS |
|--|---|
| Analyse each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts | <p>L'Oréal analyses its value chain using various risk mapping tools to identify possible impacts and opportunities.</p> <p>This is namely done via the Group's regular risk mapping, its sustainability materiality analysis, a specific procurement risk mapping and an Ethics and Human Rights risk mapping.</p> <p>For an upstream example, see Reducing the environmental impact of formulas.</p> <p>For a downstream example, see Reducing CO2 emissions.</p> <ul style="list-style-type: none"> • 2018 Sharing Beauty With All Progress Report p.11; p.16 • 2018 Registration Document 2.8.4.3.2 p.121; 3.3.1.3.2. p.172; 3.3.1.3.2 Within the supply chain p.174 3.3.1.3.3 Throughout the product life cycle p.179-182 |
| Communicate policies and expectations to suppliers and other relevant business partners | <p>L'Oréal actively seeks out and favours business partners that share its ethical and sustainability commitments.</p> <p>L'Oréal launched in 2002 its responsible and sustainable sourcing Policy : Buy & Care and evaluates and selects its suppliers based on five key elements: quality, Corporate Social and Environmental Responsibility, innovation, supply chain and service, and competitiveness. These pillars form the basis both for daily performance and for long-term strategies.</p> <p>L'Oréal communicates its expectations via its General Terms of Purchase and its Ethical Commitment Letter which namely requires suppliers and subcontractors to comply with the Fundamental Conventions of the International Labour Organisation as well as local legislation, in particular with regard to minimum wages, working time and health and safety.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.3.2. p.174-175; 3.3.1.3.3 p.177 and 3.3.3.3. p.213-216 • 2018 Sharing Beauty With All Progress Report p.24 |



| INDICATORS | ANSWERS |
|--|--|
| <p>Implement monitoring and assurance mechanisms (e.g. audits/ screenings) for compliance within the company's sphere of influence</p> | <p>L'Oréal uses various monitoring and assurance mechanisms to ensure compliance with its standards.</p> <p>Namely, it has put in place a strong Internal Control system that applies to the Company and its consolidated subsidiaries and aims at ensuring that:</p> <ul style="list-style-type: none"> - economic and financial targets are achieved in compliance with the laws and regulations in force; - the orientations set by General Management are followed; - the Group's assets are valued and protected; - the Group's financial and accounting information is reliable and provides true and fair statements. <p>The Internal Audit Department includes verification of the Group's Ethics, Sustainability and Corruption Prevention Program within its missions.</p> <p>A global scorecard has been deployed for all purchasing fields and makes it possible to precisely measure suppliers' results, in particular their compliance with their environmental, social and societal commitments which represent 20% of the final assessment.</p> <p>The Group's subcontractors and its suppliers of raw materials, packaging, production equipment and POS advertising/ promotional items and materials located in countries identified as being at risk are subject to a mandatory social audit aimed notably at ensuring compliance with Human Rights and labour law. This audit also covers Employee safety and working conditions, and the way in which the impact of activities on the environment is taken into account.</p> <ul style="list-style-type: none"> • 2018 Registration Document 2.8.1 p.109; 2.3.3. p.73, 3.3.1.3.2. p.173-175 • 2018 Sharing Beauty With All Progress Report p.24 |
| <p>Undertake awareness-raising, training and other types of capacity building with suppliers and other business partners</p> | <p>L'Oréal supports its business partners in improving their business practices by providing them with the tools to ensure continuous progress.</p> <p>An online site dedicated to suppliers has been launched, offering e-learning modules, videos presentations on ethics, climate change, social audits, etc. Initially available to strategic suppliers, it is in the process of being rolled out more widely.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.4. p.220 • 2018 Sharing Beauty With All Progress Report p.9; p.24 |



| INDICATORS | ANSWERS |
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| Other established or emerging best practices | <p>Within the framework of its Sharing Beauty With All Program, L'Oréal has pledged to reduce its water footprint, which very naturally led the Group to join the Water Disclosure Project, as soon as it was launched in 2013. The Group also encourages its suppliers to join.</p> <p>91 suppliers participated in 2018.</p> <ul style="list-style-type: none">• 2018 Sharing Beauty With All Progress Report p.11, 23 and 24• 2018 Registration Document 3.3.1.3.2 p.174-175 |

L'ORÉAL WATER POLICY





Robust Human Rights Management Policies & Procedures

CRITERION 3

The COP describes robust commitments, strategies or policies in the area of Human Rights

| INDICATORS | ANSWERS |
|--|---|
| Commitment to comply with all applicable laws and respect internationally recognized Human Rights, wherever the company operates (e.g., the Universal Declaration of Human Rights, Guiding Principles on Human Rights) | <p>L'Oréal's commitment to respect all applicable laws is set out in its Code of Business Ethics.</p> <p>L'Oréal's commitment to respecting and promoting internationally recognized Human Rights, namely by reference to the Universal Declaration of Human Rights dated December 10, 1948, the United Nations Guiding Principles on Business and Human Rights dated June 16, 2011 and the International Labour Organization's Fundamental Conventions is set out in its Code of Ethics and Human Rights Policy.</p> <p>L'Oréal has been a signatory of the United Nations Global Compact since 2003 and supports the UN Women's Empowerment Principles and the UN Charter on LGBTI Standards of Conduct of Business.</p> <ul style="list-style-type: none"> • L'Oréal Code of Ethics • L'Oréal supports the United Nations Global Compact • 2018 Registration Document 2.8.4.2.1 p.118; 3.3.3.1 p.208 |
| Integrated or stand-alone statement of policy expressing commitment to respect and support Human Rights approved at the most senior level of the company | <p>The Code of Ethics is signed by the Chairman and Chief Executive Officer as well as the members of the Group's Executive Committee.</p> <p>L'Oréal's Human Rights Policy has been approved by the Group's Chairman and Chief Executive Officer and its Executive Committee and presented to our international social dialogue body and the Board of Directors.</p> <ul style="list-style-type: none"> • L'Oréal Code of Ethics • L'Oréal Human Rights Policy |
| Statement of policy stipulating Human Rights expectations of personnel, business partners and other parties directly linked to operations, products or services | <p>L'Oréal believes that as a business it has a responsibility to respect internationally recognised Human Rights and that it must take steps to identify and address any actual or potential adverse impacts in which it may be involved through its own operations or its business relationships.</p> <p>Expectations of L'Oréal Employees are set out in our Human Rights Policy and several chapters of the Code of Ethics are devoted to the practical implementation of respect for Human Rights: health, safety and security, diversity, bullying and sexual harassment, respect for privacy, contribution to the community and supplier selection and fair treatment of suppliers.</p> <p>Expectations of business partners are set out in our Ethical Commitment Letter and Child Labour Policy.</p> <ul style="list-style-type: none"> • 2018 Registration Document 2.8.4. p.117 • The L'Oréal Spirit • L'Oréal Code of Ethics • L'Oréal Human Rights Policy • Suppliers/Subcontractors and Child Labour |



| INDICATORS | ANSWERS |
|--|--|
| Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties | <p>The L'Oréal Spirit, the Code of Ethics and L'Oréal's Human Rights Policy are publically available on loreal.com</p> <ul style="list-style-type: none"> • The L'Oréal Spirit • L'Oréal Code of Ethics • L'Oréal Human Rights Policy |
| Other established or emerging best practices | <p>In countries where freedom of association and the right to collective bargaining are restricted or non-existent, L'Oréal ensures that other modes of dialogue exist with its Employees enabling them to report any concerns they have.</p> <p>L'Oréal has chosen to set a compulsory minimum age of 16 for its entire staff, a minimum age which is higher than that required by the International Labour Organisation.</p> <ul style="list-style-type: none"> • 2018 Registration Document 2.8.4.2.1. p.118 |

L'ORÉAL SHARES ITS HUMAN RIGHTS POLICY





CRITERION 4

The COP describes effective management systems to integrate the Human Rights principles

| INDICATORS | ANSWERS |
|---|--|
| Process to ensure that internationally recognized Human Rights are respected | <p>L'Oréal ensures that Human Rights are respected via continued risk assessment, due diligence communication, training and monitoring.</p> <p>• 2018 Registration Document 2.8.4.2.1 p.118</p> |
| On-going due diligence process that includes an assessment of actual and potential Human Rights impacts | <p>L'Oréal has identified its Human Rights issues in its Human Rights Policy. These issues were identified via a broad consultation (over 300 Employees were consulted around the world).</p> <p>Due diligence namely takes into account the vulnerability of the country in terms of Human Rights and the type of activity concerned.</p> <p>This is an ongoing process which L'Oréal seeks each year to improve and strengthen.</p> <p>Due diligence of suppliers and subcontractors is performed by the Purchasing Department, notably by means of social audits.</p> <p>At local level, an ethics self-assessment tool enables Country Managers to assess their possible ethical risks (including those relating to Human Rights) and to take the necessary corrective action</p> <p>• 2018 Registration Document 2.8.4.3.2 p.121</p> |
| Internal awareness-raising and training on Human Rights for management and employees | <p>Every year since 2009, L'Oréal organizes an Ethics Day in order to ensure ongoing internal communication on this topic. All the Group's Employees are able to ask L'Oréal's Chairman and Chief Executive Officer questions which he answers during a live webchat. All Country Managers also have the opportunity to discuss ethics with their Employees.</p> <p>In 2018, over 60% of the Employees took part in these chats and over 6,800 questions were asked worldwide of which 10% were on Human Rights.</p> <p>A compulsory e-learning course on ethics, namely covering Human Rights subjects, is being rolled out in all countries.</p> <p>As of December 31, 2018, 82% of Employees with access to the online module had completed the course.</p> <p>In 2018, 99% of the Group's countries included subjects related to Human Rights (health, safety and security, diversity, harassment and bullying, sexual harassment, privacy, contribution to the community, and supplier selection and fair treatment of suppliers) in their local communication plans and training Programs.</p> <p>• 2018 Registration Document 3.3.3.1 p.209</p> |



| INDICATORS | ANSWERS |
|--|---|
| Operational-level grievance mechanisms for those potentially impacted by the company's activities | <p>L'Oréal's Speak Up Policy enables Employees to namely report serious abuses of Human Rights, namely via a secure Internet site (ethics whistle-blowing line) directly to the Senior Vice-President and Chief Ethics Officer.</p> <p>The Group's ethics whistle-blowing line (www.lorealSpeakUp.com) was made available to all of the Group's stakeholders in 2018.</p> <p>The Ethics Correspondents' network allows all Employees to have a local point of contact whilst favouring the normal routes for handling concerns by management.</p> <ul style="list-style-type: none"> • Acting Ethically section on loreal.com • Speak Up Policy • 2018 Registration Document 2.8.4.4 p.124 |
| Allocation of responsibilities and accountability for addressing Human Rights impacts | <p>The Senior Vice-President and Chief Ethics Officer, reporting to the Chief Executive Officer, is in charge of overseeing the respect of Human Rights.</p> <p>Country Managers (of for corporate or zone staff the members of the Group's Executive Committee to whom they report) are in charge of implementing the Human Rights Policy in their country.</p> <p>The Group's Senior Vice-President and Chief Ethics Officer meets systematically with each new Country Manager and Country Human Resources Director in order to raise their awareness on Human Rights issues.</p> <p>The Human Resources teams are responsible for respect for Human Rights with regard to Employees.</p> <p>The Purchasing teams ensure that suppliers activities respect Human Rights.</p> <p>The Human Rights Steering Committee, chaired by the Senior Vice-President and Chief Ethics Officer, and comprising representatives of different activities, functions and geographical zones is in the process of being formed.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.3.1 p.208 |
| Internal decision-making, budget and oversight for effective responses to Human Rights impacts | See above. |
| Processes to provide for or cooperate in the remediation of adverse Human Rights impacts that the company has caused or contributed to | <p>Any allegation raised in good faith is examined in detail and appropriate measures are taken, where necessary, in the event of non-compliance with the Human Rights Policy.</p> <p>With regard to suppliers, the most serious cases of non-compliance or the absence of effective implementation of a corrective action plan may lead to breaking off commercial relations or, where applicable, non-referencing of a new supplier.</p> <p>L'Oréal's remediation process with regards child labour is set out in its Supplier/Subcontractor Child Labour Policy.</p> <ul style="list-style-type: none"> • Supplier/Subcontractor Child Labour Policy |



| INDICATORS | ANSWERS |
|--|---|
| <p>Process and programs in place to support Human Rights through: core business; strategic philanthropic/ social investment; public policy engagement/advocacy; partnerships and/or other forms of collective action</p> | <p>Created in 2010, Solidarity Sourcing is L'Oréal's Global Responsible Purchasing Program. Its aim is to use the Group's purchasing power to serve social inclusion.</p> <p>In 2018, this Program enabled 56,842 people from socially or economically vulnerable communities all over the world to gain access to work or to keep a job and receive a decent income. This represents an additional 8,150 people (+17%) compared to 2017.</p> <p>In addition, L'Oréal encourages its strategic suppliers to implement programs inspired from the Solidarity Sourcing Program for their own purchases.</p> <p>In 2018, 13% of these suppliers have thus applied a similar program. L'Oréal pledged that 20% of them would be involved in the project by 2020.</p> <ul style="list-style-type: none"> • 2018 Sharing Beauty With All Progress Report p.23 • 2018 Registration Document 3.3.1.3.2 p.176; 3.3.3.5. p.213-215 <p>L'Oréal supports the Consumer Goods Forum (CGF) Priority Industry Principles against Forced Labour.</p> <ul style="list-style-type: none"> • L'Oréal Human Rights Policy |
| <p>Other established or emerging best practices</p> | <p>During an acquisition of premises or construction site project, L'Oréal must ensure that the former owners and occupiers have not been unfairly removed and/or that any expropriation by the authorities has been conducted in accordance with international law.</p> <p>In 2018, L'Oréal continued to implement its Sustainable Sourcing Policy for renewable raw materials, strengthening it with the support of the NGO Rainforest Alliance, namely to ensure that the following criteria are respected:</p> <ul style="list-style-type: none"> - labour conditions must be decent and safe, in line with Human Rights and the principles prescribed by the International Labour Organization, across the whole supply chain; - equal opportunities and zero discrimination between producers are verified, and women's empowerment is encouraged. <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.3.3 p.180-181 • 2018 Sharing Beauty With All Progress Report p.12 |

SOURCING VANILLA SUSTAINABLY





CRITERION 5

The COP describes effective monitoring and evaluation mechanisms of Human Rights integration

| INDICATORS | ANSWERS |
|---|---|
| System to monitor the effectiveness of Human Rights policies and implementation with quantitative and qualitative metrics, including in the supply chain | <p>An annual ethics reporting system covers all the subjects addressed in the Code of Ethics. This information namely helps to assess the Group's performance in terms of the application of Human Rights.</p> <p>Monitoring is namely based on external audits.</p> <p>The audit procedure was thoroughly reviewed in 2018: the base of the questionnaire was extended to cover Health, Safety and Environment risks in the same way as in the Group's sites, and the purchasing categories requiring audit were expanded. For instance, outsourced distribution centres and electronic objects have been added to the scope.</p> <ul style="list-style-type: none"> • 2018 Registration Document 2.8.4.5.2 p.125 |
| Monitoring drawn from internal and external feedback, including affected stakeholders | <p>L'Oréal regularly runs Employee surveys, including questions on respect and diversity.</p> <p>In 2018, L'Oréal continued its policy of actively listening to consumers on sustainable development issues through a number of studies conducted with consumer panels in the United States, China and Europe with a view to understanding their expectations and fine-tuning its policies.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.3.3 p.219 |
| Leadership review of monitoring and improvement results | <p>The Chief Ethics Officer reports regularly to the Chairman and Chief Executive Officer. He informs the Board of Directors and the Executive Committee.</p> |
| Process to deal with incidents the company has caused or contributed to for internal and external stakeholders | <p>See above "Operational-level grievance mechanisms for those potentially impacted by the company's activities".</p> |
| Grievance mechanisms that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue | <p>See above "Operational-level grievance mechanisms for those potentially impacted by the company's activities".</p> |
| Outcomes of integration of the Human Rights principles | <p>In 2018, 20 audits were conducted within the Group owned plants and distribution centres. None of the audits revealed Human Rights issues.</p> <p>1,369 supplier audits were carried out in 2018, making a total of over 10,800 audits since 2006.</p> <p>85% of supplier sites subject to audit have been audited at least once.</p> <ul style="list-style-type: none"> • 2018 Registration Document 2.8.4.5 p.124 |



| INDICATORS | ANSWERS |
|--|--|
| Other established or emerging best practices | <p>When prospective acquisitions are being reviewed, the responses to the “Ethics and Human Rights Questionnaire” submitted to target companies serve to identify whether they have properly taken into account risks related to failure to respect Human Rights (abolition of child labour and compulsory and forced labour, etc.), among other issues.</p> <ul style="list-style-type: none">• 2018 Registration Document p.218 <p>The Group’s ethics whistle-blowing line (www.lorealpeakup.com) was made available to all of the Group’s stakeholders in 2018.</p> |

L'OREAL'S SPEAK UP WEBSITE





Robust Labour Management Policies & Procedures

CRITERION 6

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

| INDICATORS | ANSWERS |
|---|---|
| Reference to principles of relevant international labour standards (ILO Conventions) and other normative international instruments in company policies | <p>L'Oréal is committed to respecting and promoting Human Rights, and is particularly vigilant on issues covered by the Fundamental Conventions of the International Labour Organisation (prohibition of child labour, forced labour, discrimination and respect of freedom of association).</p> <ul style="list-style-type: none"> • L'Oréal Code of Ethics • L'Oréal Human Rights Policy |
| Reflection on the relevance of the labour principles for the company | <p>L'Oréal knows that Employees are its greatest assets and has committed to offer its Employees a safe and healthy working environment: one in which personal talent and merit are recognized, diversity is valued, privacy is respected, and the balance between personal and professional life is taken into account.</p> <p>L'Oréal has built its human and social project around two priorities: individual performance development and collective engagement/ social performance.</p> <ul style="list-style-type: none"> • The L'Oréal Spirit • 2018 Registration Document 1.3.2 p.39, 3.3.2 p.188, 3.3.2.4 p.197 |
| Written company policy to obey national labour law, respect principles of the relevant international labour standards in company operations worldwide, and engage in dialogue with representative organisation of the workers (international, sectoral, national) | <p>L'Oréal's commitment to respect all applicable laws is set out in its Code of Ethics.</p> <p>L'Oréal's commitment to respecting and promoting internationally recognised Human Rights is set out in its Code of Ethics and Human Rights Policy.</p> <ul style="list-style-type: none"> • L'Oréal Code of Ethics • L'Oréal Human Rights Policy |
| Inclusion of reference to the principles contained in the relevant international labour standards in contracts with suppliers and other relevant business partners | <p>Reference is contained in L'Oréal's General Terms of Purchase, Supplier Ethical Commitment Letter and Supplier/Subcontractor Child Labour Policy.</p> <ul style="list-style-type: none"> • L'Oréal Supplier/Subcontractor Child Labour Policy |



| INDICATORS | ANSWERS |
|--|--|
| Specific commitments and Human Resources policies, in line with national development priorities or decent work priorities in the country of operation | <p>L'Oréal's Share & Care Program aims to offer Employees in all the countries where the Group is present the same minimum set of social benefits in the areas of healthcare and social protection but also parenthood and the quality of life at work. It also encourages each subsidiary to launch its own initiatives to meet local expectations.</p> <p>L'Oréal has also been actively engaged, for over 10 years, in an innovative, ambitious Diversity & Inclusion (D&I) Policy. The Group has set itself three global priorities: gender equality, inclusion of persons with disabilities and inclusion of people of various social, economic and multicultural origins.</p> <p>In 2018, L'Oréal's Safety Management System was recognised by RoSPA (The Royal Society for the Prevention of Accidents), notably for L'Oréal's Safety Awareness Program: Safe@Work, Safe@Home.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.1.2.4 p.197-201; 3.3.2.6 p.204-208; 3.4 p.220 • 2018 Registration Document 3.3.1. p.153-156; 1.2.8. p.24 • 2018 Registration Document 3.3.2.6. p.204-208 • L'Oréal Diversity and Inclusion |
| Participation and leadership in wider efforts by employers' organizations (international and national levels) to jointly address challenges related to labour standards in the countries of operation, possibly in a tripartite approach (business – trade union – government) | <p>L'Oréal partnered with the ILO to launch the Global Business Network for Social Protection which aims to act collectively and mobilise companies in order to create a basic set of social protection measures for everyone.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.1.2.4 p.197-201 |
| Structural engagement with a global union, possibly via a Global Framework Agreement | <p>An agreement signed in 1996 between L'Oréal and French and European trade unions (FECCIA and EMCEF) led to the establishment of the Company's Instance Européenne de Dialogue Social/European Works Council (IEDS/EWC).</p> <p>The IEDS/EWC covers approximately 31,000 Employees in 27 countries.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.4 p.201 |



| INDICATORS | ANSWERS |
|--|--|
| Other established or emerging best practices | <p>The L'Oréal Share & Care Program aims to give the Group's Employees the best benefits in four areas:</p> <ul style="list-style-type: none">- Protect: to provide Employees and their families with effective financial protection in case of unexpected life events.- Care: to contribute to Employees' good health, providing Employees and their families with access to a high-quality healthcare system which is one of the top performers on the local market.- Balance: to enable all Employees to fully experience milestones in life such as maternity and paternity, while pursuing their careers.- Enjoy: to offer a high standard quality of life at work and contribute to the professional and personal fulfilment of every Employee. <p>• 2018 Registration Document 3.1.2.4 p.197-201 • 2018 Sharing Beauty With All Progress Report p.25</p> |

SHARE & CARE: WHERE L'OREAL AND SOCIAL PROTECTION MEET





CRITERION 7

The COP describes effective management systems to integrate the labour principles

| INDICATORS | ANSWERS |
|--|---|
| Risk and impact assessments in the area of labour | <p>Risk and impact assessments in the area of labour are based on the data collected from Employee surveys, social dialogue, EHS culture audits and Gender Equality Audits</p> <ul style="list-style-type: none"> • 2018 Registration Document p.104; 3.1.2.4 p.200-201; 3.1.3.2 p.160; 3.3.2.6 p.204-208 • L'Oréal Diversity and Inclusion Key Figures 2018 |
| Dialogue mechanism with trade unions to regularly discuss and review company progress in addressing labour standards | <p>L'Oréal respects the freedom of association and the right to collective bargaining. In countries where freedom of association and the right to collective bargaining are restricted or non-existent, L'Oréal ensures that other modes of dialogue exist with its Employees enabling them to report any concerns they have.</p> <p>The social climate at L'Oréal is the fruit of an ongoing dialogue between management, Employees and their representatives, in accordance with trade union rights in each country and with a neutral attitude with regard to the various trade union organisations.</p> <p>Employee representative institutions are in place in most of the European subsidiaries, in several Asian subsidiaries (China, India, Indonesia, Japan, South Korea, etc.), in Africa (South Africa, Kenya, Morocco, etc.), in North and South America (Argentina, Brazil, Canada, Chile, Mexico, the United States) and also in Australia and New Zealand.</p> <p>In Europe, since 1996, the IEDS/EWC (Instance Européenne de Dialogue Social/European Works Council) is in place and "Working conditions" is a fix point recurring at each plenary meeting.</p> <p>In total, 84% of the Group's Employees work in subsidiaries where there are Employee representative institutions.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.4 p.200-201 |
| Allocation of responsibilities and accountability within the organisation | <p>The Group Collective & Social Relations Director is responsible and accountable for the integration of labour principles within the organisation. At local level, each HR Director is responsible and accountable for the respect of these labour principles.</p> <p>The Executive Vice-President Operations, who reports to the Chairman and Chief Executive Officer, is responsible for the Group Environment, Health and Safety Policy. The site managers are responsible for the deployment and effective implementation of the policies defined. EHS Managers ensure compliance with local regulations and Group procedures.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.1. p.155-156 |



| INDICATORS | ANSWERS |
|--|---|
| Internal awareness-raising and training on the labour principles for management and employees | <p>Labour principles are regularly presented and discussed in HR seminars.</p> <p>Employees take part in Diversity Training Workshops. By end of 2018, 33,000 Employees had attended this one-day in-class training session.</p> <p>All new L'Oréal Employees receive general and specific training at their workstation on the Group's EHS rules before taking up their positions. Specialised training is also organised for certain staff. In 2018, 193 people benefited from this training.</p> <ul style="list-style-type: none"> • Acting Ethically section on loreal.com • 2018 Registration Document 3.3.2.6 p.207; 3.3.1.1. p.156 |
| Active engagement with suppliers to address labour-related challenges | <p>As part of its Buy & Care Program, L'Oréal asks its suppliers and subcontractors to comply with the Fundamental Conventions of the International Labour Organisation as well as local legislation, in particular with regard to minimum wages, working time and health and safety.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.2.4.2 p.199-200 • 2018 Sharing Beauty With All Progress Report p.24 |
| Grievance mechanisms, communication channels and other procedures (e.g., whistleblower mechanisms) available for workers to report concerns, make suggestions or seek advice, designed and operated in agreement with the representative organisation of workers | <p>L'Oréal's Speak Up Policy enables Employees to namely report serious abuses of Human Rights, namely via a secure Internet site (ethics whistle-blowing line) directly to the Senior Vice-President and Chief Ethics Officer.</p> <p>The Group's ethics whistle-blowing line (www.lorealakeup.com) was made available to all of the Group's Stakeholders in 2018.</p> <p>The Ethics Correspondents' network allows all Employees to have a local point of contact whilst favouring the normal routes for handling concerns by management.</p> <ul style="list-style-type: none"> • Acting Ethically section on loreal.com • 2018 Registration Document 2.8.4.4 p.124 |



| INDICATORS | ANSWERS |
|--|---|
| Other established or emerging best practices | <p>In 2018, L'Oréal was the first company to join the One In Three Women network, the first European network of companies committed to fighting violence against women in the private sphere.</p> <p>L'Oréal France, together with AccorHotels and EY, launched the #StOpE initiative against so-called "ordinary" sexism at work, in December 2018. This initiative brings together 30 companies and organisations that have signed a commitment under the patronage of the French Minister for Equality between Women and Men and the Fight Against Discrimination.</p> <p>L'Oréal took first place among European companies in the 2018 Equileap Awards. This ranking, created in 2017, assesses the degree of gender equality of 3,000 listed companies.</p> <p>In 2018, out of over 7,000 companies, L'Oréal was recognised by Thomson Reuters as one of the 10 best companies with regard to Diversity and Inclusion.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.6 p.204-208 • https://www.loreal.com/media/news/2018/september/thomson-reuters-diversity-and-inclusion-index • https://mediaroom.loreal.com/en/one-in-three-women-the-first-european-network-of-companies-engaged-against-gender-based-violence-under-the-management-of-face/ • https://www.loreal.fr/media/news/2018/december/stope |

L'ORÉAL, ONE OF THE MOST DIVERSE AND INCLUSIVE COMPANIES IN THOMSON REUTERS RANKING



CRITERION 8

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

| INDICATORS | ANSWERS |
|--|--|
| System to track and measure performance based on standardized performance metrics | <p>There is a dedicated HR Country Reporting system that namely covers headcount, training, absenteeism, labour relations, remuneration, recruitment and profit sharing.</p> <p>The Share & Care Program is monitored in detail via a specific reporting tool and regularly controlled by the internal audit team.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.5.1.3 p.221; 2.8.2.2 p.112 <p>There is also an automatic diversity dashboard of 30 indicators on 6 dimensions of diversity such as gender, disability etc.</p> <ul style="list-style-type: none"> • L'Oréal Diversity and Inclusion Key Figures 2018 <p>L'Oréal's <i>Annual Ethics Reporting</i> system also covers certain subjects such as child labour and forced labour.</p> <ul style="list-style-type: none"> • Acting Ethically section on loreal.com <p>There is a monthly reporting on Health & Safety Key Performance Indicators.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.1 p.156 <p>All the key figures are verified via an annual external audit.</p> <p>All production sites and distributor centres are audited by external auditors on the respect of labour standards. In 2018, 20 audits were conducted.</p> <p>EHS audits by external auditors are carried out every three years for production sites and every four years for distribution centres, administrative sites and research centres.</p> |
| Dialogues with the representative organisation of workers to regularly review progress made and jointly identify priorities for the future | <p>In 2018, 229 agreements were signed in France and 85 agreements were signed in the rest of the world. In total, the number of agreements in force at December 31, 2018 was 812. These agreements, which mainly concern working-time organisation, remuneration and working conditions (working hours, quality of life at work, gender equality, telecommuting, etc.), contribute to the smooth running of the Company and to its performance, by reinforcing Employee participation and dialogue with their representatives.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.4 p.200-201 |
| Audits or other steps to monitor and improve the working conditions of companies in the supply chain, in line with principles of international labour standards | <p>1,369 supplier audits were carried out in 2018, making a total of over 10,800 audits since 2006.</p> <p>85% of supplier sites subject to audit have been audited at least once.</p> <ul style="list-style-type: none"> • 2018 Registration Document 2.8.4.5 p.124 |
| Process to positively engage with the suppliers to address the challenges (i.e., partnership approach instead of corrective approach) through schemes to improve workplace practices | <p>L'Oréal plays an active role in collective actions such as the Responsible Mica Initiative (EMI) which aim to eradicate child labour and unacceptable working conditions in the Indian mica supply chain by joining forces across industries with support of local NGOs.</p> <ul style="list-style-type: none"> • https://www.loreal.com/suppliers/our-sustainable-procurement-policy/sustainable-sourcing-mica |



| INDICATORS | ANSWERS |
|--|--|
| Outcomes of integration of the Labour principles | <p>37% of the cases of non-compliance concerned Health, Safety and the Environment. Results on other subjects were as follows:</p> <ul style="list-style-type: none"> - Suppliers social audits results in 2018: - Child labour: 5 audits revealed 7 cases of employment of a child who was less than 16 years of age - Forced labour: 6.7% of non-conformities - Working hours: 22% of non-conformities - Salary deductions and undue charges: the audits did not note any salary deductions and undue charges. - Sexual and moral harassment: 2.5% of non-conformities - Non-discrimination: 1.7% of non-conformities - 37% of the cases of non-compliance concerned Health, Safety and the Environment. <p>• 2018 Registration Document 2.8.4.5.2</p> |
| Other established or emerging best practices | <p>L'Oréal namely selects suppliers on the basis of their environmental and social performance, and provides them with training tools in order to help them to build their social and environmental strategy.</p> <p>The Group therefore partners on its sustainability initiatives with its suppliers, particularly its “strategic” suppliers, ie those whose added value is significant for the Group by contributing to L'Oréal's strategy on a long-term basis through their weight, innovations, shared goals and geographical representation. In 2018, they represent 82% of direct purchases (raw materials, packaging and contract manufacturing).</p> |

ASSESSING SUPPLIERS' CSR PERFORMANCE





Robust Environmental Management Policies & Procedures

CRITERION 9

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

| INDICATORS | ANSWERS |
|---|---|
| Reference to relevant international conventions and other international instruments (e.g. Rio Declaration on Environment and Development) | <p>In line with its Ethical Principle of Respect, L'Oréal is mindful of its impact on the natural environment, including on biodiversity, and constantly seeks to reduce it. We are determined to avoid compromising tomorrow for the sake of today.</p> <p>Beyond compliance with various local environmental regulations, L'Oréal refers to relevant international conventions and instruments such as the Nagoya protocol adopted by the signatory countries to the Convention on Biological Diversity.</p> <p>For example, L'Oréal gives preference to the use of renewable raw materials, namely those whose carbon content is mostly of plant origin, and ensures that they are responsibly sourced.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.3.3 p.179 |
| Reflection on the relevance of environmental stewardship for the company | <p>L'Oréal has pledged to reduce its impact on the environment at every level of the value chain with specific objectives for 2020 outlined in the Sustainability Commitments of <i>Sharing Beauty With All</i>.</p> <ul style="list-style-type: none"> • The L'Oréal Spirit • Sharing Beauty With All section on loreal.com • 2018 Sharing Beauty With All Progress Report p.11-13; p.16-18; p.25 • 2018 Registration Document 3.3.1 p.153, p.158 |
| Written company policy on environmental stewardship | <p>L'Oréal's company policy is set out reflected in several core documents including its Code of Ethics, its Sustainability Commitments as defined by Sharing Beauty With All, its Environment, Health and Safety Policy and its Water Policy.</p> <ul style="list-style-type: none"> • L'Oréal Code of Ethics • 2018 Sharing Beauty With All Progress Report p.8-9 • 2018 Registration Document 3.3.1. p.153-158 • L'Oréal's Water Policy : <u>https://www.loreal.com/sharing-beauty-with-all-producing/reducing-water-consumption/l'or%C3%A9al-water-policy</u> |



| INDICATORS | ANSWERS |
|---|---|
| Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners | <p>L'Oréal actively seeks out and favours suppliers and relevant business partners who share its values and its ethical commitments. L'Oréal encourages suppliers to reduce their CO2 emissions and water footprint, and to implement a forest preservation policy.</p> <p>During annual Business Reviews, L'Oréal discusses 5 main subjects with its suppliers: quality, Corporate Social Responsibility, innovation, delivery/supply chain and competitiveness.</p> <p>325 business reviews were carried out in this way in 2018.</p> <p>In 2018, 437 of L'Oréal's suppliers had devoted efforts to climate change, up from 355 in 2017).</p> <p>By 2020, 100% of L'Oréal's strategic suppliers will be participants in its Sustainable Development Program.</p> <ul style="list-style-type: none"> • 2018 Sharing Beauty With All Progress Report p.24 • 2018 Registration Document 3.3.1.3.2 p.173, 175 |
| Specific commitments and goals for specified years | <p><i>Sharing Beauty With All</i>, L'Oréal's Sustainability Commitments</p> <p>As part of L'Oréal's sustainability Program, <i>Sharing Beauty With All</i>, the Group set itself a series of tangible commitments for 2020. They address all its impacts and engage its whole value chain from product design to distribution, including the production process and the sourcing of raw materials.</p> <p>New 2025 targets have since been added, endorsed by the Science Based Targets initiative:</p> <ul style="list-style-type: none"> - 100% of the Group's plastic packaging will be refillable, reusable, recyclable or compostable - all the Group's industrial, administrative and research sites will be required to achieve carbon neutrality <p>New 2030 target:</p> <ul style="list-style-type: none"> - A 25% reduction in absolute terms of scope 1, 2 and 3 carbon emissions from a 2016 baseline, and 50% in intensity (vs. 2016). <p>A new "Working Sustainably" Program has been launched in 2016, and provided dedicated objectives for administrative sites and research centres by 2020, from a 2016 baseline.</p> <ul style="list-style-type: none"> • 2018 Sharing Beauty With All Progress Report • 2018 Registration Document 3.3.1.3.2 p.173, 3.3.1.3.4 p.187 |



| INDICATORS | ANSWERS |
|--|---|
| Other established or emerging best practices | <p>L'Oréal committed publically in 2014 to a goal of "Zero deforestation" associated with its products by 2020.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.3.3 p.179-180 • 2018 Sharing Beauty With All Progress Report p.14 <p>100% of L'Oréal's purchases of palm oil derivatives were certified as sustainable as of end 2018 according to the RSPO. 98% of soya oil purchases in Brazil are certified as organic or Identity Preserved. 100% of paper used for product leaflets and 99.9% of the cardboard used for boxes are from sustainably managed forests (FSC or PEFC).</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.3.3 p.181; 3.3.1.3.3 p.178 • 2018 Sharing Beauty With All Progress Report p.14 <p>As of the end of 2018, 83% of the Group's plants were OHSAS 18001 or ISO 45001 certified, and 85% of plants are ISO 14001 (Environmental management) certified.</p> <p>An ISO 50001 (Energy management) Certification Program was launched in 2015, with the objective of certifying all its factories by 2020. As of the end of 2018, 60% of plants are ISO 50001 certified.</p> <ul style="list-style-type: none"> • 2018 Registration Document 32.8.4.5.1 p.124; 3.3.1.1 p.158 |

L'ORÉAL TAKES PALM OIL SUSTAINABLE SOURCING ONE STEP BEYOND



CRITERION 10

The COP describes effective management systems to integrate the environmental principles

| INDICATORS | ANSWERS |
|---|---|
| Environmental risk and impact assessments | <p>L'Oréal has a comprehensive Program of EHS audits, which includes risk audits, culture audits, loss prevention audits by insurance companies, real estate audits and subcontractor audits.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.1 p.157 |
| Assessments of lifecycle impact of products, ensuring environmentally sound management policies | <p>L'Oréal is committed to considering the lifecycle impact of its products, and has made the commitment that by 2020, 100% of new or renovated products will have an improved environmental or social profile.</p> <p>By 2018, 79% of new or renovated products have an improved environmental or social profile.</p> <p>The "Waterscan tool", which allows for analysis and mapping of water consumption, is now deployed in each of L'Oréal's plants. This allows categorisation and tracking of water utilisation, in order to identify best practices which are then established as Group standards and set as targets for each plant.</p> <p>In 2017, the same standard tool was deployed for analysis and mapping of energy consumption in each of the Group's plants : the "Energyscan tool".</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.2.2.2 p.192; 3.2.2.1 p.189; 3.3.1.3.3 p.177 • 2018 Sharing Beauty With All Progress Report p.11-14 and 20 |
| Allocation of responsibilities and accountability within the organisation | <p>The Executive Vice-President of Operations, who reports to the Chairman and Chief Executive Officer, is responsible for the Group Environment, Health and Safety Policy. The Group Quality & EHS Director reports to the Executive Vice-President of Operations.</p> <p>EHS leaders are trained on compliance with the EHS Policy and they ensure its deployment. Country Operations Directors are responsible for compliance with the EHS Policy by administrative sites and stores in their countries.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.1 p.155 |
| Internal awareness-raising and training on environmental stewardship for management and employees | <p>Managers worldwide are trained in environment, health and safety culture, with different training programs adapted to their functions and responsibilities.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.1 p.156 |



| INDICATORS | ANSWERS |
|--|---|
| Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice regarding environmental impacts | <p>L'Oréal's Speak Up Policy enables Employees to report serious concerns regarding environmental impact, namely via a secure Internet site (ethics whistle-blowing line) directly to the Senior Vice-President and Chief Ethics Officer.</p> <p>The Group's ethics whistle-blowing line (www.lorealakeup.com) was made available to all of the Group's stakeholders in 2018.</p> <p>The Ethics Correspondents' network allows all Employees to have a local point of contact whilst favouring the normal routes for handling concerns by management.</p> <ul style="list-style-type: none"> • Acting Ethically section on loreal.com • 2018 Registration Document 2.8.4.4 p.124 |
| Other established or emerging best practices | <p>To further encourage and promote effective management systems to integrate the environmental principles, the remuneration of managers of factories, distribution centres, administrative sites and research centres is partly linked to their performances in the areas of Environment, Health and Safety.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.1 p.155 <p>L'Oréal implemented SPOT (Sustainable Product Optimisation Tool), a simplified tool to assess the social and environmental performance of products in the form of an index.</p> |

SPOT: A WORLD CHANGING IDEA BY L'ORÉAL



CRITERION 11

The COP describes effective monitoring and evaluation mechanisms for environmental stewardship

| INDICATORS | ANSWERS |
|---|---|
| System to track and measure performance based on standardized performance metrics | <p>Plants and distribution centers are certified according to the OHSAS 18001, ISO 45001, ISO 50001 and/or equivalent standards, with the objective of certifying all factories by 2020.</p> <ul style="list-style-type: none"> • 2018 Registration Document 2.8.4.5.1. p.124; 3.3.1.1 p.158 |
| Leadership review of monitoring and improvement results | <p>The Strategy and Sustainable Development Committee reports on its work to the Board whenever necessary, and at least once a year.</p> <ul style="list-style-type: none"> • 2018 Registration Document 2.3.3 p.73 |
| Process to deal with incidents | <p>The EHS manual determines measures to control facilities and activities, in particular to reduce to the risks of injury to people and damage to environment and property. This Policy is accompanied by monthly reporting of detailed indicators which is used to monitor changes in the results in each of these areas and to identify anomalies and incidents.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.1. p.156 |
| Audits or other steps to monitor and improve the environmental performance of companies in the supply chain | <p>L'Oréal has programs to raise supplier awareness on environmental issues, and notably to control their CO2 impacts.</p> <p>L'Oréal has encouraged suppliers to work with CDP through this Program since 2009. Since 2013, L'Oréal additionally invites suppliers to participate in the Water Disclosure Project led by CDP.</p> <p>In 2018, 620 suppliers were evaluated by Ecovadis on their social, environmental and ethical policies as well as the deployment of such policies at their own suppliers.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.3.2 p.173-174 • 2018 Sharing Beauty With All Progress Report, p.14, 16, 17, 24 |
| Outcomes of integration of the environmental principles | <p>Outcomes of integration are detailed in L'Oréal's 2018 <i>Sharing Beauty With All</i> Progress Report.</p> <p>For example, in 2018, more than 100% of paper used for product leaflets and 99.9% of cardboard used for boxes were from sustainably managed forests.</p> <ul style="list-style-type: none"> • 2018 Sharing Beauty With All Progress Report, p.8 |



| INDICATORS | ANSWERS |
|--|--|
| Other established or emerging best practices | <p>In 2018, L'Oréal Professional launched the Source Essentielle range, with square-shaped shampoo bottles enabling minimal use of plastic materials. The bottles fit perfectly one on top of the other, and can be displayed in hairdressing salons without any POS stands. Shampoo counters enable consumers to refill their bottles at the hairdresser. Each refill saves the equivalent of 40% of the weight of a bottle.</p> <ul style="list-style-type: none">• 2018 Sharing Beauty With All Progress Report p.13 <p>The CDP, an independent international NGO that assesses companies' environmental performance, gave L'Oréal a triple "A", representing the top score, for each of the ratings made on key topics: the fight against climate change, sustainable water management and forest conservation. Only two companies in the world obtained this triple «A» score in 2018.</p> <ul style="list-style-type: none">• 2018 Registration Document 3.1.2 p.149• 2018 Sharing Beauty With All Progress Report p.27 |

THE CDP SUPPLY CHAIN PROGRAM





Robust Anti-Corruption Management Policies & Procedures

CRITERION 12

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

| INDICATORS | ANSWERS |
|---|--|
| Publicly stated formal policy of zero-tolerance of corruption | <p>L'Oréal's Code of Ethics publicly states a zero-tolerance policy of corruption. It applies to all Group Employees, executive officers and directors, and members of the Executive and Management Committees, and to those of its subsidiaries worldwide.</p> <p>L'Oréal has moreover published a more detailed Corruption Prevention Policy available on loreal.com.</p> <ul style="list-style-type: none"> • L'Oréal Code of Ethics • The L'Oréal Spirit • 2018 Registration Document 3.3.4 p.217-218 |
| Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes | <p>L'Oréal's Code of Ethics publicly states a commitment to respect the laws of the countries in which it operates.</p> <p>The Group Legal Department and local internal or external legal advisors helps L'Oréal's business units to keep abreast of changes in the local law.</p> <ul style="list-style-type: none"> • L'Oréal Code of Ethics • Acting Ethically section on loreal.com • 2018 Registration Document 3.3.4 p.217-218 |
| Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption | <p>L'Oréal is a signatory of the United Nations Global Compact, supports the fight against corruption, and commits to comply with the United Nations Anti-Corruption Convention of October 31, 2003 and to apply all applicable laws, including anti-corruption laws.</p> <p>L'Oréal is a member of Transparency International France.</p> <ul style="list-style-type: none"> • L'Oréal Code of Ethics • Acting Ethically section on loreal.com • 2018 Registration Document 3.3.4 p.217-218 |
| Detailed policies for high-risk areas of corruption | <p>L'Oréal's Code of Ethics covers issues such as bribery and facilitation payments, conflicts of interests, accuracy in financial records, selection of suppliers as well as gifts and entertainment.</p> <p>The Group also has other internal reference documents for the purpose of specifying the practices to be adopted and fighting against corruption:</p> <ul style="list-style-type: none"> - A specific anti-corruption guide "The Way We Prevent Corruption": rolled out throughout the Group worldwide in 2013, and updated in 2018, it covers the relationships with each of L'Oréal's stakeholders, in particular with the public authorities and intermediaries. This practical guide is intended to specify the Group's standards and to help Employees to handle situations that they might encounter in the performance of their duties. It reaffirms L'Oréal's Corruption |



| INDICATORS | ANSWERS |
|---|---|
| | <p>Prevention Policy which was approved by the Chairman and Chief Executive Officer and the Executive Committee and presented to the Board of Directors</p> <ul style="list-style-type: none"> - Employee guide - Gifts/Invitations: distributed worldwide in 2014 to specify the rules in this regard - “The Way We Buy”: a practical ethical guide governing the relationships between suppliers and all Employees involved in purchasing decisions. <ul style="list-style-type: none"> • L'Oréal Code of Ethics • 2018 Registration Document 3.3.4 p.217-218 • Acting Ethically section on loreal.com • L'Oréal's Corruption Prevention Policy |
| Policy on anti-corruption regarding business partners | <p>L'Oréal wants to share its anti-corruption commitment with its business partners and compliance with the law is included in the Group's General Terms of Purchase.</p> <p>In 2018, a specific guide has been made available to Employees to manage intermediaries with public authorities. An anti-corruption clause is included in contracts with intermediaries operating in high risk countries.</p> <p>L'Oréal reserves the right to put an end to any relationships with business partners who fail to comply with anti-corruption laws.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.4 p.217-218 |
| Other established or emerging best practices | <p>The Chief Ethics Officer as well as the Risk Management and Compliance Director meet systematically with each new Country Manager in order to raise their awareness in particular on Corruption Prevention.</p> <p>During Ethics Day Employees are able to ask questions on L'Oréal Ethical Principles, including on the prevention of corruption.</p> <p>Since 2018, Corruption Prevention is systematically integrated in the animation of the Internal Control Managers network – training, seminars, webcasts.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.4 p.217-218 |

L'ORÉAL'S CORRUPTION PREVENTION POLICY

L'ORÉAL'S CORRUPTION PREVENTION POLICY

The commitment to doing business with integrity is one of the pillars of our Code of Business Ethics.

L'ORÉAL has decided to communicate the way it prevents corruption.

This policy has been approved by the Chairman of the Board and Chief Executive Officer and by the Executive Committee, and has been presented to L'ORÉAL's Board of Directors. It may be regularly updated as a continuous progress is implemented.

SCOPE

As a Signatory of the United Nations Global Compact since 2003, we are committed to acting against corruption in all its forms and to abide in particular with the United Nations Convention Against Corruption of 31st October 2003.

As a global corporate citizen, we take full responsibility for our actions within our sphere of influence.

However, we cannot be a substitute for the responsibility that lies with governments and with international organisations in this area. The fight against corruption is a vast and complex subject that no company can take up on its own.

We are not in favour of boycotting countries on the grounds that their reputation as regards preventing corruption might be in dispute. We think we can make a positive contribution by being present in such countries, in particular by applying our standards even when the local legislation provides for lower standards.

We will express our convictions on preventing corruption whenever our activities, our employees or our business partners are concerned.

PRINCIPLES FOR ACTION

- We apply a zero tolerance policy on corruption;



CRITERION 13

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

| INDICATORS | ANSWERS |
|---|---|
| Support by the organisation's leadership for anti-corruption | <p>Both the SVP & Chief Ethics Officer and the Risk Management and Compliance Director report directly to the Chairman and Chief Executive Officer.</p> <p>L'Oréal's Corruption Prevention Policy was approved by the Chairman and Chief Executive Officer and the Executive Committee and presented to the Board of Directors.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.4 p.217-218 |
| Carrying out risk assessment of potential areas of corruption | <p>The risk of corruption is included in the Group-level risk assessment. The specific corruption risk mapping in place at Group level and in each country and plant has been updated in 2018. The Group currently has 105 corruption risk maps produced in 67 countries.</p> <p>At local level, an ethics self-assessment tool enables Country Managers to assess their possible local ethical risks (including corruption) and to take the necessary corrective action.</p> <p>Within the scope of the legal due diligence reviews carried out prior to acquisitions, the Group's Legal Department includes an "ethics questionnaire" prepared by the Office of the Chief Ethics Officer. The answers to this questionnaire submitted to target companies are intended to identify whether corruption risk prevention has been taken into account by such companies.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.4 p.217-218 |
| Human Resources procedures supporting the anti-corruption commitment or policy, including communication to and training for all employees | <p>L'Oréal's Corruption Prevention commitment is supported by Human Resources procedures via the ethical competency "delivers both sustainable and short-term results with integrity", which is included in the annual appraisal system for all Employees.</p> <p>In a spirit of transparency and in order to exchange ideas, the Group communicates regularly – both internally and externally on the implementation of its Corruption Prevention Policy and Program.</p> <p>Bribery and facilitation payments, gifts and entertainment and conflicts of interests are addressed in the e-learning on ethics.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.4 p.217-218 • Acting Ethically section on loreal.com |
| Internal checks and balances to ensure consistency with the anti-corruption commitment | <p>The Group's Internal Control system provides for control procedures for operational activities and in particular with regard to separation of tasks and due diligences of third parties.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.4 p.217-218 |



| INDICATORS | ANSWERS |
|---|--|
| Actions taken to encourage business partners to implement anti-corruption commitments | <p>In 2014, L'Oréal initiated a Program for assessment of strategic suppliers and their Sustainability policy. In addition to its own assessment, L'Oréal has mandated Ecovadis evaluate its suppliers' Sustainable Development policies with the aim of fine-tuning supplier performance analysis and helping suppliers improve their performance by identifying areas for improvement. The Ecovadis evaluation enables L'Oréal not only to involve its suppliers in sustainable development, but also to encourage them to develop their ethics policies with a focus on combating corruption, monitoring the health and safety of their Employees and the application of their sustainable purchasing policies.</p> <p>In 2018, more than 620 suppliers undertook an Ecovadis assessment of their social, environmental and ethical policies, as well as their adoption by their own suppliers.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.3.2 p.174 <p>L'Oréal wants to share its anti-corruption commitment with its business partners and compliance with the law is included in the Group's General Terms of Purchase.</p> <p>An anti-corruption clause is rolled out for intermediaries operating in high risk countries.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.4 p.217-218 |
| Management responsibility and accountability for implementation of the anti-corruption commitment or policy | <p>The Country Managers, or for Corporate or Zone staff, the members of the Group Executive Committee to whom they report, are responsible for the proper deployment of the Corruption Prevention Program, and the respect of the Corruption Prevention Policy.</p> <p>The Director of Risk Management and Compliance is responsible for developing and monitoring the Corruption Prevention Program.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.4 p.217-218 |
| Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice | <p>Concerns and questions can be reported in accordance with L'Oréal's Speak Up Policy. This enables Employees to express any concerns they may have, including with regard to corruption, namely directly via a secure website to the Group's Senior Vice-President and Chief Ethics Officer. The whistle-blowing line was opened to stakeholders in 2018.</p> <p>The Ethics Correspondents' network allows all Employees to have a local point of contact whilst favouring the normal routes for handling concerns by management.</p> <ul style="list-style-type: none"> • Acting Ethically section on loreal.com • 2018 Registration Document 3.3.4 p.217-218; 2.8.2.1 p.106 |



| INDICATORS | ANSWERS |
|---|--|
| Internal accounting and auditing procedures related to anticorruption | <p>L'Oréal's Internal Audit teams are particularly vigilant in this respect.</p> <p>Corruption risks are systematically reviewed during internal audit assignments, through individual interviews. These interviews include questions specifically concerning corruption and are conducted separately with the Country Manager and the Administrative and Financial Director. They give rise to an individual report reviewed and signed by these latter persons. Specific control points to assess the effectiveness of the Corruption Prevention Program implementation have been added since 2018.</p> <ul style="list-style-type: none">• 2018 Registration Document 3.3.4 p.217-218 |
| Other established or emerging best practices | <p>Since 2018, the review of corruption risks has been formalized in the selection process of third parties, with a specific focus on intermediaries with public authorities and a validation process in high risk countries.</p> |

THE WAY WE PREVENT CORRUPTION E-LEARNING





CRITERION 14

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

| INDICATORS | ANSWERS |
|--|---|
| Leadership review of monitoring and improvement results | <p>The Director of Risk Management and Compliance is responsible for developing and monitoring the anti-corruption Program, and reports the results to the Group prevention corruption Committee.</p> <p>The Corruption Prevention Program is regularly reviewed by the Executive Committee and is presented to the Board of Directors. In 2018, the Audit Committee of the Board reviewed the measures introduced to comply with the Sapin 2 law concerning the fight against corruption.</p> <p>Moreover, the Chief Ethics Officer reports regularly to the Chairman and CEO and informs the Board and Group Executive Committee.</p> <p>In 2018, the Corruption Prevention Program has been presented to the Audit Committee of the Board.</p> <ul style="list-style-type: none"> • 2018 Registration Document 1.1.1 p.8 ; 3.3.4 p.217-218; 2.8.2.1 p.106 |
| Process to deal with incidents | <p>Any allegation raised in good faith is examined in detail and appropriate measures are taken, where necessary, in the event of non-compliance with the Corruption Prevention Policy.</p> <ul style="list-style-type: none"> • Acting Ethically section on loreal.com • 2018 Registration Document 3.3.4 p.217-218; 2.8.2.1 p.106 |
| Public legal cases regarding corruption | <p>There were no public cases regarding corruption in 2018.</p> |
| Outcomes of integration of the anti-corruption principle | <p>An e-learning module for the prevention of corruption has been rolled out in 18 languages. 71% of the target population had completed it by the end of 2018.</p> |
| Other established or emerging best practices | <p>Since 2018, the review of the Corruption Prevention Program implementation has been included in the annual internal control self-assessment process rolled out in operational entities.</p> |

L'ORÉAL SUPPORTS THE UNITED NATIONS GLOBAL COMPACT

WE SUPPORT





Taking Action in Support of Broader UN Goals and Issues

CRITERION 15

The COP describes core business contributions to UN goals and issues

| INDICATORS | ANSWERS |
|---|---|
| Align core business strategy with one or more relevant UN goals/issues | <p>L'Oréal will continue to be a high-performing company if, and only if, it generates sustainable growth while creating shared value.</p> <ul style="list-style-type: none"> • L'Oréal Code of Ethics • Sharing Beauty With All section on loreal.com • Corruption Prevention policy |
| Develop relevant products and services or design business models that contribute to UN goals/issues | <p>Examples of products or business models contributing to the UN goals and issues include namely Alternative Testing Methods, Green Chemistry, Formula Biodegradability, Packaging Eco-Design, Solidarity Sourcing, low-carbon growth.</p> <ul style="list-style-type: none"> • 2018 Sharing Beauty With All Progress Report p.5 and 11-13 • 2018 Registration Document 1.2.8 p.22; 3.3.3.2 p.210; 3.3.1.3.3 p.177-184; 3.3.3.4 p.212,214 |
| Adopt and modify operating procedures to maximize contribution to UN goals/issues | <p>Examples of how operating procedures are continually being adapted to maximise contribution to UN goals/issues can be found in the Group's 2018 Reference Document and Sharing Beauty With All Report.</p> <p>For example, by 2020, 100% of L'Oréal's products will have an improved environmental or social profile. To achieve this goal, the Group promotes the use of renewable raw materials that are sustainably sourced or derived from green chemistry.</p> <p>In 2018, the Group held the 10th edition of the Disability Awards, an internal competition dedicated to the inclusion of people with disabilities and aimed at sharing and promoting best practices. This edition marked a turning point by highlighting initiatives not only for Employees, but also for consumers and the most vulnerable communities.</p> <ul style="list-style-type: none"> • 2018 Sharing Beauty With All Progress Report p.7-8; p.24-25 • 2018 Registration Document 3.3.1.1. p.158; 3.2 p.181-204; 3.1.2.4 p.144-147; 3.1.2.7 p.153-156; 1.3.2 p.38; 3.3.2.6, p.204 • Promoting diversity and inclusion p.207 |



| INDICATORS | ANSWERS |
|--|---|
| Other established or emerging best practices | <p>L'Oréal aligns its actions to support and contribute to the United Nations Sustainable Goals. It currently contributes to 15 of the 17 Goals.</p> <p>See the SDG Correspondence Table at the end of this report (See Annex 3).</p> |

L'ORÉAL RECOGNIZED AS GLOBAL COMPACT LEAD BY THE UNITED NATIONS.
L'ORÉAL'S CHIEF ETHICS OFFICER, EMMANUEL LULIN, HONoured AS UN
GLOBAL COMPACT SDG PIONEER





CRITERION 16

The COP describes strategic social investments and philanthropy

| INDICATORS | ANSWERS |
|---|---|
| Pursue social investments and philanthropic contributions that tie in with the core competencies or operating context of the company as an integrated part of its sustainability strategy | <p>In 2018, the L'Oréal Group invested approximately 30 million euros in Philanthropy projects namely via the actions of the L'Oréal Foundation, particularly in the fields of Science and Beauty (e.g. For Women in Science and Beauty for a Better Life) and via its business units (e.g. L'Oréal Professional Division continues to raise awareness amongst hairdressers to prevent musculoskeletal issues, training more than 330,000 people) and brands (e.g. SkinChecker campaign - La Roche-Posay, Water Lovers protecting the oceans, together with Mission Blue and Tara Expéditions - Biotherm, Fight against illiteracy - Lancôme, Acqua for life - Armani, supporting children living in countries affected by humanitarian crises with Unicef - Garnier).</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.3.3 p.183-184; 3.3.3.2 p.216; 3.3.3.2. p.212 • 2018 Sharing Beauty With All Progress Report p.11 and p.21 |
| Coordinate efforts with other organisations and initiatives to amplify – and not negate or unnecessarily duplicate – the efforts of other contributors | <p><i>Citizen Day</i> is the day every year when all L'Oréal's Staff throughout the world are able to carry out voluntary work for associations, on public utility projects and projects providing support to their surrounding communities, while receiving their normal remuneration for the day from the company.</p> <p>With some 27,600 participants and 170,000 volunteering hours across 63 countries, this event supported 855 organisations in 2018.</p> <p>L'Oréal thus supported several hundred of projects throughout the world, involving actions in the fields of solidarity, education, culture or the environment.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.3.4 p.214 <p>With the NGO ReSurge International and the SkinCeuticals brand, six women surgeons completed their second year of training in Bangladesh, Ecuador, Nepal and Zimbabwe.</p> <p>Biolage joined forces with the NGO Conservation International to help preserve fresh water ecosystems.</p> <p>Ralph Lauren Fragrances formed a partnership with the Women in Film association, which fights for gender equality in the film industry</p> <p>L'Oréal Paris Men Expert has partnered with the Movember Foundation, an international men's health advocacy, to support prostate and testicular cancer research and suicide prevention.</p> |
| Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups | <p>L'Oréal has always been committed to worthy causes and to the surrounding communities. First created in 2007, the purpose of the L'Oréal Corporate Foundation is to coordinate all the corporate philanthropy initiatives developed all over the world through the Group's subsidiaries and its brands. This commitment to good corporate citizenship now plays a strategic role in its development.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.3.4 p.214 |



| INDICATORS | ANSWERS |
|--|---|
| Other established or emerging best practices | <p>The L'Oréal Foundation also supports the <i>Médecins du Monde</i> association's reconstructive surgery operations (<i>Opération Sourire</i>) for children who suffer from congenital malformations and young women who have been victims of acid-throwing attacks. More than 700 people were operated on in 2018 within the framework of <i>Opération Sourire</i>.</p> <p>The Foundation has developed an education and training Program, <i>Beauty For a Better Life</i>, that is offered free of charge to the disadvantaged and relies on the L'Oréal Group's know-how in areas such as hairdressing and make-up. The beneficiaries are vulnerable women experiencing social or economic problems, young people who have left home or who have dropped out of school or victims of conflicts or domestic violence.</p> <p>5,565 people in very difficult living situations were trained in the beauty professions in 2018 within the framework of this training Program.</p> <ul style="list-style-type: none">• 2018 Registration Document 3.3.3.4 p.213-215 |

BEAUTY FOR A BETTER LIFE: TRAINING AS A CATALYST FOR INCLUSION





CRITERION 17

The COP describes advocacy and public Policy engagement

| INDICATORS | ANSWERS |
|--|---|
| Publicly advocate the importance of action in relation to one or more UN goals/issues | L'Oréal publically supports many initiatives which support UN Goals/issues including the UN Global Compact, the UN Sustainable Development Goals, the UN Guiding Principles on Business and Human Rights, the Women Empowerment Principles, the UN LGBTI Standards of Conduct, the Carbon Disclosure and Water Disclosure Project. |
| Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues | <p>Several company leaders actively participate in key summits and conferences in support of the UN goals/issues.</p> <p>For example, L'Oréal leaders participated in 2018 in various summits organised by the UN Global Compact, the Consumer Good Forum, the Women's Forum, the CDP Project, Transparency International etc.</p> |
| Other established or emerging best practices | <p>Since 2016, the Group has been a signatory of the ILO Global Business & Disability Network Charter (International Labour Organization).</p> <p>This worldwide network of international companies, national employers' organizations, business organizations and disabled people's organizations (DPOs) works together to promote disability inclusion in the workplace.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.6 p.207 • Diversity and Inclusion, Partners section on loreal.com • https://www.loreal.com/group/diversity-and-inclusion |

L'OREAL DISABILITY AWARDS 2018





CRITERION 18

The COP describes partnerships and collective action

| INDICATORS | ANSWERS |
|---|--|
| Develop and implement partnership projects with public or private organisations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy | <p>Many partnership projects are organized either with public organisations, for example UNESCO, or with private organisations, industry peers or suppliers at a Corporate, Brand or local level.</p> <p>Examples include Beauty for a Better Life, UNESCO For Women in Science, For Girls in Science, Médecins du Monde Operation Smile, Hairdressers against AIDS, Armani/Green Cross International, FSC, the Carbon Disclosure Project, Wild Asia, Fairtrade International, Garnier/Unicef...</p> <p>L'Oréal is also a co-sponsor of the SDG 16 Action platform and participates in the SDG Health is Everyone's Business Action platform.</p> <p>In 2018 L'Oréal joined the Center for Safety & Health Sustainability (CSHS) to support the drive to put health & safety into the Human Capital debate and to promote the concept of people/human sustainability.</p> <p>All L'Oréal's sustainable sourcing projects are set up in partnership with a local NGO such as Yamana in Morocco for Argan oil sourcing, Technoserve in India for guar, Entrepreneurs du Monde in Burkina Faso for shea butter, Shanshui Conservation in China for honey.</p> <ul style="list-style-type: none"> • 2018 Registration Document 1.3.2 p.39; 3.3.3.4 p.214-215; 3.3.1.3.3 p.183-184 • 2018 Sharing Beauty With All Progress Report p.23 and 26 |
| Join industry peers, UN entities and/or other stakeholders in initiatives contributing to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives extending the company's positive impact on its value chain | See above. |



| INDICATORS | ANSWERS |
|--|---|
| Other established or emerging best practices | <p>L'Oréal is a founding partner of the Women4Climate Program, which was launched in 2017 by C40 Cities, a global network uniting 90 of the world's large cities that have committed to preserve the climate.</p> <p>This initiative aims to support and train young women from civil society to strengthen their leadership capabilities and enable them to achieve their local climate adaption projects.</p> <ul style="list-style-type: none">• 2018 Sharing Beauty With All Progress Report p.26 |

SUPPORTING WOMEN4CLIMATE





Corporate Sustainability Governance And Leadership

CRITERION 19

The COP describes CEO commitment and leadership

| INDICATORS | ANSWERS |
|--|--|
| CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation | <p>The Chief Ethics Officer, the Chief Sustainability Officer and the Risk Management and Compliance Director report to the Chairman and CEO.</p> <p>The Strategy and Sustainable Development Committee is chaired by the Chairman and CEO.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.1.2 p.148; 2.3.3 p.73 |
| CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact | <p>See Jean-Paul Agon's statement in 2018 <i>Sharing Beauty With All</i> Progress Report.</p> <ul style="list-style-type: none"> • 2018 Sharing Beauty With All Progress Report p.6-7 <p>In 2018, for example, Jean-Paul Agon, Chairman and CEO of L'Oréal, gave a keynote speech during the CDP Awards ceremony and at the Africa CEO Forum/ Women in Business</p> |
| CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards | <p>Jean-Paul Agon is a member of the Board of the Consumer Goods Forum which namely aims at addressing within the industry the issues of deforestation, waste and forced labour</p> |
| Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team | <p>40% of the CEO's annual variable remuneration is calculated on the basis of an assessment of the qualitative aspects of management and namely actions to help society.</p> <ul style="list-style-type: none"> • 2018 Registration Document 2.5.1.3 p.95 <p>Since 2016, criteria related to performance of L'Oréal's Sustainability Program are integrated into the calculation of the bonuses for L'Oréal's country managers and brand managers.</p> |
| Other established or emerging best practices | <p>Jean-Paul Agon regularly speaks in support of L'Oréal's Diversity and Inclusion program.</p> |

L'OREAL GROUP POLICY ON DIVERSITY AND INCLUSION





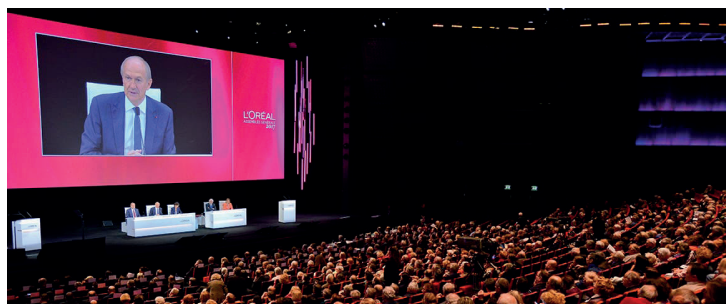
CRITERION 20

The COP describes Board adoption and oversight

| INDICATORS | ANSWERS |
|--|---|
| Board of Directors (or equivalent) assumes responsibility and oversight for long-term corporate sustainability strategy and performance | <p>The Board analyses the Group's strategy, economic and financial management and also its social, societal and environmental commitments.</p> <p>• 2018 Registration Document 2.3.2 p.70-72</p> |
| Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability | <p>There is a Strategy and Sustainable Development Board Committee</p> <p>The Audit Committee of the Board reviews the implementation progress status of the Corruption Prevention Program.</p> <p>• 2018 Registration Document 2.3.3 p.73</p> |
| Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress) | <p>L'Oréal's Sharing Beauty With All Progress Report is examined by the Strategy and Sustainable Development Board Committee members and approved by Jean-Paul Agon, the Group's Chairman and CEO.</p> <p>• 2018 Registration Document 2.3.3 p.73</p> |
| Other established or emerging best practices | <p>The Board of Directors places great importance on respecting L'Oréal's ethical principles – Integrity, Respect, Courage and Transparency – and more generally its Code of Ethics. In 2018, the Senior Vice-President and Chief Ethics Officer presented the Ethics Policy and the initiatives taken in this field, as well as their results. The Board considers these policies to be an integral part of L'Oréal's growth model; it supports their implementation and regularly measures the advances made.</p> |

ETHICS AT THE HEART OF L'ORÉAL'S GOVERNANCE AND COMMITMENTS

The Board of Directors places great importance on respecting L'Oréal's ethical principles – Integrity, Respect, Courage and Transparency – and more generally its Code of Ethics. In 2017, the Senior Vice-President and Chief Ethics Officer presented the ethics policy and the initiatives taken in this field, as well as their results. The Board considers these policies to be an integral part of L'Oréal's growth model; it supports their implementation and regularly measures the advances made.





CRITERION 21

The COP describes stakeholder engagement

| INDICATORS | ANSWERS |
|--|---|
| Publicly recognize responsibility for the company's impacts on internal and external stakeholders | <p>L'Oréal is keenly aware that a company can only grow and prosper if it cares about its ecosystem, which is made up of many actors. The Group attaches great importance to dialogue with all stakeholders, namely with all those whose actions are likely to have an impact on L'Oréal and all those who are concerned by its activities.</p> <p>• 2018 Registration Document 3.1.2 p.147</p> |
| Define sustainability strategies, goals and policies in consultation with key stakeholders | <p>The dialogue conducted by L'Oréal with its stakeholders has gained importance over time. In the Sharing Beauty With All Program, for instance, it has seen three major phases:</p> <p>1st phase: L'Oréal engaged in dialogue with 754 organisations, including an in-person dialogue with 232 of them, through forums organised by the Group in 8 key countries to define its CSR "materiality analysis"</p> <p>2nd phase: the Group set up a dialogue platform hosted on the loreal.com website making it possible to continue this dialogue on-line, offering the possibility for NGOs, associations and non-profit organisations to interact with the Group's experts.</p> <p>3rd phase: L'Oréal has set up special-purpose panels and consultations with regard to various topics in order to include the views of NGOs, associations, non-profit organisations and experts in its thought process and its projects.</p> <p>Each year, the Group dialogues with its various stakeholders in order to challenge its projects and progress.</p> <p>• 2018 Registration Document 3.1.2 p.147</p> |
| Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance | <p>Since the announcement of the Sharing Beauty With All Program, an external governance body called the Panel of Critical Friends, consisting of leading international experts on environmental and social issues, has been set up to review progress, critically evaluate any action taken, suggest improvements and challenge L'Oréal's sustainability goals regularly. The panel met in March 2018 in the presence of Jean-Paul Agon in Clichy, France.</p> <p>• 2018 Registration Document 3.1.2 p.148</p> |
| Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers' | <p>L'Oréal's Speak Up Policy enables Employees and stakeholders to report concerns, namely via a secure Internet site (Ethics whistleblowing line) directly to the Senior Vice-President and Chief Ethics Officer. All reports are thoroughly investigated and whistleblowers are protected against retaliation.</p> |



| INDICATORS | ANSWERS |
|--|--|
| Other established or emerging best practices | <p>Every year since 2009, L'Oréal organizes an Ethics Day in order to ensure ongoing internal communication on this topic. All Group Employees are able to ask L'Oréal's Chairman and Chief Executive Officer questions which he answers during a live webchat. All Country Managers also have the opportunity to discuss ethics with their Employees.</p> <p>In 2018, over 60% of the Group's Employees took part in this dialogue and over 6,800 questions were asked worldwide.</p> |

ETHICS DAY, AN EXAMPLE OF DIALOGUE AT EVERY LEVEL OF THE ORGANIZATION



Annex 1: Women's Empowerment Principles

CRITERION A

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

| INDICATORS | ANSWERS |
|---|---|
| Achieving and maintaining gender equality in senior management and board positions & in middle management positions | <p>One of L'Oréal's objectives is the nurturing and the emergence of talents of women at the top level of the organisation.</p> <p>As of 31 December 2018, women accounted for:</p> <ul style="list-style-type: none"> - 69% of the total workforce - 64% of executives - 46% of expatriates in place - 54% of Strategic, Group and local key positions - 69% of Employees who were promoted - 66% of international brands are managed by women - 47% in positions of greater responsibility within L'Oréal SA - 54% in positions of greater responsibility within the Group - 31% of the Executive Committee members - 46% of the members of the Board of Directors <p>The composition of the workforce and the percentage of women in the different geographical zones is of 65% in Western Europe, 71% in North America and 71% in new markets.</p> <p>L'Oréal has chosen to be audited by independent experts. Since 2010, the Group has been awarded the Gender Equality European & International (GEEIS) label in 23 European countries.</p> <p>For entities outside Europe, L'Oréal relies on the Economic Dividend for Gender Equality (EDGE) certification process. In 2018, a total of 29 countries continued to be EDGE or GEEIS certified.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.6 p.205-206 • L'Oréal Diversity and Inclusion Key Figures 2018 |
| Equal pay for work of equal value | <p>Another of L'Oréal's objectives is to reduce the difference in salaries between men and women to the point that they disappear.</p> <p>In each country, the remuneration policy is based on a worldwide performance assessment system.</p> <p>Since 2007, L'Oréal has collaborated with INED (National Institute for Demographic Studies), which analyses gender pay for all professional categories. Pay gap measurement is being rolled out in all L'Oréal subsidiaries.</p> <p>To date, the pay gap measurement has been carried out in France, Germany, China, Italy, Spain, Canada, Russia, Brazil, United States, India, Nordic countries (Denmark, Finland, Norway, Sweden) and the United Kingdom. This represents 70% of L'Oréal's total headcount.</p> <p>This has namely helped reduce the median gender pay gap in France from 10% to 2% between 2007 and 2018, and has helped eliminate it for workers and supervisors.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.6 p.205 • L'Oréal Diversity and Inclusion Key Figures 2018 |

| INDICATORS | ANSWERS |
|--|---|
| Flexible work options | <p>Within the framework of L'Oréal Share & Care, the Group has made a commitment to promoting initiatives for flexible work arrangements everywhere in the world, within the context of the different local business requirements. Flexible working hours are already in place in 54 subsidiaries.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.4 p.200 |
| Access to child and dependent care | <p>Local initiatives address child and dependent care issues, such as working time arrangements and kindergartens for young children.</p> <p>As an example, in 2017, L'Oréal Argentina extended its Employees' maternity leave to 105 days, which is 15 days more than the national legal requirement, with the equivalent remuneration of their salary.</p> <p>To support mothers during their first years of motherhood, L'Oréal in Panama, Salvador and Guatemala pays a monthly indemnity per child until the child is three years old.</p> <p>In France, female Employees can take up to 3 months on full pay during the child's first 3 years.</p> |
| Support for pregnant women and those returning from maternity leave | <p>In order to avoid maternity leaves and parenthood having a negative effect on the career of women at L'Oréal, various initiatives have been taken.</p> <p>The L'Oréal Share & Care Program is namely quite unique because it aims to ensure that women working at L'Oréal can benefit from a maternity leave of a minimum of 14 weeks, paid at 100%, in all countries.</p> <p>The Group also ensures that women on maternity leave benefit from salary increases equivalent to those they would have received had they been present in the Company.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.4 p.198 • 2018 Sharing Beauty With All Progress Report p.25 |
| Recruitment and retention, including training and development, of female employees | <p>Achieving real gender equality, up to the highest levels of responsibility, is a key challenge for the Company, both to promote a culture of Inclusion and to increase L'Oréal's ability to innovate. The Group therefore ensures that all jobs are accessible to women and men, both at the level of recruitment and with regard to career development possibilities. Special attention is given to pivotal periods such as parenthood.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.6 p.205 <p>L'Oréal is member of the Executive Board of the <i>International Dual Career Network</i>, a non-profit association formed through the collaboration of companies, NGOs and academic institutions with the purpose of facilitating the job search for mobile Employees' partners, and providing member companies access to a turnkey pool of talent.</p> |

Annex 1: Women's Empowerment Principles

| INDICATORS | ANSWERS |
|---|---|
| Education and training opportunities for women workers | <p>Women working at L'Oréal benefit from the same education and training opportunities as men.</p> <p>In 2018, 65% of women Employees benefited from training.</p> |
| Creating and maintaining workplace awareness of gender equality and, inclusion and non-discrimination for all workers | <p>L'Oréal trains its Employees in diversity by organising Diversity Training Workshops. At the end of 2018, more than 33,000 Employees have taken part in "Diversity Training Workshops" all over the world.</p> <p>Moreover, our Lead&Enable training Program, launched in 2017 for the Group's top managers, supports managerial transformation and promotes new ways of managing teams and of working together, in particular, by incorporating an inclusive management component.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.6 p.206 • L'Oréal Diversity and Inclusion Key Figures 2018 |
| Mentoring and sponsorship opportunities for women workers | <p>Since 2010, L'Oréal has been a committed player in the EVE Program aimed at helping women to be agents of change in their business and to develop their leadership and careers. Since the Program's inception, more than 500 of the Group's Employees have taken part in this Program.</p> <p>Further examples include L'Oréal USA which runs the "Women's offsite" Program. This conference is aimed to empower senior women across the company.</p> <p>L'Oréal's Education Program includes the Global Summit of Women, the Women's Forum, JUMP, aufeminin.com day, ELLE active.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.6 p.206, 207 • L'Oréal Diversity and Inclusion Key Figures 2018 |

Annex 1: Women's Empowerment Principles

| INDICATORS | ANSWERS |
|--|--|
| Other established or emerging best practices | <p>In November 2018, L'Oréal was the first company to join the "One In Three Women" network, the first European network of companies committed to fighting violence against women in the private sphere.</p> <p>Very concrete actions are to be implemented, such as international research to measure the impact of domestic violence in companies, training to better understand these violences and its impact at work, awareness kits for companies (posters, useful numbers, first recommendations, etc.), and events to mobilise and raise awareness.</p> <ul style="list-style-type: none"> • https://mediaroom.loreal.com/en/one-in-three-women-the-first-european-network-of-companies-engaged-against-gender-based-violence-under-the-management-of-face/ <p>Out of over 7,000 companies, L'Oréal was recognised by Thomson Reuters as one of the 10 best international companies with regard to Diversity and Inclusion.</p> <p>The winner of several awards for its exemplarity in the field of gender equality, L'Oréal this year took first place among European companies in the 2018 Equileap Awards.</p> <p>L'Oréal USA received a maximum score of 100 in the Corporate Equality Index 2018, consisting of an investigation and a report managed by the Human Rights Campaign Foundation.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.6 p.207 |

L'ORÉAL RANKED THE TOP GENDER-BALANCED COMPANY IN EUROPE BY EQUILEAP



CRITERION B

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

| INDICATORS | ANSWERS |
|--|---|
| Supplier diversity Program | <p>Because a company's purchasing power is an economic development and societal impact factor, L'Oréal has decided to make its purchases a novel way of promoting social inclusion. The Group thus created a global solidarity purchasing Program in 2010 known as Solidarity Sourcing.</p> <ul style="list-style-type: none"> • 2018 Sharing Beauty With All Progress Report p.23 • 2018 Registration Document 3.3.3.4. p.213-215; 3.3.3.5. p.215-216 |
| Composition of supplier base by sex | This information is not yet available. |
| Support for women business owners and women entrepreneurs | <p>L'Oréal USA supports Women Owned Business, representing more than 100 full time Employees on 4 projects on various domains such as packaging marketing & business services.</p> <p>Discussions started in 2018 for L'Oréal to join WEConnect International who became signatories in mid-2019.</p> <p>WEConnect International is a corporate-led global non-profit that supports, empowers and promotes women-owned businesses based in over 115 countries (outside of the US) through corporate inclusive sourcing efforts, including local certification and support in 45 countries.</p> |
| Supplier monitoring and engagement on women's empowerment and gender equality including promotion of the Women's Empowerment Principles to suppliers | <p>Social audits of suppliers namely cover discrimination, sexual harassment and hostile working environment.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.1.3.2 |
| Gender-sensitive marketing | <p>The L'Oréal Code of Ethics prohibits the undermining of human dignity in advertising or the presentation of degrading feminine stereotypes. It also addresses the growing concern about eating disorders amongst young women and the growing debate about the early sexualisation of young children.</p> <ul style="list-style-type: none"> • L'Oréal Code of Ethics • 2018 Registration Document 3.3.3.5. p.215 <p>Diversity in women's beauty was the star of the show during L'Oréal Paris 2018 annual fashion show on a specially designed 60-meter floating runway on the river Seine in central Paris. Amongst the models was Marie Bochet, Paralympic ski champion and L'Oréal Paris's new ambassador, in her runway début.</p> <ul style="list-style-type: none"> • https://www.loreal.com/media/news/2018/oct/le-defile-loreal-paris |

Annex 1: Women's Empowerment Principles

| INDICATORS | ANSWERS |
|--|--|
| Gender-sensitive product and service development | <p>L'Oréal offers a wide range of products dedicated to men and women.</p> <p>In 2018, one of the L'Oréal group's iconic brands, Cacharel, designed it's "Yes I Am" parfum for a new generation of women for whom gender equality and equal rights are self-evident. These girls are part of a Yes I Am is a celebration of assertiveness and independence.</p> <ul style="list-style-type: none"> • https://www.loreal.com/media/news/2018/march/yes-i-am-by-cacharel |
| Other established or emerging best practices | <p>During the 2018 Cannes Film Festival, L'Oréal Paris decided to open up a conversation about women's empowerment to bring women's voices to all and unveil the women behind the actresses, with their stories, their triumphs and the obstacles on the way to feeling worth it.</p> <ul style="list-style-type: none"> • https://www.loreal.com/media/news/2018/mai/cannes-worth-it <p>By partnering with the humanitarian organization CARE to launch the Write Her Future program on three continents simultaneously, Lancôme is taking a stand against illiteracy among young women worldwide.</p> <p>The two partners are concentrating their initial efforts in Morocco, Thailand and Guatemala.</p> <p>Accompanying these efforts on the ground, on February 20 Lancôme launched «Write your name so she can write her future,” a massive awareness-raising campaign on social media. To boost the campaign's profile, the brand has called on its ambassadors, including Julia Roberts, Kate Winslet, and Penélope Cruz, who have agreed to put their names to the cause.</p> |

WRITE HER FUTURE: LANCÔME'S WAR ON ILLITERACY



CRITERION C

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

| INDICATORS | ANSWERS |
|---|---|
| Gender impact assessments or consideration of gender-related impacts as part of its social and/or Human Rights impact assessments | <p>Ongoing Human Rights due diligence is based on Verisk Maplecroft™ indexes namely with regards to non-discrimination.</p> <ul style="list-style-type: none"> • 2018 Registration Document 2.8.4.3.2 p 112 |
| Ensuring female beneficiaries of community Programs | <p>The Group's diversity and inclusion policy is also reflected outside the Company: L'Oréal takes the same approach to its suppliers, consumers, local communities, NGOs and associations dedicated to inclusion on each continent.</p> <p>Two-thirds of the beneficiaries of the Group's Solidarity Sourcing Program are women. A total of 38,596 beneficiaries come from 29 projects specifically related to the emancipation of women in 14 countries, with the support of 10 association and NGO partners. These Solidarity Sourcing projects support the following women: producers of raw materials such as shea and argan grown and harvested in accordance with fair trade principles; hailing from various vulnerable local communities, or who have assumed positions usually reserved for men; beneficiaries through support for Women-Owned Businesses; single mothers; military wives; victims of violence. Other than agricultural professions, these projects concern a wide range of industrial activities and services: production, assembly, logistics, sales, marketing, digital and construction.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.3.4. p.214 • https://www.loreal.com/media/news/2018/oct/shared-growth |
| Community initiatives specifically targeted at the empowerment of women and girls | <p>As part of its Beauty for a Better Life Program, in partnership with local NGOs, the L'Oréal Foundation trains women in very difficult social or economic situations about the beauty industry (hairdressing and make-up), in order to help them to find employment.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.3.5. p.215 <p>Since 2012 L'Oréal Paris organises in collaboration with the magazine "ELLE" the forum ELLE Active that is dedicated to female workers and women empowerment.</p> <p>Each year, L'Oréal Paris awards, through its Women of Worth Program in the United States, 10 exceptional women with \$25,000 to support their efforts to serve their communities.</p> <p>At 2nd annual Women4Climate conference, 10 young women climate leaders were selected to be part of Mexico City's Women4Climate Mentorship Program.</p> <p>After successful pilot programs in Paris and now in Mexico City, Montreal and Vancouver will launch their own Women4Climate Mentorship Programs to celebrate and support local female leadership on climate in their cities. Mentorship Programs will also be launched in the cities of Durban and Quito.</p> <ul style="list-style-type: none"> • https://www.loreal.com/media/news/2018/feb/2018-w4c |

Annex 1: Women's Empowerment Principles

| INDICATORS | ANSWERS |
|--|---|
| Strategies to ensure that community investment projects and programs (including economic, social and environmental) positively impact women and girls. | See Above |
| Strategies to ensure that community investment projects and programs (including economic, social and environmental) include the full participation of women and girls. | See Above |
| Other established or emerging best practices | <p>Thanks to its <i>For Women in Science</i> action, the L'Oréal Foundation generates vocations from young women students in secondary schools, encourages women researchers and recognises excellence in an area where women should be even more represented.</p> <p>In the spirit of the United Nation's <i>HeForShe</i> initiative, in March 2018 the L'Oréal Foundation and UNESCO launched the FWIS Male Champion initiative aimed to accelerate change and improve access to equal opportunities for women in science by creating a coalition of male allies.</p> <p>To achieve that, UNESCO and the Foundation have created a charter of commitments, with every volunteer agreeing to encourage collaboration between men and women in science. To take matters further, and to provide a sense of perspective, the L'Oréal Foundation and UNESCO will publish an annual report on progress in gender balance in science.</p> |

L'ORÉAL – UNESCO: A COMMITMENT BY MEN TO SUPPORT WOMEN IN SCIENCE



CRITERION D

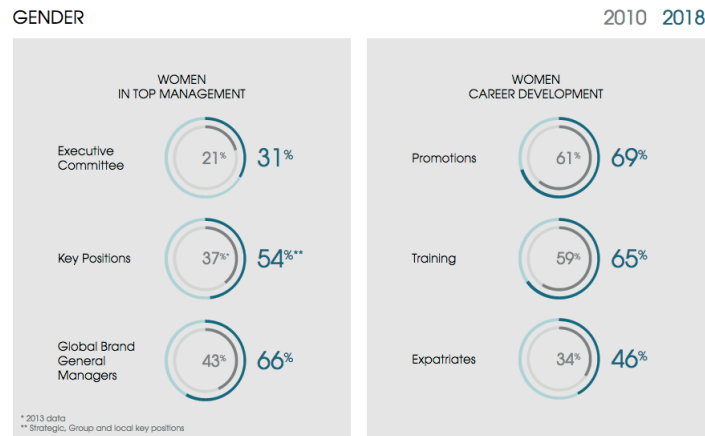
The COP contains or refers to sex-disaggregated data

| INDICATORS | ANSWERS |
|---|--|
| Achieving and maintaining gender equality in senior management and board positions | <p>As of 31st December 2018, 46% of Board members, 31% of L'Oréal's executive committee members and 66% of international brand managers are women.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.6 p.205 |
| Achieving and maintaining gender equality in middle management positions | <p>Women account for 69% of the Group's total workforce:</p> <ul style="list-style-type: none"> - 64% of executives - 46% of expatriates in place - 66% of international brands are managed by women <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2 p.189; 3.3.2.6 p.205 |
| Equal pay for work of equal value | <p>This indicator is not consolidated at Group level.</p> <p>To date, the pay gap measurement has been carried out in France, Germany, China, Italy, Spain, Canada, Russia, Brazil, United States, India, Nordic countries (Denmark, Finland, Norway, Sweden) and the United Kingdom. This represents 70% of L'Oréal's total headcount.</p> <p>This has namely helped reduce the median gender pay gap in France from 10% to 2% between 2007 and 2018, and has helped eliminate it for workers and supervisors.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.6 p.205 • L'Oréal Diversity and Inclusion Key Figures 2018 |
| Recruitment and retention, including training and development, of female employees | <p>In 2018, 78% of Employees hired were women. 69% of Employees who had a promotion were women.</p> <ul style="list-style-type: none"> • L'Oréal Diversity and Inclusion Key Figures 2018 |
| Education and training opportunities for women workers | <p>In 2018, 65% of Employees trained were women.</p> <ul style="list-style-type: none"> • L'Oréal Diversity and Inclusion Key Figures 2018 |
| Creating and maintaining workplace awareness of gender equality and, inclusion and non-discrimination for all workers | <p>L'Oréal's Employees take part in a 1 day in class training on diversity & inclusion in order to raise awareness on the topic.</p> <p>As of 31st December 2018, over 33,000 Employees have taken part in such workshops.</p> <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2.6 p.205 • L'Oréal Diversity and Inclusion Key Figures 2018 |

Annex 1: Women's Empowerment Principles

| INDICATORS | ANSWERS |
|---|---|
| Mentoring and sponsorship opportunities for women workers | As of 2018, 493 Employees have participated in the EVE Program with cohorts in Europe, Africa, and Asia-Pacific. |
| Other established or emerging best practices | <p>Reporting of additional key figures:</p> <ul style="list-style-type: none"> - Workforce breakdown by part-time/full-time contract by gender - Workforce breakdown by temporary/permanent contract by gender <ul style="list-style-type: none"> • 2018 Registration Document 3.3.2 p.189 • L'Oréal Diversity and Inclusion Key Figures 2018 |

DIVERSITY AND INCLUSION KEY FIGURES 2018



Annex 2: UN LGBTI Standards Of Conduct

In 2018, L'Oréal officially announced its support of the United Nations LGBTI Standards of Conduct of Business.

These Standards are designed to guide the business community in fighting discrimination against lesbian, gay, bi, trans and intersex (LGBTI) people.

This initiative is in line with the Group's Ethical Principles, its longstanding commitment in favor of Human Rights and in its long-term and proactive Diversity and Inclusion strategy.

L'Oréal is particularly vigilant on issues related to the promotion of inclusion in the workplace and welcomes the UN Global LGBTI Standards of Conduct for Business, as they are useful and practical frameworks, which will help to accelerate change.

Although there is at present no reporting standard on this commitment, we have chosen to include specific information on our actions in this report.

The following reporting is very much work in progress. We are currently looking into best practice guidance for implementing the UN standards with particular attention to countries where LGBTI rights are restricted.

CRITERION I

Policies and practices related to supporting LGBTI rights in the workplace

| INDICATORS | ANSWERS |
|---|--|
| Clear non-discrimination policies | The Code of Ethics prohibits any discrimination on the basis of sexual orientation. L'Oréal also prohibits discrimination on the basis of gender identity. |
| Engagement by senior executives on LGBTI inclusion | Several senior executives have decided to specifically support the implementation of the UN Standards and namely Jean-Claude Le Grand, Executive Vice-President Human Relations, Emmanuel Lulin, SVP & Chief Ethics Officer and Xavier Vey, General Manager of the Western Europe zone of L'Oréal Luxe. Margaret Johnston-Clarke, Head of Global Diversity & Inclusion, is a member of the Group Human Rights Committee. |
| Internal awareness-raising and training on Human Rights, including LGBTI rights, for management and employees | Internal training on LGBTI rights is included in L'Oréal's one-day Diversity Training Workshops which are currently being rolled-out within the Group worldwide. At the end of 2018, more than 33,000 Employees have attended. • 2018 Registration Document 3.3.2.6 p.207 |

| INDICATORS | ANSWERS |
|--|--|
| Actions to support LGBTI employees | <p>L'Oréal supports the voluntary creation of LGBTI support groups by Employees.</p> <p>For example, L'Oréal Mexico Employees launched the FREE TO BE project. To date, they have created an LGBTI Employee resource group, joined a business coalition for LGBTI inclusion, and participated in the Pride Parade.</p> <p>The OUT@L'Oréal initiative was launched in L'Oréal USA and in L'Oréal UK/Ireland. This includes creating an active network of Employees and reviewing internal policies in view of meeting the needs of the LGBTI community.</p> |
| Grievance mechanisms include treatment of LGBTI harassment | <p>L'Oréal's Speak Up Policy enables Employees to report discrimination and harassment, namely via a secure Internet site (Ethics whistle-blowing line) directly to the Senior Vice-President and Chief Ethics Officer. All reports are thoroughly investigated.</p> <p>In a spirit of transparency, each year, Employees are informed of the total number of concerns raised with regards bullying, sexual harassment and discrimination and the types of measures taken.</p> <p>• www.lorealpeakup.com</p> |
| Other established or emerging best practices | <p>L'Oréal USA's LGBTQI Employee resource group, OUT@L'Oréal, was launched in 2017. In two years, more than 140 people have joined the OUT@L'Oréal Employee network. This initiative has namely contributed to L'Oréal USA being named "a Best Place to Work for LGBTQ Employees" and obtaining a 100 on the Human Rights Campaign Corporate Equity Index.</p> |

L'ORÉAL IS PROUD TO SUPPORT THE LGBTI COMMUNITY

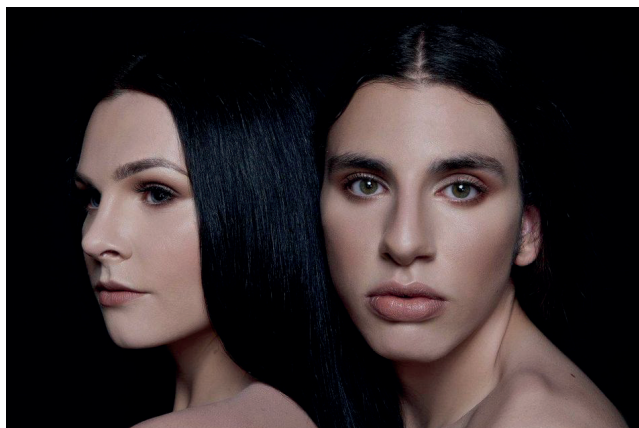


CRITERION II

Policies and practices related to supporting lgbti rights in the community

| INDICATORS | ANSWERS |
|---|---|
| Consideration of LGBTI impacts as part of its social and/or Human Rights impact assessments | L'Oréal has carried out a risk mapping of countries where LGBTI rights are restricted using namely the Verisk Maplecroft™ indexes and the International LGBTI Association ("ILGA") mapping. |
| Including positive messaging on members of the LGBTI community in marketing campaigns | Where appropriate, L'Oréal includes positive messaging on members of the LGBTI community in marketing campaigns. For example, L'Oréal Paris True Match Foundation campaign included transgender model, Hari Nef and male model Darnell Bernard. |
| Support of LGBTI organisations/ NGO | Certain L'Oréal subsidiaries have decided to support LGBTI organisations/NGOs. For example, L'Oréal SA, the Group's parent company, supports "L'Autre Cercle", the leading French company network on LGBTI rights. L'Oréal Mexico is part of the PRIDE CONNEXION, a group of companies that are fighting discrimination against LGBTI people. |
| Other established or emerging best practices | The genderless makeup brand Jecca, inspired by the transgender community, which was recently invited onto the L'Oréal Open Innovation program is another example. |

GENDERLESS MAKEUP BRAND JECCA IS L'OREAL'S LATEST STARTUP INNOVATION



Annex 3: United Nations Sustainable Development Goals

This table aims to give an overview of the various policies, programs and actions initiated by L'Oréal in support of the United Nations Sustainable Development Goals.

| | |
|---|--|
| 1 NO POVERTY  | <ul style="list-style-type: none"> • Buy & Care • Beauty for a Better Life • Solidarity Sourcing |
| 2 ZERO HUNGER  | N/A |
| 3 GOOD HEALTH AND WELL-BEING  | <ul style="list-style-type: none"> • Code of Ethics • Human Right Policy • Health & Safety Policy • Product Safety Policy • Share & Care • Member of the “Health is Everyon’s Business” Action Platform • Support of the Center for Safety & Health • Opération Sourire with Médecins du Monde • L'Oréal Professional Division raising awareness amongst hairdressers to prevent musculoskeletal issues • SkinChecker Campaign - La Roche-Posay • L'Oréal Paris Men Expert partnership with the Movember Foundation |
| 4 QUALITY EDUCATION  | <ul style="list-style-type: none"> • Beauty for a Better Life • For Women in Science • Fight Against Illiteracy - Lancôme • NGO ReSurge International - SkinCeuticals |
| 5 GENDER EQUALITY  | <ul style="list-style-type: none"> • Code of Ethics • Diversity & Inclusion Policy • Women Empowerment Principles • For Women in Science • Ralph Lauren Fragrances partnership with the Women in Film association |
| 6 CLEAN WATER AND SANITATION  | <ul style="list-style-type: none"> • Code of Ethics • Sharing Beauty With All • L'Oréal Water Policy • CDP Water Disclosure Project |
| 7 AFFORDABLE AND CLEAN ENERGY  | <ul style="list-style-type: none"> • Code of Ethics • Sharing Beauty With All • CDP |
| 8 DECENT WORK AND ECONOMIC GROWTH  | <ul style="list-style-type: none"> • Code of Ethics • Human Rights Policy • Share & Care • Buy & Care • Solidarity Sourcing • Beauty for a Better Life |

| | |
|---|---|
| 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  | N/A |
| 10 REDUCED INEQUALITIES  | <ul style="list-style-type: none"> • Sharing Beauty With All • Buy & Care • Solidarity Sourcing • Beauty for a Better Life • ILO Global Business & Disability Network Charter • UN LGBTI Standards of Conduct |
| 11 SUSTAINABLE CITIES AND COMMUNITIES  | <ul style="list-style-type: none"> • Women4Climate |
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION  | <ul style="list-style-type: none"> • Code of Ethics • Sharing Beauty With All |
| 13 CLIMATE ACTION  | <ul style="list-style-type: none"> • Code of Ethics • Sharing Beauty With All • Carbon-Balanced commitment • Zero-deforestation commitment • Women4Climate |
| 14 LIFE BELOW WATER  | <ul style="list-style-type: none"> • Code of Ethics • Sharing Beauty with All • L'Oréal Water Policy • CDP Water Disclosure Project • Water Lovers protecting the oceans with • Mission Blue and Tara Expéditions - Biotherm • Acqua for Life - Armani • NGO Conservation International - Biolage |
| 15 LIFE ON LAND  | <ul style="list-style-type: none"> • Code of Ethics • Sharing Beauty With All • Carbon-Neutral Commitment • Zero-Deforestation Commitment |
| 16 PEACE, JUSTICE AND STRONG INSTITUTIONS  | <ul style="list-style-type: none"> • Co-sponsor of the ADG 16 Action Platform • Code of Ethics • Human Right Policy • Corruption Prevention Policy • Supporting children living in countries affected by humanitarian crises with Unicef - Garnier |
| 17 PARTNERSHIPS FOR THE GOALS  | See above |

Conceived and edited by the Office of the Chief Ethics Officer

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