

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 Please include details of all operations using palm oil, majority owned and/or managed by the member and/or related entities

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

- Applies Globally
-

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

- Applies Globally
-

2.2 Volumes of palm oil and oil palm products (Tonnes)

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

360

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

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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)

73,969

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

74,329

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 and Claim from Mill / Crusher*	-	-	-	36,161.00
2.3.2 Book and Claim from Independent Smallholder*	-	-	-	73.00
2.3.3 Mass Balance	-	-	-	37,508.00
2.3.4 Segregated	360.00	-	-	227.00
2.3.5 Identity Preserved	-	-	-	-
2.3.6 Total volume	360.00	-	-	73,969.00

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 and Claim from Mill / Crusher	-	-	-	-
2.4.2 Book and Claim from Independent Smallholder	-	-	-	-
2.4.3 Mass Balance	-	-	-	-
2.4.4 Segregated	-	-	-	-
2.4.5 Identity Preserved	-	-	-	-
2.4.6 Total volume	-	-	-	-

2.5 What is the percentage of RSPO Certified Sustainable Palm Oil in the total palm oil 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 (incl.Russia)	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

3.2.1 Referring to 3.2, in which markets where you operate do these commitments cover?**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

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

3.5 Referring to 3.3 and 3.4, 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?

Yes

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

Yes

3.8 When do you expect all products you manufacture to only contain RSPO certified sustainable palm oil and oil palm products?

2017

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'Oreal 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'Oreal 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 (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 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'Oreal intervention was focused on deforestation issues around palm production and sustainable solutions: <http://www.sup-numerique.gouv.fr/cid117695/mooc-gerer-les-documents-numeriques-maitriser-les-risques.html>

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 4 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.

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

- To engage our direct and indirect suppliers towards sustainable sourcing
- To identify and monitor our sourcing areas back to the mills
- To efficiently monitor and mitigate 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 and forest conservation or rehabilitation .

Our 2018 action plan:

1/ To promote the most committed suppliers, we have created and deployed since 2016 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 2 years now, we are expecting from our suppliers visible progress and achievements. Thus, their results to the 2017 SPI will be key for decision-making in 2018 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://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 and develop a specific tool called "Refinery and Crusher Index" to be used by our direct suppliers to evaluate our indirect suppliers;

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 in order 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.

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 referenced raw materials;

5/ 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. 2018 will be a key year for the scale-up of our actions and building on synergies among POIG members will support our 2020 target.

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: www.loreal-finance.com/_docs/0000000179/LOreal_2017_Registration_Document.pdf
- Land Use Rights
 - Uploaded file: --
 - Related link: www.loreal-finance.com/_docs/0000000179/LOreal_2017_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: www.loreal-finance.com/_docs/0000000179/LOreal_2017_Registration_Document.pdf
- Stakeholder engagement
 - Uploaded file: --
 - Related link: www.loreal-finance.com/_docs/0000000179/LOreal_2017_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 sustainable palm oil and oil palm products? What languages are these guidelines available in?**Comment:**

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 action for the sustainable 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 derivatives in this report. It is a major concern for L'Oréal and all its stakeholders. Consumers, clients, NGOs, public institutions, governments suppliers are concerned by 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 sourcing of palm oil and palm oil derivatives. This report is available in L'Oreal website in French and English. For more details, please see:

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 Sustainable Palm Index, which takes into account their commitments and their achievements in terms of knowledge of their own supply chain, sustainable procurement practices and compliance with a "zero deforestation" policy. All our direct suppliers are being evaluated every year using this new grid which has been made public and available to all companies 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_index_2017.pdf

GHG Footprint**8.1 Are you currently reporting any GHG footprint?**

Yes

Support for Smallholders

9.1 Are you currently supporting any independent smallholder groups?

Yes

L'Oreal 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'Oreal 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. In 2017, we have bought 5336 Tons of PO/PKO oil equivalent coming from the project area and 347 smallholders among the 500 targeted for 2019 have been RSPO certified.

- In 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; and we have been actively pursuing the development of sustainable field projects connected to our supply chain in Indonesia with partnering NGOs and suppliers. These projects will be launched in 2018.

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: - 4 years of in-depth investigation of our derivatives supply chain launched with the support of an external and independent third party to built 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 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 2017, all our suppliers have been assessed for the second year based on our 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, we have developed a Sustainable Refinery & Crusher Index 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, L'Oréal will be working with external partners 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. 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 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. These projects will be launched in 2018.

2 In addition to the actions already reported in this ACOP how has your organization supported the vision of RSPO to transform markets in other ways? (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); - 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://sharingbeautywithall.loreal.com/innovating/achieving-zero-deforestation/including-fight-against-deforestation-supplier-selection-process> - 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, L'Oréal will be working with external partners 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. 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 51% of our volumes in 2017 with a target of 60% in 2018. 3/ In 2015/2016/2017, 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 and prepare them to be RSPO certified.

3 File -Please attach or add links to any other information from your organisation on your policies and actions on palm oil (EG: sustainability reports, policies, other public information)

- No files were uploaded
-