

Particulars

About Your Organisation

1.1 Name of your organization

L'Oreal

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

- Oil Palm Growers
 - Palm Oil Processors and/or Traders
 - Consumer Goods Manufacturers
 - Retailers
 - Banks and Investors
 - Social or Development Organisations (Non Governmental Organisations)
 - Environmental or Nature Conservation Organisations (Non Governmental Organisations)
 - Affiliate Members
 - Supply Chain Associate
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1.3 Membership number

4-0021-07-000-00

1.4 Membership category

Ordinary

1.5 Membership sector

Consumer Goods Manufacturers

Consumer Goods Manufacturers

Operational Profile

1.1 Please state what your main activity(ies) is/are within manufacturing

- Home & Personal Care Goods

Operations and Certification Progress

2.1.1 In the markets where you operate, in which do you manufacture goods with palm oil and oil palm products?

- Applies Globally

2.1.2 Do you have a system for calculating how much palm oil and oil palm products you use?

Yes

2.1.3 Does this system only cover your own-brand or all the brands you manufacture?

all-brand

2.1.4 In the markets where you operate, in which do you calculate how much palm oil and oil palm product there is, in the goods you manufacture?

- Applies Globally

2.2.1 Total volume of Crude and Refined Palm Oil used in the year (Tonnes)

574

2.2.2 Total volume of Crude and Refined Palm Kernel Oil used in the year (Tonnes)

96

2.2.3 Total volume of Palm Kernel Expeller used in the year (Tonnes)

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2.2.4 Total volume of other palm-based Derivatives and Fractions used in the year (Tonnes)

62,247

2.2.5 Total volume of all palm oil and oil palm products used in the year (Tonnes)

62,917

2.3 Volume of palm oil and oil palm products used in the year in your own brand products that are RSPO-certified (in tonnes):

Description	Crude and Refined Palm Oil	Crude and Refined Palm Kernel Oil	Palm Kernel Expeller	Other palm-based derivatives and fractions
2.3.1 Book & Claim	-	-	-	40,489.00
2.3.2 Mass Balance	-	-	-	21,389.00
2.3.3 Segregated	574.00	96.00	-	369.00
2.3.4 Identity Preserved	-	-	-	-
2.3.5 Total volume	574.00	96.00	-	62,247.00

2.4 Volume of RSPO certified sustainable palm oil and oil palm products sold to other RSPO certified companies (in tonnes)

Description	Crude and Refined Palm Oil	Crude and Refined Palm Kernel Oil	Palm Kernel Expeller	Other palm-based derivatives and fractions
2.4.1 Book & Claim	-	-	-	-
2.4.2 Mass Balance	-	-	-	-
2.4.3 Segregated	-	-	-	-
2.4.4 Identity Preserved	-	-	-	-
2.4.5 Total volume	-	-	-	-

2.5 What is the percentage of RSPO certified sustainable palm oil and oil palm products in the total volume used by your company in the following regions:

2.5.1 Africa	100%
2.5.2 Australasia	100%
2.5.3 China	100%
2.5.4 Europe	100%
2.5.5 India	100%
2.5.6 North America	100%
2.5.7 South America	100%
2.5.8 Indonesia	100%
2.5.9 Malaysia	100%
2.5.10 Middle East	100%
2.5.11 Rest of Asia	100%

Time-Bound Plan

3.1 Date of first supply chain certification (planned or achieved)

2010

Comment:

Since 2010, 100% of our crude palm oil is certified through the RSPO segregated model. Most of our strategic suppliers are supply chain certified.

3.2 Date expected to/or started to use any RSPO certified sustainable palm oil and oil palm products in your own brand products

2010

Comment:

As a committed RSPO member since 2007, 100% of our crude palm oil is certified through the RSPO segregated model since 2010.

3.3 Date expected to be using 100% RSPO certified sustainable palm oil and oil palm products from any supply chain option in your own brand products

2012

Comment:

- Since 2010, 100% of our crude palm oil directly used in our products is certified through the RSPO Segregated model.
- Since 2012, 100% of our palm and palm kernel-based derivatives are certified through the RSPO Book and Claim model.
- Since 2013, we have been covering more and more of our PO/PKO equivalent needs under the RSPO Mass Balance model to reach around 34.4% in 2016 with an objective of 50% in 2017; we even started since 2015, to have few volumes of derivatives covered by the RSPO Segregated model (369Tons) in 2016; the remaining volumes being covered by the Book & Claim model.

3.4 Date expected to be using 100% RSPO certified sustainable palm oil and oil palm products from physical supply chains (Identity Preserved, Segregated and/or Mass Balance) in your own brand products

2020

Comment:

L'Oréal committed that by 2020 the latest, 100% of its palm supply will be free from deforestation. To that aim, as RSPO is a baseline, L'Oréal target is to increase progressively the % of physically sustainable feedstock in its supply chain. This is why, since 2013, we have been covering more and more of our PO/PKO equivalent needs under the RSPO Mass Balance model to reach around 34.4% in 2016 with an objective of 50% in 2017; we even started since 2015, to have few volumes of derivatives covered by the RSPO Segregated model (369Tons) in 2016; the remaining volumes being covered by the Book & Claim model.

3.5 In which markets where you operate do these commitments cover?

Applies Globally

3.6 Does your company use RSPO certified sustainable palm oil and oil palm products in goods you manufacture on behalf of other companies?

No

3.7 Does your company have a Time-Bound Plan to only use RSPO certified sustainable palm oil and oil palm products in the goods you manufacture on behalf of other companies brands?

Yes

Trademark Related**4.1 Do you use or plan to use the RSPO Trademark on your own brand of products?**

No

Please explain why

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, 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 and accomplishments in the sourcing of palm oil and palm oil derivatives. For more details, please see: https://sharingbeautywithall.loreal.com/sites/default/files/cms/palm_oil_progress_report_2015_eng.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-QxRbO6pol>)

As part of our "Living Sustainably" commitment, our brand Kiehl's in Indonesia launched in 2016 a campaign 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.

Actions for Next Reporting Period

5.1 Outline actions that you will take in the coming year to promote the use of RSPO certified sustainable palm oil and oil palm products along the supply chain

After 3 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 quite good understanding of our supply chains and we have also observed a

progressive transformation of the industry towards better practices.

However, we still need to maintain our efforts to reach our final objective and be able:

- To identify and monitor our sourcing areas back to the mills
- To efficiently monitor the risks identified in our supply chains
- And finally to check the compliance of supply chain actors' practices with L'Oréal Zero Deforestation Policy ; which means to be 100% legal, deforestation-free and sustainably sourced.

To achieve this target, we have identified 3 levers of actions to put in place:

1. Promote the most committed suppliers by incentivizing their sustainable producing / purchasing practices;
2. Increase the volumes of physical sustainable certified palm within our supply chains;
3. Develop, implement & source from sustainable fields projects with a focus on support to smallholders.

Our 2017 action plan:

1/ To promote the most committed suppliers by deploying a new tool of suppliers' assessment regarding their commitments and practices related to the sourcing of PO/PKO; Indeed, in 2016, L'Oréal upgraded its evaluation scorecard for suppliers of palm oil and palm kernel oil derivatives, by creating a Sustainable Palm Index. The Sustainable Palm Index is progressively integrated into the suppliers' performance rating, to enable purchasing teams worldwide to align business decisions with supplier's commitments and practices. The matrix 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://sharingbeautywithall.loreal.com/innovating/achieving-zero-deforestation/including-fight-against-deforestation-supplier-selection-process>

2/ We will reinforce our investigation on Zero deforestation compliance (in terms of commitment, implementation and verification) at the refineries/crushers and mills' levels;

3/ Modelled on what we have done through our SPOTS Project in Sabah (Malaysia), we will continue the implementation of field projects in a landscape approach and connected to our supply chains with upstream suppliers & stakeholders;

4/ Since 2013, we've been reducing progressively our volumes of RSPO B&C certification and replacing them by physically certified sources. Since 2016, we have introduced new requirement of RSPO MB model for all the new encoded raw materials;

5/ We will also support experimentation of the new RSPO Next standard.

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.

Reasons for Non-Disclosure of Information

6.1 If you have not disclosed any of the above information, please indicate the reasons why

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- Others:

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Application of Principles & Criteria for all members sectors

7.1 Related to your sourcing, do you have (a) policy/ies, that are in line with the RSPO P&C such as:

- Water, land, energy and carbon footprints

Uploaded file: --

Related link: http://loreal-dam-front-resources-corp-en-cdn.brainsonic.com/ressources/afile/150008-3de88-resource_pdf-2016-registration-document.pdf

- Land Use Rights

Uploaded file: --

Related link:

loreal-dam-front-resources-corp-en-cdn.brainsonic.com/ressources/afile/150008-3de88-resource_pdf-2016-registration-document.pdf

- Ethical conduct and human rights

Uploaded file: --

Related link: www.loreal.com/group/governance/acting-ethically/code-of-ethics--a-guide-for-action

- Labour rights

Uploaded file: --

Related link:

loreal-dam-front-resources-corp-en-cdn.brainsonic.com/ressources/afile/150008-3de88-resource_pdf-2016-registration-document.pdf

- Stakeholder engagement

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Related link:

loreal-dam-front-resources-corp-en-cdn.brainsonic.com/ressources/afile/150008-3de88-resource_pdf-2016-registration-document.pdf

- None of the above

7.2 What best practice guidelines or information has your organization provided in the past year to facilitate the uptake of RSPO certified oil palm products? What languages are these guidelines available in?

L'Oréal has committed that in 2020 latest, none of its products can be linked in any way to deforestation. Since 2007, L'Oréal is implementing actions to reduce the supply of agricultural commodities that might lead to deforestation, such as palm oil, soya oil and wood- fiber based products.

Regarding palm oil, L'Oréal wants to explain in detail the actions and innovation implemented for 100% sustainable and responsible sourcing of palm oil in this report. It is a major concern for L'Oréal and all its stakeholders. Consumers, clients, NGOs, public institutions, governments and suppliers are all concerned about the environmental and social stakes linked to palm oil.

Thus, L'Oréal has decided to publish a Palm Oil Progress Report in order to be accountable to its stakeholders on the targets, efforts and accomplishments in the palm oil and palm oil derivatives. This report is available in L'Oréal website in French and English. For more details, please see: https://sharingbeautywithall.loreal.com/sites/default/files/cms/palm_oil_progress_report_2015_eng.pdf

In 2016, we have also upgraded the evaluation and selection scorecard for our suppliers of palm oil and palm kernel oil derivatives. L'Oréal created a new matrix which takes into account their commitments and their achievements in terms of knowledge of their own supply chain, sustainable procurement practices and a "zero deforestation" policy. All our direct suppliers were evaluated using this new matrix. This new Sustainable Palm Index has been made public and shared with our customers and business partners in the sector at the beginning of 2017, in order to support efforts made to ensure sustainable palm oil sourcing.

To discover this new tool (English and French versions available), please see: https://sharingbeautywithall.loreal.fr/sites/default/files/cms/loreal_sustainable_palm_index_2017_eng.pdf

GHG Emissions**8.1 Are you currently assessing the GHG emissions from your operations?**

Yes

Related link:

https://sharingbeautywithall.loreal.com/sites/default/files/cms/loreal_greenhouse_gas_emissions_2015.pdf

8.2 Do you publicly report the GHG emissions of your operations?

Yes

Related link:

https://sharingbeautywithall.loreal.com/sites/default/files/cms/loreal_greenhouse_gas_emissions_2015.pdf

Support for Smallholders**9.1 Are you currently supporting any independent smallholder groups?**

Yes

In 2015, L'Oreal 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, 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. In 2016, we have bought 5900Tons of PO/PKO oil equivalent coming from the project area and 283 smallholders among the 500 targeted for 2019, have been RSPO certified.

Challenges

1 What significant economic, social or environmental obstacles have you encountered in the production, procurement, use and/or promotion of CSPO and what efforts did you make to mitigate or resolve them?

For L'Oreal 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 => No traceability, lack of transparency of intermediary suppliers not facing media exposure. L'Oreal action: - 3 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 promote the most progressive suppliers able to guarantee L'Oreal the raw materials they sell to us are free from deforestation. In addition to the development of a methodology helping the 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. The Sustainable Palm Index is progressively integrated into the suppliers' performance rating, to enable purchasing teams worldwide to align business decisions with supplier's commitments and practices. The matrix is the result of a close interaction with suppliers and has been developed as a pragmatic tool to drive change within the derivatives market. In 2017, we will continue the data collection and we will also develop Zero deforestation due diligence systems to mitigate and resolve the remaining obstacles at refineries/crushers and mills' level. 2/ A lack of Mass Balance certified derivatives availability among suppliers: L'Oreal action: We have been very proactive to push our suppliers to deliver and commit to buy RSPO MB grade as a minimum. 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'Oreal action: 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 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. We are currently working in Indonesia with our suppliers and NGOs to develop and implement projects at landscape level and connected to our supply chains in order to scale-up our approach and target even more independent smallholders.

2 How has your organization supported the vision of RSPO to transform markets? (e.g. Funding; Engagement with key stakeholders; Business to business education/outreach)

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) and due diligence as the Sustainable Refinery & Crusher Index (2016) shared with all our suppliers in order to support them to cascade the approach to their own suppliers. 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. 3/ In 2015/2016, 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. 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 are currently working in Indonesia with our suppliers and NGOs to develop and implement projects at landscape level and connected to our supply chains in order to scale-up our approach and target even more independent smallholders.

3 Other information on palm oil (sustainability reports, policies, other public information)

- No files were uploaded

Link: https://sharingbeautywithall.loreal.com/sites/default/files/cms/palm_oil_progress_report_2015_eng.pdf