

## Particulars

### About Your Organisation

#### 1.1 Name of your organisation

L'Oreal

#### 1.2 What is/are the primary activity(ies) or product(s) of your organisation?

- ☐ Palm Oil Grower
- ☐ Processor and/or Trader
- ☒ Consumer Goods Manufacturer
- ☐ Retailer
- ☐ Bank and/or Investor
- ☐ Social and/or Development NGO
- ☐ Environmental and/or Conservation NGO
- ☐ Affiliate

#### 1.3 Membership number

4-0021-07-000-00

#### 1.4 Membership category

Consumer Goods Manufacturers

#### 1.5 Membership sector

Ordinary

## Consumer Goods Manufacturers

### 1. Operational Profile

**1.1 Please state your company's main activity within the palm oil supply chain.**

- ☐ Food Good Manufacturer - own brand
- ☐ Food Good Manufacturer - third-party brand
- ☒ Home & Personal Care Good Manufacturer - own brand
- ☐ Home & Personal Care Good Manufacturer - third-party brand
- ☐ Ingredient Manufacturers
- ☐ Biofuels
- ☐ Other

Other

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### 2. Palm Oil and Certified Sustainable Palm Oil Consumption

*Information in Section 2 - Palm Oil and Certified Sustainable Palm Oil Consumption - is a mandatory declaration in your ACOP. This includes volume data on palm oil and palm oil products consumed, to enable the RSPO to accurately calculate uptake on a member, sector and total level. ACOP reports without reported volume data will be considered incomplete and will not be accepted.*

**2.1 Please list down all operations and subsidiaries using palm oil that are owned and/or managed by the member, including those under Group Membership**

Chimex Logocos

**2.1.1 In which markets does your company sell goods with palm oil and oil palm products?**

Applies globally

**2.2.5 Total volume of all palm oil and palm oil products (palm-content only) used in your company's own-brand products and in products produced by your company for third-party brands in the year:**

Description	Tonnes
Total volume of crude/refined palm oil (tonnes)	325.0
Total volume of crude/refined palm kernel oil (tonnes)	0.0
Total volume of palm kernel expeller (tonnes)	0.0
Total volume of palm oil/palm kernel oil derivatives and fractions (tonnes)	71458.0
Total	71783.0

**2.2.6 Please estimate the percentage of derivatives and fractions (reported in Question CG.2.2.4) derived from palm oil or from palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based derivatives.**

Description	Percentage
Palm oil-based derivatives and fractions	44.0
Palm kernel oil-based derivatives and fractions	56.0

**2.3 Volume of RSPO-certified palm oil and palm oil products used in your company's own brand products and in products produced by your company for third-party brands in the year (tonnes):**

Description	Crude/Refined Palm Oil (CSPO)	Crude/Refined Palm Kernel Oil (CSPKO)	Palm Kernel Expeller (CSPKE)	Certified Derivatives and Fractions
RSPO Credits from Mill / Crusher	0.0	0.0	0.0	17244.0
RSPO Credits from Independent Smallholder	0.0	0.0	0.0	2005.0
Mass Balance (MB)	0.0	0.0	0.0	51670.0
Segregated (SG)	325.0	0.0	0.0	539.0
Identity Preserved (IP)	0.0	0.0	0.0	0.0
Total	325.0	0.0	0.0	71458.0

**2.3.1 Please estimate the percentage of RSPO-certified derivatives and fractions (reported in Question CG.2.3) derived from RSPO-certified palm oil or from RSPO-certified palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based derivatives.**

Description	Percentage
Certified Palm oil-based derivatives and fractions	44.0
Certified Palm kernel oil-based derivatives and fractions	56.0

**2.4 According to the volume information you have provided in Question 2.2 and Question 2.3, your company's certified palm oil and palm oil products uptake is:**

100.00%

**2.4.1 If your company has not reached 100% usage of sustainable palm oil through the four supply chain models (RSPO Credits, MB, SG or IP), do you have any plans to cover the gap using RSPO Credits?**

No

**2.4.2 Please explain why you do not intend to cover the gap using RSPO Credits**

Since 2010, 100% of the palm oil directly purchased by L'Oréal are sustainably certified through the RSPO Segregated model.  
 Since 2012, 100% of palm and palm kernel-based derivatives used by L'Oréal are sustainably certified by RSPO.

**2.5 Please estimate the regional distribution of your company's RSPO certified palm oil and palm oil-products usage (as declared in Question CG.2.3) in the following countries/regions:**

<b>Countries/Regions</b>	<b>Percentage</b>
Europe	53.0
North America	23.0
Malaysia	0.0
Indonesia	6.0
China	8.0
India	1.0
Latin America	4.0
Africa	4.0
Rest of World	1.0

### 3. TimeBound Plan

**3.1 Which year did your company achieve (or expects to achieve) the RSPO supply chain certification?**

2010

**3.2 Which year did your company begin (or expects to begin) using RSPO-certified sustainable palm oil and palm oil products in own-brand products**

2010

**3.2.1 If the previous target year for CG.3.2 has not been met, please explain why.**

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**3.3 Which year did your company begin (or expects to begin) using 100% RSPO-certified sustainable palm oil and palm oil products from any supply chain option in own-brand products.**

2012

**3.3.1 If the previous target year for CG.3.3 has not been met, please explain why.**

-

**3.4 Which year did your company begin (or expects to begin) using 100% RSPO-certified sustainable palm oil and palm oil products from physical supply chain options (Identity Preserved, Segregated and/or Mass Balance) in own-brand products.**

2020

**3.4.1 If the previous target year for CG.3.4 has not been met, please explain why.**

-

**3.5 If the TimeBound Plan commitments declared above do not cover all countries in which the member operates, please explain why**

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## 4. Trademark Use

### 4.1 Does your company use or plan to use the RSPO Trademark in own-brand products?

No

### 4.3 Please explain why your company does not plan to use the RSPO Trademark in own-brand products

- ☐ Challenging reputation of palm oil
- ☒ Confusion among end-consumers
- ☐ Costs of changing labels
- ☐ Difficulty of applying for RSPO Trademark
- ☐ Lack of customer demand
- ☐ Limited label space
- ☐ Low consumer awareness
- ☐ Low usage of palm oil
- ☐ Risk of supply disruption
- ☒ Others

Others

Within Sharing Beauty With All, its sustainability program, L'Oréal committed by 2020, to inform and empower every L'Oréal consumer to make sustainable consumption choices. PO/PKO based derivatives being contained in 80% of cosmetics products, it is important for L'Oréal and its brands to find the right way to communicate on the sustainable sourcing of the renewable raw materials contained in the final products. Thus, every year, L'Oréal communicates transparently about the results of its sustainability programme, Sharing Beauty With All, launched in 2013. This systematically includes progresses made on achieving Zero Deforestation. The 2019 Sharing Beauty With All progress report is available at: [https://loreal-dam-front-corp-en-cdn.damdy.com/ressources/afile/184856-34164-resource\\_pdf-progress-report-2020-en.pdf](https://loreal-dam-front-corp-en-cdn.damdy.com/ressources/afile/184856-34164-resource_pdf-progress-report-2020-en.pdf) and contains in page 12 the specific section on "Achieving Zero Deforestation" detailing the action plan regarding palm oil, palm oil derivatives and palm kernel oil derivatives. In addition, L'Oréal Zero Deforestation commitment is publicly available: [https://loreal-dam-front-corp-fr-cdn.damdy.com/ressources/afile/176423-97585-resource\\_pdf-commitment-zero-deforestation.pdf](https://loreal-dam-front-corp-fr-cdn.damdy.com/ressources/afile/176423-97585-resource_pdf-commitment-zero-deforestation.pdf) L'Oréal Zero Deforestation policy is a Group commitment, that applies for every brand part of L'Oréal Group. On top of that, L'Oréal has decided to publish in June 2016 its first Palm Progress Report in order to be accountable to its stakeholders, among them consumers, on the targets, efforts and accomplishments in the sourcing of palm oil and palm oil derivatives. For more details, please see: [https://loreal-dam-front-corp-fr-cdn.damdy.com/ressources/afile/176420-8873f-resource\\_pdf-palm-progress-report.pdf](https://loreal-dam-front-corp-fr-cdn.damdy.com/ressources/afile/176420-8873f-resource_pdf-palm-progress-report.pdf) The second Palm Progress Report was published in July 2019: [https://loreal-dam-front-corp-en-cdn.damdy.com/ressources/afile/181440-c3ea8-resource\\_pdf-sbwa-loreal-2018-palm-progress-report.pdf](https://loreal-dam-front-corp-en-cdn.damdy.com/ressources/afile/181440-c3ea8-resource_pdf-sbwa-loreal-2018-palm-progress-report.pdf) In addition, with its ambition to raise awareness about the challenges around sustainable sourcing of palm derivatives, L'Oréal made a film, which has been awarded by the Global Sustainability Film Awards in 2016. (<https://youtu.be/F-QxRbO6poI>) As part of our "Living Sustainably" commitment, our brand Kiehl's in Indonesia launched in 2016 a campaign (operated in 2017) to promote biodiversity conservation in Indonesia, through a partnership with The Nature Conservancy to support the conservation of the Wehea Forrest & Orangutan. This directly contributes to consumer awareness and engagement toward sustainable consumption in Indonesia. In 2018, Kiehl's Indonesia has been supporting the Wehea forest protection and orangutan species through Kiehl's Gives program in collaboration with The Nature Conservancy (TNC), following the successful program done back in 2016. A press conference has been held on October 2018. The key difference with the previous project is on the specific donation provided to support TNC's forest rangers, based on every consumer purchase of Kiehl's specific product: [https://www.instagram.com/p/BogmBpFFUiK/?utm\\_source=ig\\_embed&utm\\_campaign=embed\\_video\\_watch\\_again](https://www.instagram.com/p/BogmBpFFUiK/?utm_source=ig_embed&utm_campaign=embed_video_watch_again) In 2017, we have contributed to a free MOOC on Biodiversity and Global Changes developed in partnership with the French Ministry of Education in which L'Oréal intervention was focused on deforestation issues around palm production and sustainable solutions: <http://www.supnumerique.gouv.fr/cid117695/mooc-gerer-les-documents-numeriquesmaitriser-les-risques.html> In 2018 & 2019, as an active member of the China Sustainable Palm Alliance & the India Sustainable Palm Oil Coalition, L'Oréal supported RSPO & WWF to raise awareness of local consumers on the importance of consuming sustainable palm oil. L'Oréal has actively participated to several meetings and shared its experience with other members. This contributes raising awareness on the topic of sustainable palm oil on these two markets, which are today major palm importers with a very low RSPO certified materials uptake.

## 5. Actions for Next Reporting Period

### 5.1 Please outline activities that your company will take in the coming year to promote the production or consumption of certified sustainable palm oil (CSPO)

After 6 years of work done with our suppliers and the support of an external and independent third-party to identify the origin of our PO/PKO based derivatives, we have today a clear mapping of our supply chains and we have also observed a progressive transformation of the industry towards better practices. In spite of progress made, L'Oréal acknowledges that challenges remain until its 2020 target, and that the Group needs to continue its efforts as an individual company, as well as collectively by engaging with its direct and indirect suppliers to fulfill its environmental and social commitments. Five levers have been identified. 1. Continue to increase the physical proportion of sustainably sourced feedstock within our supply-chains 2. Pursue the effort to achieve full traceability 3. Reinforce risks monitoring and compliance procedures 4. Continue to develop business with the most committed and transparent suppliers 5. Support the sector transformation

Our 2020 action plan: 1/ Despite a chronic lack of market availability for RSPO physically certified palm kernel oil derivatives L'Oréal will continue to encourage suppliers to move towards physical certification of their sources. As a committed POIG member, L'Oréal aims to be able to disengage from RSPO Book and Claim certificates by end of 2020. RSPO Mass Balance scheme combined with responsible and sustainable local sourcing projects should deliver 100% of L'Oréal's volumes by end of 2020. In addition, L'Oréal will continue to develop, implement & source from sustainable fields projects with a focus on support to smallholders and forest conservation or rehabilitation. Our target is to reach 30-40% of our derivatives volumes originating from field projects to answer our 2020 targets for Zero Deforestation, Solidarity Sourcing and Carbon Balanced. In order to reach this target, L'Oréal has developed an innovative approach to connect certified smallholders to the market demand for "Zero Deforestation" Palm. As the final off-taker, L'Oréal indirectly supports pluri-annual premium-based commitment to purchase the smallholders' RSPO certified production, including upstream intermediaries. Through these projects L'Oréal initiates a long-term business relationship with every actor of the value chain, which is inclusive for the independent smallholders, and disruptive with regard to the rules of a traditional commodity market: • In 2015, L'Oréal launched the "SPOTS" Project", a first pilot project targeting to support 500 smallholders by end of 2020, in the Beluran district in Malaysia. This project involves L'Oréal's direct supplier Clariant, in collaboration with the intermediary supplier Global Amines, the upstream producer Wilmar and the Malaysian social enterprise Wild Asia. • Following the encouraging results of SPOTS project, in 2018 L'Oréal collaborated with the NGO SNV (Netherlands Development Organization) to implement a second project in the Berbak landscape in Jambi, on the Indonesian island of Sumatra which aims to support 12,500 smallholders over 5 years. • In 2017, L'Oréal launched a four-years peatland restoration project in Borneo, Indonesia, with one of its palm oil derivative suppliers. L'Oréal will continue to support ecosystems protection and restoration, notably in Sumatra (Indonesia) in 2020. 2/ In order to achieve greater transparency, since July 2018 L'Oréal publicly discloses the full list of its direct suppliers, as well as all the mills indirectly connected to its palm oil derivatives supply chain. Following an in-depth harmonization work allowed by the cross-check of L'Oréal's supply chain data with the Universal Mills List created by a consortium of organizations led by the World Resources Institute, L'Oréal's mills list includes name, GPS coordinates as well as parent company name for each mill, and is updated annually based on traceability data collected from direct and indirect suppliers. In 2020 and beyond, the supply chain mapping will continue to be updated and publicly reported. A specific effort will be engaged with the Group's direct suppliers to achieve 100% transparency at refinery and mill levels and to verify compliance of these key players with the Zero Deforestation policy. 3/ The proactive monitoring and compliance control of a whole supply chain in a commodity market is not a challenge that a company can realistically address individually. Only a collective and aligned monitoring mechanism and compliance control should help to efficiently end deforestation. According to its 2020 Zero Deforestation ambition, the Group will continue its efforts to find solutions with peers. L'Oréal will continue to support the Zoological Society of London (ZSL) and Transitions in the development of a new add-on of the SPOTT platform to evaluate the compliance of refineries and crushers with NDPE principles. The objective of this tool is to enable L'Oréal to orientate its supplies towards upstream processing facilities whose commitments, actions and sourcing practices are in line with its requirements for NDPE and Zero Deforestation. Over 130 indirect suppliers (100 parent companies and 38 refineries and crushers), representing 86% of the volumes in L'Oréal's supply-chain have already been evaluated through this due diligence process. 4/ Within the scope of its Zero Deforestation policy, L'Oréal commits to ultimately work with suppliers enforcing responsible practices along palm oil and palm kernel oil supply chains by 2020. The most committed direct suppliers will be promoted through increased volumes, new products lines, longer-term contracts or any relevant business incentives. In 2016, L'Oréal upgraded its evaluation scorecard for suppliers of palm oil and palm kernel oil derivatives, by creating a Sustainable Palm Index (SPI). SPI is a new tool for assessing suppliers regarding their commitments and practices related to the sourcing of PO/PKO derivatives called the "Sustainable Palm Index" (SPI). This tool has progressively been integrated into our direct suppliers' performance rating, to enable purchasing teams worldwide to align business decisions with supplier's commitments and practices. Having used this tool for 4 years now, we have noticed visible progress and achievements from our suppliers; and their results to the 2019 SPI is key for decision-making in 2020 in the perspective to reach our Zero deforestation target by 2020 at the latest. NB: The tool is the result of a close interaction with suppliers and has been developed as a pragmatic tool to drive change within the derivatives market and that is why we made public and available to all companies and business partners in the sector at the beginning of 2017. To discover the tool, please see: [https://loreal-dam-front-corp-encdn.damdy.com/ressources/afile/179399-fb84e-resource\\_pdf-sbwa-sustainable-palmindex.Pdf](https://loreal-dam-front-corp-encdn.damdy.com/ressources/afile/179399-fb84e-resource_pdf-sbwa-sustainable-palmindex.Pdf) To date, 97% of L'Oréal direct suppliers fully reach our expectations. In addition, in order to enable its direct suppliers to cascade to indirect suppliers, L'Oréal will provide them the ability and support: - to cascade the SPI tool to their own suppliers; - to use the results of the SPOTT Palm Oil evaluation to orientate choices in terms of business allocation, considering parent companies of mills, crushers and refineries that are compliant with Zero Deforestation and NDPE policies; - to join and encourage direct suppliers to engage in collective initiatives, such as the Action for Sustainable Derivatives (ASD), to find concrete solutions and accelerate compliance of their supply chain with deforestation-free and responsible sourcing principles. 5/ Since November 2019, L'Oréal is a founding member of the Action for Sustainable Derivatives (ASD), a collaborative cross-industry initiative co-managed and co-facilitated by BSR and Transitions to spur action for accelerating the sustainable production and sourcing of palm oil and palm kernel oil derivatives. To date, this initiative involves 18 multi-sectorial actors of the palm and oleo chemical industry, representing 5% of the total palm oleo-chemicals market. As a sponsor of the initiative, L'Oréal will continue to share and harmonize its methodologies throughout the sector in 2020 and beyond, notably regarding transparency and traceability, with the Sustainable Palm Index. This initiative also intends to create synergies between diverse actors for the implementation of field sustainable sourcing projects. Through all our actions, we strongly support RSPO in its transformation process, and thus decided to join the Palm Oil Innovation Group late 2016 to continue building and testing forward-looking approaches with the most innovative players, to serve the progresses of the whole palm sector. Ahead of our commitment to source 100% POIG verified palm oil by end 2019, most of the collective actions conducted within our POIG membership in 2019 consists in updating the Retailer and Manufacturers Charter indicators and to align our practices on it.

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## 6. Shared Responsibility

*The Board of Governors of the Roundtable on Sustainable Palm Oil (RSPO) approved new Shared Responsibility rules on 31 October 2019, requiring all members to share sustainability requirements and obligations. Reporting of Shared Responsibility indicators will be done through several channels, including ACOP. As the implementation of Shared Responsibility reporting is still on-going and in development, the Shared Responsibility section in ACOP is not yet final and may change in future ACOP cycles. For more information on Shared Responsibility, please go to <https://rspo.org/news-and-events/news/what-are-the-new-shared-responsibility-rules> or email the ACOP team at [acop@rspo.org](mailto:acop@rspo.org)*

### Labour & Labour Rights

#### 6.1 Does your company have a publicly-available policy covering Labour & Labour Rights?

Yes

##### 6.1.1 Does the policy cover:

- ☒ No discrimination
- ☒ Wage and working conditions
- ☒ Freedom of association
- ☒ No child labour
- ☒ No harassment
- ☒ No forced or trafficked labour

#### 6.1.2 Has your company previously uploaded or linked its Labour & Labour Rights policy in previous ACOP reporting cycles?

Yes

### Ethical Conduct & Human Rights

#### 6.2 Does your company have a publicly-available Policy covering Ethical Conduct & Human Rights?

Yes

##### 6.2.1 Does the policy cover:

- ☒ Recruitment
- ☒ Contractors
- ☒ Sub-Contractors & Third-Party Contractors

#### 6.2.2 Has your company previously uploaded or linked its Ethical Conduct & Human Rights policy in previous ACOP reporting cycles?

Yes

### Land Use

#### 6.3 Does your company have a publicly-available Policy covering Land Use?

Yes

##### 6.3.1 Does the policy cover:

- ☒ Free Prior and Informed Consent (FPIC)
- ☒ Compensation

#### 6.3.2 Has your company previously uploaded or linked its Land Use policy in previous ACOP reporting cycles?

Yes

**Occupational Health & Safety****6.4 Does your company have a publicly-available Policy covering Occupational Health & Safety?**

Yes

**6.4.1 Has your company previously uploaded or linked its Occupational Health & Safety policy in previous ACOP reporting cycles?**

Yes

**Climate Change & Greenhouse Gas (GHG)****6.5 Does your company have a publicly-available policy covering Climate Change & Greenhouse Gas (GHG)?**

Yes

**6.5.1 Does the policy cover:**

- ☒ Identification and assessment of GHG
- ☒ Public reporting of GHG footprint
- ☒ Monitored implementation plan to reduce or minimise GHG emissions

**6.5.2 Has your company previously uploaded or linked its Climate Change & Greenhouse Gas policy or report in previous ACOP reporting cycles?**

Yes

**Complaints & Grievances****6.6 Does your company have a Complaints & Grievances Mechanism?**

Yes

**6.6.1 Is your Complaints & Grievances mechanism in line with the RSPO's grievance mechanism? For details of the RSPO's grievance mechanism, please go to <https://askrspo.force.com/Complaints/>**

Yes

**Smallholders****6.7 Does your company support oil palm independent smallholder groups?**

Yes

**6.7.1 Does this support cover:**

- ☒ Fair and transparent dealings with Smallholders
- ☒ Improved Smallholder livelihoods

**6.7.2 How is your company supporting them?**

L'Oréal intention by 2020 is to have 30-40% of our total derivatives volumes coming from sustainable field projects supporting Independent Smallholders in our key sourcing areas. - In 2015, L'Oréal launched its first experiment with its direct oleochemicals supplier, Clariant, but also with the intermediary supplier Global Amines, the upstream Producer Wilmar and the Malaysian social enterprise, Wild Asia, and launched the SPOTS Project in Sabah (Malaysia). The purpose of this 5 years' project involving the value chain players from consumer product to renewable palm feedstock producers, is to integrate small Malaysian producers within the global supply chains in order to promote traceability, RSPO certification and sustainability. Adoption of better agricultural practices, a closer connection to global markets and the long- term commitment of the players will improve the living conditions of more than 500 small producers. So far the project has shown significant success and in the fourth year of the project, 807 small independent farmers and growers joined the SPOTS project, representing 14 000 hectares of RSPO certified area. More than 200 training sessions were conducted alongside small palm producers to provide them with knowledge about the RSPO certification system, best management and sustainable agricultural practices, waste management, soil health, etc. The impact on farmer productivity was assessed by Wild Asia in 2019: smallholders' productivity increased by 27% compared to the beginning of the project in 2015. Since 2015, 265 825 metric tons of RSPO certified palm oil were generated by the beneficiaries of the project - Since 2017, in addition to the SPOTS Project in Malaysia, we have been identifying priority areas / landscapes in our supply chain to focus on for developing or joining sustainable field projects supporting independent smallholders. In 2018, taking into account the first lessons learnt from the SPOTS project, L'Oréal, in collaboration with SNV, Netherlands Development Organisation, a not-for-profit international organisation, we launched a wide landscape project located in the Berbak landscape in Jambi, Sumatra



## 7. Challenges

### 7.1 What significant obstacles or challenges has your company encountered in the promotion of certified sustainable palm oil (CSPO)? What efforts has your company taken to address these obstacles or challenges?

- ☐ Awareness of RSPO in the market
- ☒ Difficulties in the certification process
- ☒ Certification of smallholders
- ☐ Competition with non-RSPO members
- ☒ High costs in achieving or adhering to certification
- ☒ Human rights issues
- ☐ Insufficient demand for RSPO-certified palm oil
- ☒ Low usage of palm oil
- ☐ Reputation of palm oil in the market
- ☐ Reputation of RSPO in the market
- ☐ Supply issues
- ☒ Traceability issues
- ☐ No challenges faced
- ☒ Others

#### Others

For L'Oréal which purchases few volumes of crude palm oil and uses essentially palm oil and palm kernel oil based derivatives (fatty acids, fatty alcohols and glycerin), here are the very specific obstacles and actions taken to overcome them: 1/ The competitiveness of the oleo derivatives market coupled with a very high level of complexity and ramifications of supply chains with a multiplicity of actors involved, which implies: No traceability, lack of transparency of intermediary suppliers not facing media exposure. L'Oréal action: - 6 years of in-depth investigation of our derivatives supply chain launched with the support of an external and independent third party to build trust and facilitate the collection data through confidentiality agreement with direct and indirect suppliers. - Collaborative approach based on continuous dialogue with our suppliers to increase the understanding and awareness about deforestation issues, to increase their capacity to handle the topic, to commit towards zero deforestation. To do so, we developed methodologies and adapted tools that we shared with all our oleochemicals' suppliers through regular webinar sessions and Q&A and we involved them directly in the process, being very clear that we will ultimately work with suppliers that guarantee the raw materials they sell to L'Oréal are free from deforestation. In addition to the development of a methodology helping to get more transparency along our supply chains, in 2016, L'Oréal upgraded its evaluation scorecard for suppliers of palm oil and palm kernel oil derivatives, by creating a Sustainable Palm Index (SPI). In 2019, all L'Oréal suppliers have been assessed for the fourth year based on the updated version of the SPI aligned with POIG criteria. Today, the SPI is fully integrated into our direct suppliers' performance rating, to enable purchasing teams worldwide to align business decisions with supplier's commitments and practices. The evaluation grid is the result of a close interaction with suppliers and has been developed as a pragmatic tool to drive change within the derivatives market. As announced, we have published this tool in 2017 and made it available on our website, so everybody can use it. In addition, in 2018, L'Oréal has been working with the Zoological Society of London (ZSL) to create a public scorecard of the global palm oil refineries and palm kernel crushers "the Sustainable Refineries & Crusher Index", so that the overall sector, including our direct suppliers for palm derivatives, could benefit from the approach to both make more sustainable procurement choices and engage non-compliant refineries/crushers towards sustainability. This tool is public since 2019 on ZSL Platform SPOTT: <https://www.spott.org/> 2/ A lack of Mass Balance certified derivatives availability among suppliers: L'Oréal action: We have been very proactive to push our suppliers to deliver and commit to buy RSPO MB grade as a minimum. Our objective is that RSPO Mass Balance scheme combined with responsible and sustainable local sourcing projects should deliver 100% of L'Oréal's volumes by end of 2020. 3/ The price of Segregated certified derivatives still prohibitive when available (at a very low volumes) on the market. Considering the low volumes we purchase, our lever of influence is very weak to impact the market price. 4/ Lack of involvement of the millers to support independent smallholders into the adoption of sustainable practices. L'Oréal actions: - In 2015, we launched the SPOTS Project in Sabah Malaysia with Wilmar, Clariant and Global Amines to support 500 small producers to improve their agricultural practices and get RSPO certified. This project shows how, through a long term commitment of the industrial players from the miller to the end user, and by reinventing the business relationship and the business model, we can create environmental and social value locally together and sustainably. So far the project has shown significant success and in the fourth year of the project, the company has reported the following progress: 807 small independent farmers and growers joined the SPOTS project, representing 14 000 hectares of RSPO certified area. More than 200 training sessions were conducted alongside small palm producers to provide them with knowledge about the RSPO certification system, best management and sustainable agricultural practices, waste management, soil health, etc. The impact on farmer productivity was assessed by Wild Asia in 2019: smallholders' productivity increased by 27% compared to the beginning of the project in 2015. Since 2015, 265 825 metric tons of RSPO certified palm oil were generated by the beneficiaries of the project - In 2018, we have launched in Indonesia in collaboration with SNV, Netherlands Development Organisation, a project located in the Berbak landscape in Jambi (Sumatra) and connected to our supply chains in order to scale-up our approach and target 12500 independent smallholders. In 2019, within the framework of this project, we have launched a partnership with the French Agricultural Research Centre for International Development (CIRAD) in order to evaluate the impacts of agricultural practices of independent smallholders on the quality of their soils and productivity of their palm trees. This study has been conducted with two cooperatives of independent smallholders, one of them already RSPO certified and the second, in the process of certification. The results of this study will help to evaluate their practices and provide them with individual recommendations to improve the quality of their soils and their productivity and will also help to reduce the environment impacts of some practices such as over-use or misuse of fertilizers and herbicides.

**7.2 In addition to the actions already reported in this ACOP report, what other ways has your company supported the vision of the RSPO to transform markets to make sustainable palm oil the norm?**

- ☒ Engagement with business partners or consumers on the use of CSPO
- ☐ Engagement with government agencies
- ☐ Promotion of CSPO outside of RSPO venues such as trade workshops or industry associations
- ☒ Promotion of physical CSPO
- ☒ Providing funding or support for CSPO development efforts
- ☐ Research & Development support
- ☒ Stakeholder engagement
- ☐ No actions taken
- ☒ Others

**Others**

1/ We continuously work with our direct and indirect suppliers to improve traceability of our ingredients. Our approach is to work in close collaboration with our first-tier suppliers to train them to tackle palm cultivation challenges and build with them a common strategy that is technically feasible and economically viable in order to deliver sustainable palm oil to the market and “deforestation free” palm to the group. In this framework: - we have created new methodologies and tools of traceability (2014-2016); - we created and launched in October 2016 the Sustainable Palm Index (SPI), which is a tool aimed at evaluating compliance of our direct suppliers of palm derivatives with our Zero Deforestation policy. An updated version of the tool better in line with POIG criteria as well as with the Responsible Guidance for Sustainable Palm published by CERES has been released in 2017. This tool has been made public, available to all companies and business partners in the sector on L’Oréal’s website: [https://lorealdam-front-corp-endam-front-corp-encdn.damdy.com/ressources/afile/179399-fb84e-resource\\_pdf-sbwasustainable-palm-index.pdf](https://lorealdam-front-corp-endam-front-corp-encdn.damdy.com/ressources/afile/179399-fb84e-resource_pdf-sbwasustainable-palm-index.pdf) - we have developed the Sustainable Refinery & Crusher Index (2016) in order to engage our indirect suppliers (refineries and crushing plants) towards compliance with our Zero Deforestation policy aligned with POIG Charter criteria. In 2016 and 2017, this internal tool to L’Oréal has been used as a due diligence in order to evaluate compliance of indirect suppliers with our policy. In 2018 and 2019, L’Oréal has been working with the Zoological Society of London (ZSL) to create a public scorecard of the global palm oil refineries and palm kernel crushers, so that the overall sector, including our direct suppliers for palm derivatives, could benefit from the approach to both make more sustainable procurement choices and engage non-compliant refineries/crushers towards sustainability. The objective of this tool is to enable L’Oréal to orientate its supplies towards upstream processing facilities whose commitments, actions and sourcing practices are in line with its requirements for NDPE and Zero Deforestation. In 2019, over 130 indirect suppliers (100 parent companies and 38 refineries and crushers), representing 86% of the volumes in L’Oréal’s supply-chain have already been evaluated through this due diligence process. - We have been supporting the development of NDPE Implementation Reporting Framework to assess mills’ compliance 2/ We have also diversified our palm oil sourcing by developing innovative partnerships with suppliers, which allowed us to increase the volumes of Mass Balance for the palm based derivatives covering more than 70% of our volumes in 2019 with a target of 100% in 2020. 3/ In 2015/2016/2017/2018/2019, we took advantage of several public opportunities to reaffirm our support to RSPO: during workshops and webinars held with our suppliers, during a workshop on deforestation held in London or even through the Task Force of the Consumer Goods Forum on Palm. In November 2019, L’Oréal participated to the Innovation Forum and to the conference on “Forests track: How to tackle deforestation by communities and smallholders” taking the opportunity to communicate about L’Oréal’s strategy to support independent smallholders through field projects and support to RSPO. L’Oréal took advantage of the RSPO Roundtable in Bangkok (November 2019), to hold a Stakeholder forum gathering more than 15 non-profit organizations. The objectives of this event were to challenge, discuss and prioritize the operational solutions identified, ensure alignment of our action plan with issues identified by civil society, and reinforce the line of dialogue between L’Oréal and our stakeholders. 4/ The SPOTS Project we launched in Sabah (Malaysia) in 2015 contributes to integrate small producers’ inclusive models for promoting traceability, RSPO certification and sustainability within global supply chains. The RSPO certification has been identified as a target for 500 small producers targeted by the project. In addition to this project, we have launched in 2018 in Indonesia in collaboration with SNV, Netherlands Development Organisation, a project located in the Berbak landscape in Jambi (Sumatra) and connected to our supply chains in order to scale-up our approach and target 12500 independent smallholders and prepare them to be RSPO certified.

**7.3 If your company has any other publicly-available reports or information regarding its palm oil-related policies and activities, please provide the links here**

• Sharing Beauty With All Progress Report: Every year, L'Oréal communicates transparently about the results of its sustainability programme, Sharing Beauty With All, launched in 2013. This systematically includes progresses made on achieving zero deforestation. The 2019 Sharing Beauty With All progress report is available at: [https://loreal-dam-front-corp-en-cdn.damdy.com/ressources/afile/184856-34164-resource\\_pdf-progress-report-2020-en.pdf](https://loreal-dam-front-corp-en-cdn.damdy.com/ressources/afile/184856-34164-resource_pdf-progress-report-2020-en.pdf) and contains in page 12 the specific section on "Achieving zero deforestation" detailing the action plan regarding palm oil, palm oil derivatives and palm kernel oil derivatives. • L'Oréal Zero Deforestation policy: The Zero Deforestation policy is also detailed on the Group website: <https://www.loreal.com/sharing-beauty-with-all-innovating/achieving-zero-deforestation/achieving-zero-deforestation> • L'Oréal Palm Progress Reports: Willing to be even more transparent on Zero Deforestation results, L'Oréal has decided to publish in June 2016 its first Palm Oil Progress Report in order to be accountable to its stakeholders, among them consumers, on the targets, efforts, challenges and accomplishments in the sourcing of palm oil and palm oil derivatives: [https://loreal-dam-front-corp-fr-cdn.damdy.com/ressources/afile/176420-8873f-resource\\_pdf-palm-progress-report.pdf](https://loreal-dam-front-corp-fr-cdn.damdy.com/ressources/afile/176420-8873f-resource_pdf-palm-progress-report.pdf) The second Palm Oil Progress Report was published in July 2019: [https://loreal-dam-front-corp-en-cdn.damdy.com/ressources/afile/181440-c3ea8-resource\\_pdf-sbwa-loreal-2018-palm-progress-report.pdf](https://loreal-dam-front-corp-en-cdn.damdy.com/ressources/afile/181440-c3ea8-resource_pdf-sbwa-loreal-2018-palm-progress-report.pdf) In this Progress Report, L'Oréal exposes clearly the 3 main challenges faced and details its action plan for the coming years. L'Oréal plans to publish a third Palm Oil Progress Report for 2020. • Annual reporting for CDP Forest & ACOP RSPO: Every year, L'Oréal reports on CDP Forest and give access to its data detailing the key barriers and challenges (p. 114).

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