



Developing and engaging our people

“It is our ambition to make L’Oréal the employer of choice in every market where the group is present.

We therefore strive to attract the best talent and create a strong relationship with each and every one of our employees, based on a long term career vision. While the employment market is becoming increasingly competitive through changing demographics, it is more than ever the mission of our Human Resources teams to support sustainable growth by developing our expertise, realising individual potential, promoting and retaining the talents of the future. It is also the mission of our teams to accompany the divisions in their organisational and business development projects, respecting L’Oréal’s social values, and with the best interests of each individual employee constantly at heart.”

Geoff Skingsley
Executive Vice-President
Human Resources

“L’ORÉAL & ME”⁽¹⁾: OUR MUTUAL COMMITMENT

2008 marked a new stage in L’Oréal’s Human Resources policy with the launch of “L’Oréal & Me”⁽¹⁾. This new programme, signalling a genuine mutual commitment between the group and each of its employees, will be rolled out progressively in all countries between now and 2010.



“L’Oréal & Me”⁽¹⁾ builds on the strengths and traditional values of L’Oréal and provides concrete answers to the employee expectations that were highlighted by the internal opinion surveys in 2006. “L’Oréal & Me”⁽¹⁾ encompasses all the L’Oréal’s Human Resources policies and practices on career development, appraisal, remuneration and training applicable to all its employees worldwide. It evokes the core principles of L’Oréal’s human resources policy which is focused on the individual and on the group’s ambition as a responsible employer.

“L’Oréal & Me”⁽¹⁾ supports managers in developing their teams, fostering engagement and rewarding contribution through policies which include a worldwide appraisal system and a dynamic and individualised career management process. It reinforces L’Oréal’s culture of providing continuous feedback on performance, competencies and employee aspirations. With “L’Oréal & Me”⁽¹⁾, L’Oréal is underlining its ambition to forge a sustainable relationship of mutual confidence with each of its employees.



(1) “L’Oréal & moi” in France.

08 highlights

49,000 students from all over the world took part in one of L'Oréal's four business games, each of which covers a particular discipline.

Creation of "L'Oréal & Me"⁽¹⁾, a new policy of mutual commitment between the group and its employees.

Launch of "EurOpportunity" to provide international internships within a L'Oréal business in Europe to the best students from our key partner universities.

Inauguration of L'Oréal's fifth learning centre in Dubai, following on from Shanghai, Rio, New York and Paris.

L'Oréal's first "Disability Initiatives Trophies", awarding several of the group's business units for their concrete initiatives on disability issues.

L'Oréal won a "sustainable engagement" award for its employee retirement savings scheme (PERCO) set up in France in 2003.

BUSINESS GAMES—A UNIQUE EXPERIENCE FOR STUDENTS



The 4th edition of "L'Oréal Ingenius" took place in 11 countries. Engineering students had the chance to express their creativity in putting sustainable development at the heart of the company's industrial process.



"L'Oréal Estrat 8", a strategic game, simulating a company in a virtual environment, attracted 44,000 students from 110 countries.



The first prize of the 16th edition of the "L'Oréal Brandstorm" business game was awarded to a team from Utah in the United States who imagined the marketing strategy for a range of sunscreen products.

RECRUITMENT: SHARING THE PASSION

In order to reach its development targets, L'Oréal's Human Resources teams must have the ability to detect, attract and convince the best talents who will drive future business activities. This requirement is a reality on all continents, as much in fast-growing countries where the group recruits and trains a considerable number of managers, as in those markets where the group has traditionally always been present. Coupled with this is the belief in diversity, and all that it offers as a source of progress, cultural richness and performance for building our teams all over the world.

To fulfil this mission, L'Oréal has set up an original recruitment policy, based on a key concept—"sharing the passion"—of the L'Oréal adventure.

In 2008, the Universum Survey ranked L'Oréal as the ideal employer in Europe for Marketing students. And at the same time, L'Oréal came out top in the Trendence Survey as the favourite company for European business students.

DEVELOPMENT—A CORE GROUP CONCERN

L'Oréal's sustainable growth is based in part on the ability to anticipate training needs in all areas of activity and develop individual talents. In order to pass on expertise and

ensure that all employees have access to training programmes, L'Oréal has set up regional learning centres in the United States, China, France, Brazil, and now in Dubai.

TRAINING PROGRAMMES FOR THE MARKETING AND RESEARCH TEAMS

Innovation and creativity are vital for L'Oréal and a comprehensive development programme has been implemented for its marketing and research people.

Osмосе

This seminar is part of the "Must Have" series of training programmes, designed to provide each manager with the core essential requirements for the job. Offered to both the marketing and research teams, it opens up the world of marketing to L'Oréal's laboratory staff, provides training in scientific expertise for its marketing people, and helps accelerate and ease this essential link in the innovation process.

Creativity 360°

Stimulating the creativity of L'Oréal's marketing teams is the aim of this course. Based on the principle of "action learning", the courses are tailored to the operational needs of a specific team. After Brazil and Europe in 2007, China and the United States launched the course in 2008, which is now deployed in 11 countries.

"L'Oréal Innovation Lab"—creating the cosmetics of tomorrow

"L'Oréal Innovation Lab" is a unique business game which offers science and research students (chemistry, physics, biology and agronomy...) the opportunity to imagine the cosmetic products of tomorrow in the group's laboratories.

In 2008, for its 2nd edition, 40 finalists spent time in Paris with L'Oréal research teams learning about the science behind the products in workshops on sensorial analysis, instrumental or cosmetoclinical evaluation. In teams of four, they then took on the role of researchers and presented their vision of the men's skincare products of tomorrow to a jury composed of L'Oréal experts in science and marketing.

This innovative game reflects the importance of research to L'Oréal business, and enables the group's recruitment teams to strengthen their partnerships with the best universities and science schools in order to detect the researchers of the future.

In 2009, "L'Oréal Innovation Lab" will be extended to the United States and China.



—CREATIVITY 360°
Training in Shanghai (China).



ENCOURAGING DIALOGUE

Social relations are based on confidence and mutual respect, and rely on open, participatory and permanent dialogue between the employees, their representatives and Management. To this effect, more than 24,500 employees are represented by the IEDS (European Council for Social Dialogue) at L'Oréal.

In 2008, the group was awarded the Trophée de l'Engagement durable (Trophy for sustainable engagement) for its employee retirement savings scheme ("PERCO") which was implemented in France in 2003. This award highlights the innovative and ground-breaking nature of the scheme which enables staff to save part or all of their profit sharing for retirement.

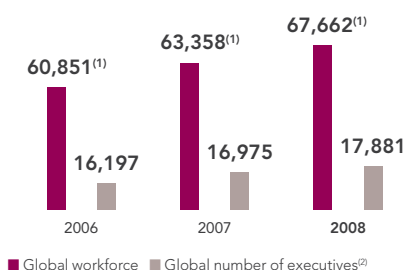
REWARDING COMMITMENT AND PERFORMANCE

L'Oréal's aim is to offer individual and collective remuneration packages to attract and retain talented individuals. Each individual's contribution is assessed on the basis of his or her performance and recognised through a competitive salary. Collective remuneration schemes are a further means of developing employee loyalty and contributing to global targets.

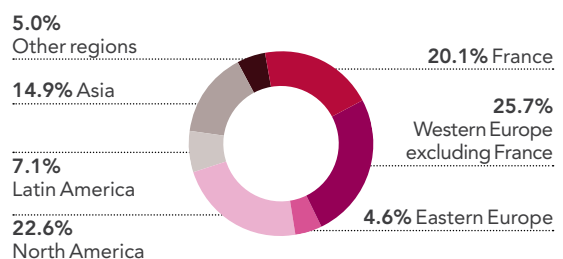
SUPPORTING PROFESSIONAL DEVELOPMENT

In 2008, L'Oréal undertook in France a review of job classifications in the production and logistics sector in order to establish the key competencies of each position. This project aims to support the professional development of L'Oréal's employees working in the factories and distribution centres in order to ensure that each person has an outlook on career development opportunities within, and between, specific areas of expertise. The project was carried out in association with trade union representatives in Europe and will continue in 2009.

CHANGE IN WORKFORCE



BREAKDOWN OF EMPLOYEES BY GEOGRAPHIC ZONE⁽¹⁾ AT DECEMBER 31ST, 2008



(1) Including The Body Shop since 2006, American distributors since 2007, and the whole of the Club des Créateurs de Beauté and YSL Beauté since 2008.
(2) Global number of executives in the cosmetics branch, excluding YSL Beauté.

Taking actions for diversity and equal opportunities

The group illustrates its commitment to diversity and equal opportunities through a number of concrete initiatives.

Diversity: 7,500 managers already trained

The Diversity training programme for managers, launched at the end of 2006, is a pillar of the group's diversity policy. Its objective is to help managers identify and overcome their own personal barriers and formalise action plans. The roll-out of this seminar was considerably stepped up in 2008: 4,660 managers—including 2,900 in France and 360 in Spain—received training, meaning that 7,500 managers in 32 European countries have been trained over the last two years. Pilot sessions have now been launched in four new countries: Russia, Austria, Greece and Switzerland.



L'Oréal's first "Disability Initiatives" Trophies

Convinced that a policy promoting diversity cannot be complete without a policy on disability, L'Oréal considers that welcoming, integrating and ensuring the professional development of disabled persons is an essential commitment towards its employees and all parties concerned. In line with this very determined approach, L'Oréal organised the first L'Oréal "Disability Initiatives" Trophies, awarding group businesses for their specific actions on disability issues around the following themes: recruitment and employment sustainability for disabled persons, partnerships with companies in the protected sector, awareness-raising initiatives on disability issues, and accessibility to premises and information.

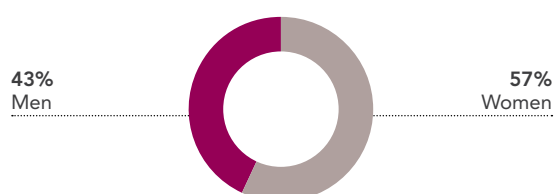
Promoting the employment of older individuals

In April 2008, L'Oréal hosted the first forum on Employment & Diversity, on the theme of "Making the most of the second stage of a career", aimed at the over-45s. Its objective was to promote the experience of older individuals and break down age-linked stereotypes. Under the patronage of the French Ministry of Economy, Industry and Employment, and initiated by the group in partnership with other organisations, this forum facilitated meetings between around a dozen companies and two hundred experienced mature profiles.

Equal opportunities agreement

L'Oréal has been engaged for many years in an active social policy promoting equal opportunities between men and women and developed, very early on, parental assistance schemes providing favourable conditions in which to reconcile career and family life. In 2008, an agreement was signed between L'Oréal and the trade union organisations in France, formalising the group's commitment in favour of equal opportunities. This agreement sets out the principles that L'Oréal means to guarantee in the way of equal opportunities for men and women.

BREAKDOWN OF FEMALE AND MALE EXECUTIVES IN 2008⁽²⁾



BREAKDOWN OF FEMALE AND MALE MANAGEMENT COMMITTEE MEMBERS IN 2008⁽²⁾

