



L'ORÉAL SUSTAINABLE DEVELOPMENT REPORT 2010 REPORT HOME GROUP DOWNLOADS CONTACT

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Leading internal and external experts give their views on L'Oréal's approach to sustainable development and sustainable consumption.

<p>RESPONSIBLE BUSINESS</p> <p>BUSINESS</p>	<p>UNIVERSAL HUMAN BEAUTY</p> <p>INNOVATION</p>
<p>ECOSYSTEMS OF PRODUCTION</p> <p>PRODUCTION</p>	<p>SOURCING SUSTAINABLY</p> <p>PRODUCTION</p>
<p>SUSTAINABLE CONSUMPTION</p> <p>CONSUMPTION</p>	<p>SUSTAINABILITY AND DIVERSITY</p> <p>TALENT</p>

Welcome Business Innovation Production Consumption Talent Communities

L'Oréal Sustainable Development Report 2010

At L'Oréal, sustainable development is a driver for responsible growth and a source of inspiration for our brands. Sustainable development goes hand in hand with sustainable consumption, which is the shared responsibility of companies, consumers and the whole of society, and a key theme in this report.

€665m invested in research and innovation	1.5m post-sale contacts with consumers	700 products carry the Forest Stewardship Council logo
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SUSTAINABLE DEVELOPMENT 2010

Chairman & CEO's Message

“Reaching **one billion new consumers** through the universalisation of beauty is the group's strategic objective for years to come. This great project of ours is accompanied by our commitments to show **exemplary corporate conduct**, meet demanding targets to **lighten our environmental footprint**, find new ways to **consume more sustainably**, and **contribute to the wellbeing of communities.**”

Jean-Paul Agon
Chairman & CEO

Environment, Health and Safety



L'Oreal has three ambitious environmental targets for its factories and warehouses for the period 2005-2015:

> 50% reduction in greenhouse gas emissions (absolute)
27% achieved to date

> 50% reduction in water consumption (per unit produced)
19% achieved to date

> 50% reduction in waste (per unit produced)
17% achieved to date

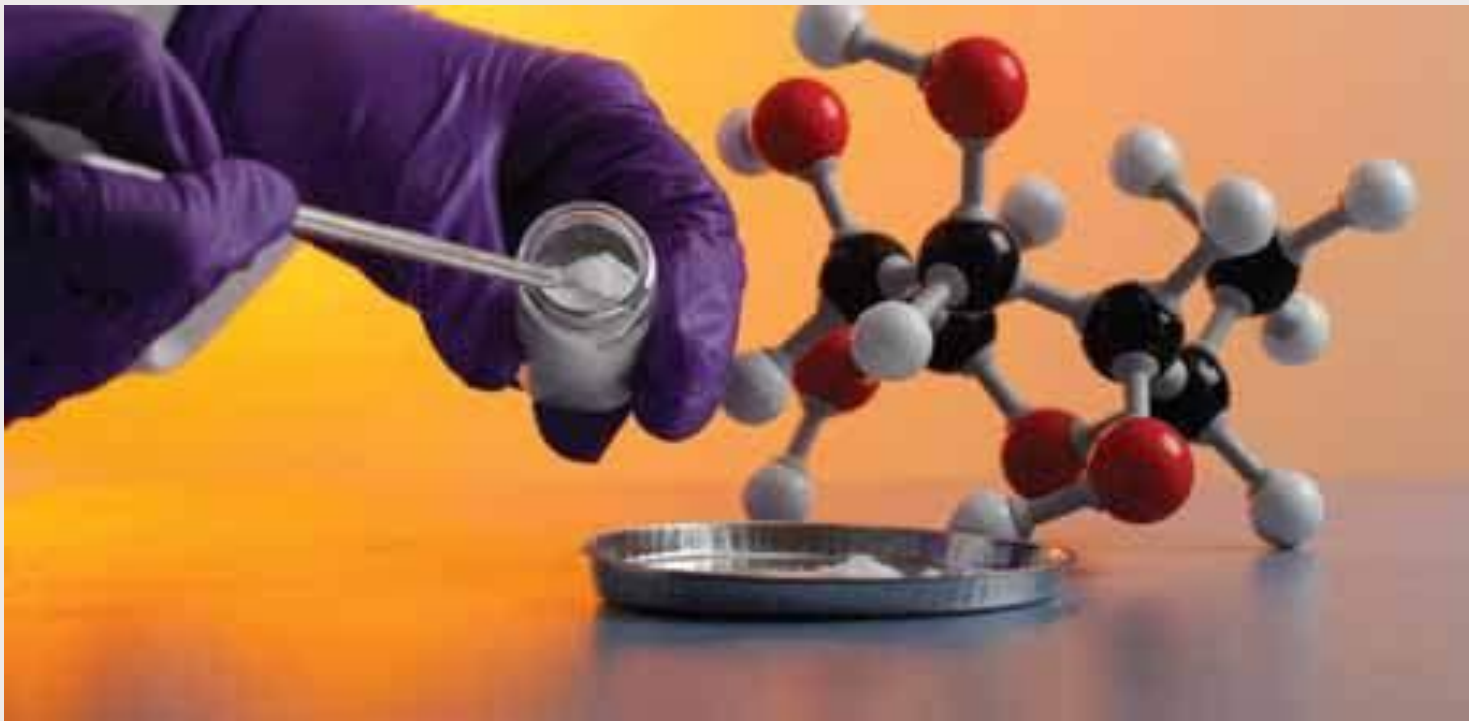
Environment, Health and Safety



2010 KEY ACHIEVEMENTS

- > Energy use reduced by **9.2%** (2005-2010)
- > Water use cut by **6%**
- > **11.2%** reduction (improvement) in COD per finished product
- > Waste reduced by **7.4%**
- > **50%** of factories and warehouses sending zero waste to landfill
- > Recovery, recycling or reuse rate: **96%**
- > **ALL** factories worldwide are ISO 14001 and either OHSAS 18000 or VPP certified

Research & Innovation



In 2010, L’Oreal Research underwent a major transformation to meet the diverse needs of a new generation of consumers in the emerging markets. With new tools, new structures and new approaches, L’Oréal R&I is now ready to take up the challenge of beauty for all while actively promoting sustainable innovation and consumption.

Research & Innovation



2010 KEY ACHIEVEMENTS

Raw ingredients and formulas

- > **40%** of raw materials in the portfolio are from renewable sources
- > **500** ingredients certified ecocert
- > **26%** of raw materials adhere to the principles of green chemistry
- > Sustainability assessment extended to **ALL** raw materials
- > Cosmébio “bio” certification for **58** formulas in various brands
- > **100%** certified sustainably sourced palm oil (CSPO)
- > Evaluation of **13,000** formulas using reconstructed tissue since 2008
- > Assessment of the endocrine disruption potential of ingredients

Research & Innovation



2010 KEY ACHIEVEMENTS

Predictive performance & safety assessment of raw materials and formulas

> The L'Oreal Gerland centre in Lyon, France is on the way to becoming the world's leading centre for predictive assessment in cosmetics. It is developing cutting-edge predictive tools and techniques, including the production of biological tissues (skin and cornea) in accordance with ISO 9001 quality standards.

Brand Commitment to Sustainability

Eco design



100% biodegradable shower gels in 100% recycled bottles, containing no sulphates, parabens or colourants

Green packaging



15% by 2012
Garnier's pledge to reduce the weight of its packaging

Fair Trade ingredients



Fairly traded argan oil from Morocco for its Superbly Smoothing Argan Hair Collection.

Brand Commitment to Sustainability

BIO ACTIVE



Garnier Bio Active: its first certified organic skincare range

ACAI



100% natural organic certified. Responsibly sourced from the Amazon

GREEN FIX



Green Fix haircare contains 98% natural ingredients.

YOUTH CODE



Youth Code anti-ageing products are the result of pioneering R&I in genetics

Social Affairs



L’Oreal’s culture is rich in talent and diversity. Attracting the best people to our business and empowering them to realise their full potential is key to our ability to be a sustainable business and promote sustainable consumption.

Social Affairs



2010 KEY ACHIEVEMENTS

- > **113** nationalities in our management teams
- > **58%** of managers and **39%** of Management Committees are women
- > **93%** managers in Europe attended the **2-day** training course on diversity
- > **82%** of L'Oréal employees now have pension programmes in excess of basic social security requirements
- > **201 €** million of profit was shared with employees globally
- > L'Oréal won the ***Trophée du Capital Humain 2010*** in recognition of its investment in its employees. The award recognises the best human capital initiatives of companies in the CAC 40.

Supplier Relations



L'Oreal builds long-term partnerships with suppliers, based on mutual respect, transparency and sharing of information, strong communication and high standards.

2010 KEY ACHIEVEMENTS

- > In 2010, the Social Responsibility audit programme for suppliers was extended, and **567 labour standards audits** were conducted worldwide.
- > Suppliers or subcontractors with significant issues to be resolved are referred to technical experts for assistance. Those not willing to resolve critical issues lose authorisation to do business with L'Oreal. In 2010, the main non-conformities related to hours of work, compensation and benefits, and health and safety.

Sustainable Consumption



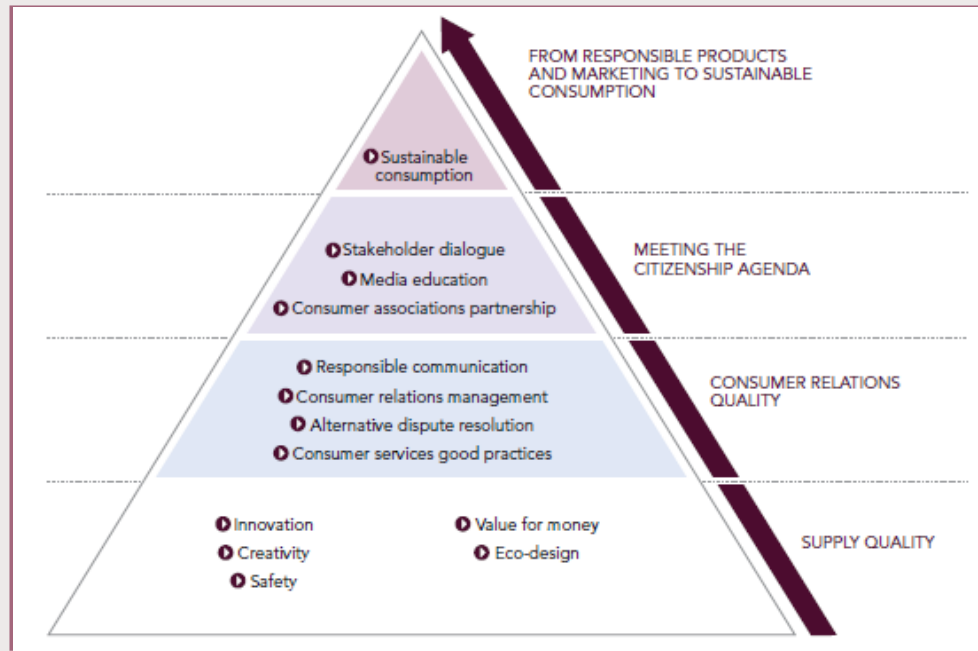
L'Oreal's growth ambition is to double our consumer base and make our products available to one billion new consumers by 2020 in markets around the world. It is imperative that we grow and consume sustainably.

Corporate Consumer Responsibility



2010 KEY ACHIEVEMENTS

> L'Oreal's vision of Corporate Consumer Responsibility (CCR) is being rolled out.



> More than **357** specialist Consumer Advisers in **54** countries

> **1,6 million** consumer contacts handled

Community



Our philanthropic efforts are based on three focus areas: science, solidarity and education, and have global reach. L'Oréal brands and subsidiaries support hundreds of projects worldwide.

2010 KEY ACHIEVEMENTS

- > Extension of the Unesco-L'Oréal “For Women in Science” national fellowship programme to **103** countries
- > Extending the Hairdressers of the World Against AIDS programme to a total of **1.3 million hairdressers** worldwide
- > Partnership with Médecins du Monde of “Operation Smile” for facial repair surgery: **7** countries involving **834** children
- > Overall, we invested **€32.6 million** in social projects 2010
- > **€40 million** multi-annual L'Oréal corporate Foundation budget (2007-2011)

Focus on L'Oreal China (trend 2011)

> CO2 per finished product

- 12% reduction compared to 2010
- 39% reduction compared to 2005

> Absolute CO2

- 3% increase compared to 2010, but production up by 18%
- 34% increase compared to 2005, but production up by 120%

> CO2 reduction at Suzhou Plant

6,400 solar panels installed on the lawn & roof for a total of **25,000m²**. This is equal to 1/3 capacity of the solar panels installed for the Shanghai World Expo 2010. The project will supply 1,500,000 KWH of green power each year. **Total CO2 emission reduction 1,092 tons.**

Focus on L'Oreal China (trend 2011)

> Water per finished product

- 3% reduction compared to 2010
- 42% reduction compared to 2005

> Waste per finished product

- 1% increase compared to 2010
- 25% reduction compared to 2005

> Index of recycling

- 97.1 % (in 2005 this KPI was 40%)

> Health & Safety performance

- Zero Lost Time accidents since end 2009, including temps
- Training: 8% of worked man-hours annually since 2005

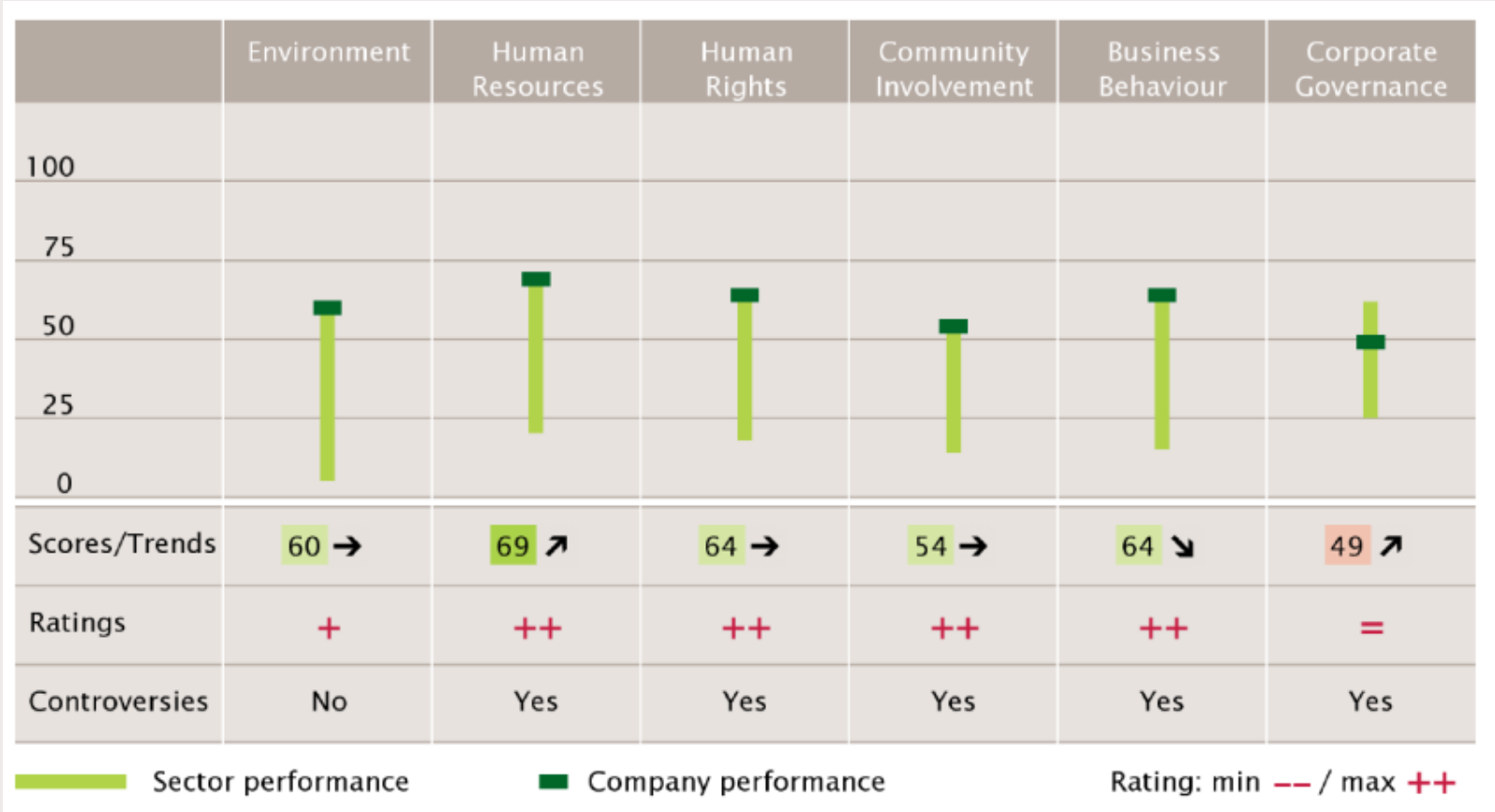
Recognition of L'Oreal's commitments

- > L'Oreal was rated as one of the 100 most sustainable companies in the world for the fourth year in a row
- > L'Oreal is listed the 2010 Dow Jones Sustainability Index
- > The Forest Footprint Disclosure project ranked L'Oreal as sector leader
- > WWF listed L'Oreal as best in class among CAC 40 firms for its use of certified cardboard and paper
- > L'Oreal was ranked n°1 in the annual Climate Counts survey of companies managing their climate impacts
- > L'Oreal is listed in most sustainable development indices, including FTSE4Good, ASPI Eurozone, and Ethibel.
- > L'Oreal Ethics team is certified ISO 9001. To our knowledge, it is the first Ethics Department to obtain this certification.



L'ORÉAL

L'Oreal CSR Profile 2010 by



“L’Oreal’s CSR performance... the best performer in the European Cosmetics and Luxury Goods sector. Supported by long-terms goals, L’Oreal has implemented a comprehensive system to manage its CSR policies throughout its group, reflecting its overall good understanding of the major CSR issues at stake”. Vigeo September 2011

SUSTAINABLE DEVELOPMENT

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