

Particulars

About Your Organisation

Organisation Name

L'Oreal

Corporate Website Address

<http://www.loreal.com/>

Primary Activity or Product

- Manufacturer
-

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
 - Personal Care

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

Yes

2.2.1 Do you manufacture for:

Own Brand

2.2.2 Total volume of Refined Palm Oil or Refined, bleached, and deodorized (RBD) Oil Palm sold in the year:

371.00

2.2.3 Total volume of refined Palm Kernel Oil sold in the year:

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

54615.00

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

54986.00

2.3 Palm oil volume sold 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/Refined, bleached, and deodorized (RBD) oil palm (Tonnes)	Palm Kernel Oil (Tonnes)	Palm based derivatives or fractions (Tonnes)	Volume of Palm Kernel Expeller used / processed and/or traded in the year (Tonnes)
1	Book & Claim			40,550.00	
2	Mass Balance			14,052.00	
3	Segregated	371.00		13.00	
4	Identity Preserved				
5	Total volume of oil palm products that is RSPO-certified	371.00		54,615.00	

2.4.1 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 oil palm products your company sells in:

Europe 100%
India 100%
China 100%
South East Asia 100%
North America 100%
South America 100.00%

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%
South America 100.00%

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 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 (Greenpalm certificates). - Since 2013, we have been covering more and more of our PO/PKO equivalent needs under the RSPO Mass Balance model to reach around 26% in 2015 with an objective of 40% in 2016; we even started to have few derivatives volumes covered by the RSPO Segregated model (13Tons) 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:

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 Mass Balance model to reach around 26% in 2015 with an objective of 40% in 2016; we even started to have few volumes covered by the RSPO Segregated model (13Tons) in 2015; the remaining volumes being covered by Greenpalm certificates.

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

y

3.5 Does your company use CERTIFIED SUSTAINABLE PALM OIL products in goods you manufacture on behalf of other companies?

n

3.6 Which countries that your organization operates in do the above commitments cover?

- France

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/ Reaffirming our support to RSPO and its certification 2/ Tracing back the origin of our derivatives with our direct and indirect suppliers 3/ Directly supporting Independent Smallholders in the improvement of their agricultural practices through RSPO certification and Solidarity Sourcing projects implemented with all the players of our supply chain 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 26% coverage of our PO/PKO equivalent needs under the Mass Balance model in 2015, with an objective of 40% in 2016; the remaining volumes always being covered by Greenpalm Certificates. 2/ Origin of our derivatives: We are convinced that the RSPO is the minimum key standard, but we are also conscious that the Book & Claim and Mass Balance certification models do not provide enough traceability guarantees from cultivation area and therefore, to prevent sourcing from potential deforested area. This is why, in January 2014, L'Oreal decided to go a step further and publicly 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 intermediary 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 sourcing areas, a specific risk assessment methodology has been developed with the support of external stakeholders and which allowed to assess environmental and social risks at the province and national levels. In total, more than 97% of the volumes of palm derivatives sourced at the level of L'Oréal Group originate from Indonesia and Malaysia. A non-significant proportion is also coming from Brazil, Colombia, Guatemala, Papua New Guinea and Thailand. The investigation conducted in our palm derivatives supply chain allowed to trace back to date: - 80% of our raw materials up to the level of palm oil / palm kernel oil refineries (60 facilities identified that are all RSPO certified); - 50% of our raw materials up to the level of crude palm oil / crude palm kernel oil mills (more than 1000 facilities identified, including 16% that are RSPO-certified); - 12% of our raw materials up to the level of palm plantations. 3/ Support to the independent smallholders: 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 2015, we already started to buy the volumes of oil equivalent (1155Tons) produced by the first 72 smallholders registered to the programme.

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. Most of our strategic suppliers are supply chain certified.

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

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

URL: http://www.loreal-finance.com/_docs/0000000089/L'Oreal_2015_Registration_Document.pdf**Actions for Next Reporting Period****6.1 Outline actions that will be taken in the coming year to promote sustainable palm oil.**

After 2 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 2016 action plan: 1/ To promote the most committed suppliers, we will develop and experiment new tools of suppliers' assessment regarding their commitments and practices related to the sourcing of PO/PKO; 2/ We will reinforce our investigation on Zero deforestation compliance (in terms of commitment, implementation and verification) at the refineries level as they have been identified as the key nodes in our supply chains; 3/ Modelled on what we have done through our SPOTS Project in Sabah (Malaysia), we will continue the implementation of field projects connected to our supply chain 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. We will introduce 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 and test Greenpalm certificates in Off Market deal targeting specific plantations and smallholders in the environmental and social "hotspots" of the palm derivatives supply chain.

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
Uploaded file: [M-Policies-to-PNC-waterland.pdf](#)
- Land Use Rights
Uploaded file: [M-Policies-to-PNC-landuseright.pdf](#)
- Ethical conduct and human rights
Uploaded file: [M-Policies-to-PNC-ethicalconducthr.pdf](#)
- Labour rights
Uploaded file: [M-Policies-to-PNC-laborrights.pdf](#)
- Stakeholder engagement
Uploaded file: [M-Policies-to-PNC-stakeholderengagement.pdf](#)
- None of the above

8.2 What steps will/has your organization taken to support these policies?

Please refer to our public 2015 Registration

Document: <http://loreal-dam-front-resources-corp-en-cdn.brainsonic.com/ressources/afile/139144-f265d-resource-registration-document.pdf> L'Oréal

does not simply purchase products and services from its suppliers. but 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. It helps (i) to ensure the supplier is of real interest, (ii) to provide him with all the information, documents and contacts required to understand L'Oreal expectations and processes, and finally, (iii) to obtain the supplier's commitment to L'Oréal's values. 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 an Ethical commitment Letter. 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 MaplecroftTM 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 related to the environment and in particular the 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 strategy, 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'Oreal 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 and methodologies have been developed taking into account environmental and social criteria. These tools and methodologies have been shared with our suppliers through training sessions to involve them in this progressive and collaborative 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 26% in 2015 with an objective of 40% in 2016; the remaining volumes being covered by Greenpalm certificates. - In 2016, we will introduce new requirement of RSPO MB model for all the new encoded raw materials; and we will also support experimentation of the new RSPO Next standard and test Greenpalm certificates in Off Market deal targeting specific plantations and smallholders in the environmental and social "hotspots" of the palm derivatives supply chain. Additionnally, we actively work on improving the traceability of our RSPO certified derivatives to confirm that they do not come from deforested areas.

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 26% in 2015 with an objective of 40% in 2016; the remaining volumes being covered by Greenpalm certificates. - In 2016, we will introduce new requirement of RSPO MB model for all the new encoded raw materials; and we will also support experimentation of the new RSPO Next standard and test Greenpalm certificates in Off Market deal targeting specific plantations and smallholders in the environmental and social "hotspots" of the palm derivatives supply chain. Additionnally, we actively work on improving the traceability of our RSPO certified derivatives to confirm that they do not come from deforested areas.

Concession Map

10.1 Does your company or any subsidiary of your company own or manage oil palm plantations?

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 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: - 2 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 2016, we will continue the data collection and we will also develop Zero deforestation due diligence systems to mitigate and resolve the remaining obstacles. 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.

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)

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. 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, 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.

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 (<http://www.sharingbeautywithall.com/en>): - L'Oreal Zero Deforestation Commitment - Our new Palm Progress Report - The SPOTS Project video - 2015 L'Oreal Sustainability Report