

Particulars

About Your Organisation

Organisation NameL'Oreal

Corporate Website Address<http://www.loreal.com/>

Primary Activity or Product

- Manufacturer
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Related Company(ies)No

Membership

Membership Number	Membership Category	Membership Sector
4-0021-07-000-00	Ordinary	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
- Other:

Cosmetics (skin care products, hair care products, make-up...)

Operations and Certification Progress**2.1 Do you have a system for calculating how much palm oil and palm oil products you use?**

Yes

2.2.1 Do you manufacture for:

Own Brand

2.2.2 Total volume of Refined Palm Oil or RBD Palm Oil used in the year:

400

2.2.3 Total volume of Palm Kernel Oil used in the year:

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2.2.4 Total volume of other Palm Oil Derivatives and Fractions used in the year:

51,682

2.2.5 Total volume of all palm oil products you used in the year:

52,082

2.3 Palm oil volume used in the year in your own brands that is sourced through RSPO-certified physical supply chains:**In Your Own Brand**

No	Description	Refined palm oil/RBD palm oil (Tonnes)	Palm Kernel Oil (Tonnes)	Palm based derivatives or fractions (Tonnes)
1	Book & Claim	-	-	45,908.00
2	Mass Balance	-	-	5,774.00
3	Segregated	400.00	-	-
4	Identity Preserved	-	-	-
5	Total volume of palm oil handled that is RSPO-certified	400.00	-	51,682.00

2.4.1 Volume of Palm Kernel Expeller used/ handled:

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2.4.2 What type of products do you use CSPO for?

The specificity of the cosmetics industry is to use palm and palm kernel oil based derivatives. From these two oils, after several steps of chemical transformation, we obtain: glycerol, fatty acids and fatty alcohols. These are the transformed raw materials purchased by L'Oreal which are then used in the formulation of shampoos, conditioners, shower gels, skin care products...depending on their moisturizing properties (glycerin), foaming, cleaning (Sodium Laureth Sulfate, Coco-Betaine), stabilizing, emollient (isopropyl palmitate), pearlizer (glycol distearate) properties... that finally enter in more than 80% of our products.

2.5 What is the percentage of certified sustainable palm oil in the total palm oil your company sells in:

Europe 100%
India 100%
China 100%
South East Asia 100%
North America 100%

2.6 What is the percentage of certified sustainable palm kernel oil in the total palm kernel oil your company sells in:

Europe 100%
India 100%
China 100%
South East Asia 100%
North America 100%

Time-Bound Plan**3.1 Date expected to/or started to use any RSPO certified palm oil products - own brand**

2010

Comment:

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

3.2 Date expected to be using 100% RSPO certified palm oil products from any supply chain option - own brand

2012

Comment:

- Since 2010, 100% of our crude palm oil 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 (Greenpalm certificates).
- Since 2013, we have been covering more and more of our PO/PKO equivalent needs under the Mass Balance model to reach around 11% in 2014 with an objective of 20% in 2015; the remaining volumes being covered by Greenpalm certificates.

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

2020

Comment:

From 2013 to 2020: L'Oreal 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 Mass Balance model to reach around 11% in 2014 with an objective of 20% in 2015.

3.4 Do your (own brand) commitments cover your company's companies' global use of palm oil?

y

3.5 Does your company use palm oil in products in goods you manufacture on behalf of other companies?

n

When do you expect to actively promote the use of certified sustainable palm oil in other manufacturers' brands that you sell?

3.6 Which countries that your organization operates in do the above commitments cover?**3.7 What are your interim milestones towards achieving RSPO certification commitment to your own-brands (year and progressive CSPO%) - please state annual targets/strategies**

As a committed company, we maintain and confirm our strategy on oleo derivatives by:

- 1/ Supporting RSPO and its certification
- 2/ Working on the traceability of our derivatives with our suppliers
- 3/ Supporting locally Independent Smallholders in the improvement of their agricultural practices through Solidarity Sourcing projects implemented with our suppliers
- 4/ A continuous and active interaction with our suppliers and external stakeholders.

1/ Regarding the RSPO certification, here are our targets and achievements:

- Since 2010: 100% certified sustainable palm oil – RSPO segregated model => Achieved
- Since 2012: 100% certified sustainable palm-based derivatives – RSPO Book and Claim model (GreenPalm Certificates) => Achieved
- From 2013 to 2020: Increase progressively the % of physically sustainable feedstock in our supply chain (ongoing) => Achieved with 11% coverage of our PO/PKO equivalent needs under the Mass Balance model in 2014, with an objective of 20% in 2015; the remaining volumes always being covered by Greenpalm Certificates.

2/ Traceability of our derivatives:

In addition, convinced that the RSPO is the minimum key standard, we are also conscious that the Book & Claim and Mass Balance certification models do not provide transparency from cultivation area nor prevent to source from potential deforested area. This is why, in January 2014, L'Oreal decided to go a step further and committed that by 2020 the latest, none of its products will be linked to deforestation with an intermediary milestone : by 2015, 100% Palm oil and major palm derivatives should come from known sources.

To reach its 2015 target (first step towards sustainability and zero deforestation commitment), L'Oreal engaged, with the support of an independent third-party, in an in-depth investigation of its palm and palm kernel oil (PO/PKO) based derivatives supply chains. At the same time, as the final purpose of this investigation is to identify potential environmental and social issues directly linked to L'Oreal PO/PKO derivatives supply chains, a specific risk assessment methodology has been developed with the support of external stakeholders and which allowed to assess two levels of risks:

- Local risk assessment specific to the target province/region/state (social & environmental)
- Global environmental risk assessment related to deforestation, biodiversity & GHG

Scope: South East Asia

Criteria: 4 environmental and 4 social and 2 criteria related to the legality and certification of the plantation.

This first wave of investigation conducted in 2014 with the scope of L'Oreal top 12 suppliers demonstrates that achieving transparency in the PO/PKO based derivatives supply chain is very complex but possible for this commodity bought and sold in a very competitive environment. In this context, L'Oreal decided to overcome the business relationship and create an innovative business model based on a collaborative approach and will launch in 2015 a second wave of investigation with the remaining suppliers.

3/ Support to the smallholders:

In 2014, L'Oreal with its direct supplier, Clariant, but also with Global Amines, Wilmar and the NGO, Wild Asia, committed to work together on the development of a project for collaboration along the value chain from consumer product to renewable palm feedstock to:

- ensure economic development of small producers by access to global markets, better cultivation practices, regular income and employment.
- create environmental benefits by engaging small producers in sustainable palm cultivation, by RSPO Mass Balance Certification of small producers over contract time.

3.8 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.

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

No

Please explain why

Not for the moment. However, 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 raw materials contained in the final products.

GHG Emissions

5.1 Are you currently assessing the GHG emissions from your operations?

Yes

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

Yes

Actions for Next Reporting Period**6.1 Outline actions that will be taken in the coming year to promote sustainable palm oil.**

1/ Regarding the traceability of its PO/PKO based derivatives:

In 2015, the second wave of investigation will be launched with the remaining suppliers of PO/PKO based derivatives. Considering the complexity, L'Oreal will support them in this process and share its methodology of investigation. With the top 12 suppliers who have now a better understanding of their chain, L'Oreal will go a step further and co-build with them adapted action plans taking into account the environmental and social issues identified with the risk assessment methodology developed.

2/ Launch of the Solidarity Sourcing project with Clariant, Global Amines, Wilmar, the small producers and the local NGO, Wild Asia in Malaysia.

Reasons for Non-Disclosure of Information**7.1 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**8.1 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
[M-Policies-to-PNC-waterland.pdf](#)
 - Ethical conduct and human rights
[M-Policies-to-PNC-ethicalconducthr.pdf](#)
 - Labour rights
[M-Policies-to-PNC-laborrights.pdf](#)
 - Stakeholder engagement
[M-Policies-to-PNC-stakeholderengagement.pdf](#)
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8.2 What steps will/has your organization taken to support these policies?

L'Oréal does not simply purchase products and services from its suppliers. Deeply respectful of suppliers' businesses, culture, growth, and the individuals concerned, the Group's action in their regard is driven by a concern for economic, ethical and environmental responsibility. This approach is an integral part of the L'Oréal Buy & Care Programme for Responsible Purchasing. Thus, the Purchasing policy is aimed at building a balanced, long-lasting relationship with subcontractors and suppliers with respect for social and environmental issues.

L'Oréal actively seeks to work with suppliers who share its values and commitments, particularly in the field of Human Rights, which therefore makes the supplier referencing process a vital part of its policy. For industrial purchases, dedicated purchasing teams have the task of identifying new suppliers and integrating them in light of the Group's expectations and its strategy via the "welcome on board" (WOB) supplier referencing process. This makes it possible to make sure that the supplier is of real interest, provide it with all the information, documents and contacts required for it to understand the expectations and processes at L'Oréal, and finally to obtain the supplier's commitment to L'Oréal's values that are shared in this manner.

Following on from this commitment, L'Oréal's "Buy & Care" programme, conveyed by all the Group's purchasers, contains, since 2002, a section aimed at an audit of this social compliance enabling it to ensure that its suppliers comply with the applicable laws, Human Rights and labour law, and ensure safety and health for their teams in the workplace.

Within the framework of this programme, suppliers and subcontractors are asked to comply with the Group's general terms of purchase, which require them 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.

Each new supplier / subcontractor referenced by purchasing teams must commit to these societal terms and accept that a social audit can be carried out on its production sites. This commitment by the supplier / subcontractor is materialized by the signing of a letter of ethical commitment.

Thus, subcontractors, wherever they are based in the world, and suppliers of raw materials, packaging, production equipment and POS advertising/Promotional items and materials located in countries where there is considered to be a risk are mandatorily subject to a social audit. To prepare the risk map for the countries presenting risks, L'Oréal uses the Maplecroft™ indexes. The audits cover the following 10 chapters: child labour; forced labour; the environment, health and hygiene and safety; compliance with the laws relating to trade unions; non-discrimination; disciplinary practices; sexual harassment or a hostile working environment; due payment of wages/compensation and benefits; working time; relations with subcontractors.

Since January 2013, the social audits include questions concerning the environment and in particular compliance with regulations.

L'Oréal's social audit is based to a great extent on the internationally recognised SA 8000 standard, but does comprise a few exceptions, particularly with regard to the minimum age for child labour. In this respect, the Group has chosen to

set the compulsory minimum age at 16 for all employees working for its suppliers, a higher age limit than that required by the Fundamental Conventions of the International Labour Organisation (ILO).

Since 2006 when L'Oréal set up a reporting tool, it has conducted more than 6,100 social audits at over 4,200 supplier sites. In 2014, 834 social audits were carried out. Added to this are the social audits conducted by The Body Shop (TBS). Indeed, since its integration into the L'Oréal Group in 2006, TBS has pursued its longstanding programme of social audits. TBS is one of the founding members of the Ethical Trading Initiative (ETI) and has adopted their "Supplier Code of Conduct". The Body Shop has developed a programme enabling them to support their commitment to responsible sourcing. One of the activities under this programme is control of working conditions, defined in the "Supplier Code of Conduct", on the production sites of their suppliers (72 audits were

conducted in 2014). Six supplier factories engaged in specifically targeted improvement programmes. Besides these on-site audits and to ensure compliance with these commitments throughout the chain of responsibilities, L'Oréal has initiated a programme for the evaluation of strategic suppliers and their sustainability policies. This evaluation, carried out in partnership with the service provider Ecovadis, is also included in the CSR section of the scorecard. At the end of 2014, 92 suppliers had thus had their social, environmental and ethical policies evaluated by Ecovadis as well as the deployment of such policies at their own suppliers. This represents over 50% of the Group's strategic suppliers. The social audits are carried out on behalf of L'Oréal by independent external service providers. The initial audits are financed by L'Oréal and the follow-up audits are paid by the suppliers.

In addition, within the scope of its SHARING BEAUTY WITH ALL Sustainability Commitment, L'ORÉAL commits to source 100% renewable raw materials from sustainable sources by 2020 and confirms its ambition to "Zero Deforestation". To reach this ambitious target, L'Oréal has developed a sustainable sourcing strategy including the respect of Human Rights as defined by the International Labor Organization Principles and the respect of biodiversity as defined in the United Nations Conventions on Biodiversity (CITES and Convention on Biological Diversity). To be able to monitor our progress, dedicated Internal Risk Assessment tools have been developed taking into account environmental and social risks. These tools have been shared with our suppliers through training sessions to involve them in this progressive process.

Commitments to CSPO uptake

**As you don't source 100% CSPO through physical supply chains (IP/SG/MB), please answer the following questions:
Do you have plans to?**

Yes

Please specify

- Since 2010, 100% of our crude palm oil 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 (Greenpalm certificates).
 - Since 2013, we have been covering more and more of our PO/PKO equivalent needs under the Mass Balance model to reach around 11% in 2014 with an objective of 20% in 2015; the remaining volumes being covered by Greenpalm certificates. Additionally, we actively work on improving the traceability of our derivatives that remain B&C certified to confirm that they do not come from illegally deforested areas.
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9.1 Do you have plans to immediately cover the gap using Book & Claim?

Yes

How and when do you plan to immediately cover the gap using Book & Claim?

- Since 2010, 100% of our crude palm oil 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 (Greenpalm certificates).
 - Since 2013, we have been covering more and more of our PO/PKO equivalent needs under the Mass Balance model to reach around 11% in 2014 with an objective of 20% in 2015; the remaining volumes being covered by Greenpalm certificates. Additionally, we actively work on improving the traceability of our derivatives that remain B&C certified to confirm that they do not come from illegally deforested areas.
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Concession Map

Do you agree to share your concession maps with the RSPO?

No

Please explain why

Not applicable: L'Oreal is an end-user not a plantation landowner.

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:

- The derivatives supply chain complexity with a multiplicity of actors involved => No traceability, lack of transparency of intermediary suppliers not facing media exposure.
- A lack of Mass Balance availability among suppliers
- The price of Segregated still too high and not available in the market
- Lack of involvement of the millers to support independent smallholders.

2 How would you qualify RSPO standards as compared to other parallel standards?

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Cost Effective:

Yes

Robust:

Yes

Simpler to Comply to:

Yes

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

We continuously work with our direct suppliers to improve traceability of our ingredients, including palm oil. Our approach is to work in close collaboration with our first-tier suppliers to train them to recognize 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 group. We also aim to

diversify our palm oil sourcing by developing new partnerships with suppliers, which would allow us to increase the volumes of Mass Balance for the palm-based derivatives. Because today, our objective concerning the derivatives is clearly to go further than the Book and Claim certification and ensure a full traceability by implementing programs supporting independent smallholders in the countries we source our palm oil and derivatives from, in close partnership with our suppliers and through the support of local NGOs. In 2014, we took advantage of several public opportunities to reaffirm our support to RSPO: during workshops and webinars held with our strategic suppliers, during a roundtable on sustainable palm organized by the Indonesian Embassy in Paris or even through the Task Force of the Consumer Goods Forum on Palm.

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

For more details on L'Oreal public commitments and policies, please see in our website:

- 2014 L'Oreal Sustainability Report
- 2014 Global Reporting Initiative
- L'Oreal Zero Deforestation Commitment