

SHARING BEAUTY *WITH ALL*

THE L'ORÉAL SUSTAINABILITY COMMITMENT

—

2013 - 2020
CLOSING REPORT

L'ORÉAL

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**SHARING
BEAUTY**
WITH ALL



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L'Oréal's sustainability strategy,
commitments and initiatives at

loreal.com/en/commitments-and-responsibilities/for-the-planet/



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EDITORIAL

JEAN-PAUL AGON

Chairman and Chief Executive Officer



“Sharing Beauty with All
*created a fundamental paradigm
shift, aiming to reinvent the way
we design, make and market our
products, and more generally the
way we do business.*”

“We are proving that it is possible to deliver economic performance while reducing our impacts on the environment.”

2020 was a crucial year for the Group in the area of corporate responsibility. The Covid-19 pandemic revealed the magnitude of the health, environmental and social risks that weigh on humanity. It also highlighted the fundamental role that companies must play, alongside public authorities and civil society, to help build a more responsible, sustainable and inclusive world.

When the pandemic struck, our absolute priority was of course the health and safety of our employees. We also took action, together with our partners, to help address the crisis, and provided support to health workers across the world.

And this year marks the end of our sustainability programme, *Sharing Beauty with All*.

In seven years, we have achieved the majority of our goals, even exceeding some of them. For example, we reached an 81% reduction in CO₂ emissions, surpassing our 60% reduction goal. At the same time, we have grown our production by 29%. In this way, we are proving that it is possible to deliver economic performance while reducing our impacts on the environment. And while for some other goals, there is still a little further to travel, the dynamic of transformation has begun.

This non-financial performance, which is audited in the same way as our financial results, has been recognised by independent organisations which place the Group at the top of leading ESG ratings. Additionally, we have been identified as one of the 41 LEAD businesses, an accolade reserved for the most advanced companies in terms of responsible business conduct and contribution to the Sustainable Development Goals.

Over these last few years, three overarching principles have guided our efforts:

- Firstly, the desire to set highly ambitious goals, without certainty of achieving them. In this way, *Sharing Beauty with All* created a fundamental paradigm shift, aiming to reinvent the way we design, make and market our products, and more generally the way we do business. This is an approach that has generated a real virtuous circle, prompting us to be ever bolder, more creative and more innovative.
- Secondly, the whole company rose up to help. We embedded this ambition at the highest level, integrating the function of sustainability within our Executive

Committee. And each one of our employees seized the opportunity to make a difference. All roles and departments within the organisation got involved in this great revolution. From product design to supply chain, production, packaging and marketing, the whole value chain has been transformed.

- Thirdly, we have always thought that we could only reach our objectives through collaboration and partnerships. From the beginning, we have maintained a dialogue with all our stakeholders to co-create our commitments. Additionally, we have relentlessly sought to challenge our achievements, through the critical observations of a 'Panel of Critical Friends', an external governance initiative established in 2014 and composed of figures of international importance. And throughout these years, we have built strong partnerships with our suppliers and distributors to find innovative solutions, based on the conviction that it's only together that we will be able to move the needle and create a real impact.

Today, sustainability is at the heart of the Group's strategy, governance and performance. But we know that we must go further. The decade before us is critical for the planet. The urgency is there. We collectively have a decade to act.

Our new programme, *L'Oréal for the Future*, launched in the midst of the pandemic, reflects the deeper transformation that we want to deliver. It is an even more profound transformation of our efforts to ensure that the company enlists in the only scenario possible for humanity: the respect of planetary boundaries across the whole lifecycle of our products.

This change is profound because we must consider the impact we create beyond our own company. We must support our nearly 1.5 billion consumers in making sustainable choices, and continuously empower our suppliers and customers to become more involved in this dynamic.

Finally, even more profound, we are going to donate €150 million to support vulnerable women and the environmental crisis, two causes that reflect the Group's values and longstanding commitments, and that will be at the core of the next decade.

We want to take more responsibility, engage our entire ecosystem and show that companies can be part of the solution to the challenges facing the world.

L'Oréal won't be able to change the world alone, but the world also needs actors like us to reinvent itself. And we will rise to the occasion.

With the ambition: a better future for all.

SHARING BEAUTY WITH ALL

A FINAL REVIEW

As we reviewed *Sharing Beauty with All*, established in 2013 with goals towards 2020, L'Oréal's teams shared their results and provided their analysis of the profound sustainability transformation enabled by the programme. This dynamic now flows through every project and is embraced by every employee, and L'Oréal is committing to accelerating progress in the years to come, in order to always go further towards sustainable beauty.



EDITORIAL

ALEXANDRA PALT

Chief Corporate Responsibility Officer and
Executive Vice-President of the Fondation L'Oréal



*“In seven years,
we have
completely
reinvented our
businesses, our
practices and
our mindset.”*

Very early on, L'Oréal realised the urgent need to take action to address the challenges of the global environmental crisis. As a business, we began by targeting the environmental impacts of our sites, a priority and first step necessary to begin our process of transformation. In 2013, we launched *Sharing Beauty with All* - we wanted to put sustainability at the heart of our activities and we set a series of goals to achieve by 2020.

In seven years, we have completely reinvented our businesses, our practices and our mindset. Today, sustainability has become every employee's business. In that respect, this first programme was a real success. We have demonstrated an unrelenting resolve, overcoming the inherent challenges to meet the pressing need to deliver results.

We can be proud of the progress we have achieved. We also know that this is no longer enough. Since 2013, the world has changed. Our ambitions must be in line with the unprecedented scale of the challenges we face - we must do more and faster. If we don't rapidly change our lifestyles, our economic activities and the way we consume, we will endanger our own existence.

In June 2020, we launched the second phase of our sustainability commitment, *L'Oréal for the Future*. Our vision is to accelerate our sustainability transformation to help ensure that our activities respect planetary boundaries, while contributing to addressing the social and environmental challenges facing our world. Importantly, this ambition encompasses both our direct impacts and our indirect impacts, those linked to our suppliers' activities, for example, and the use of our products by consumers.

We have just ten years before us to act. We must show the change is possible.

SHARING BEAUTY WITH ALL

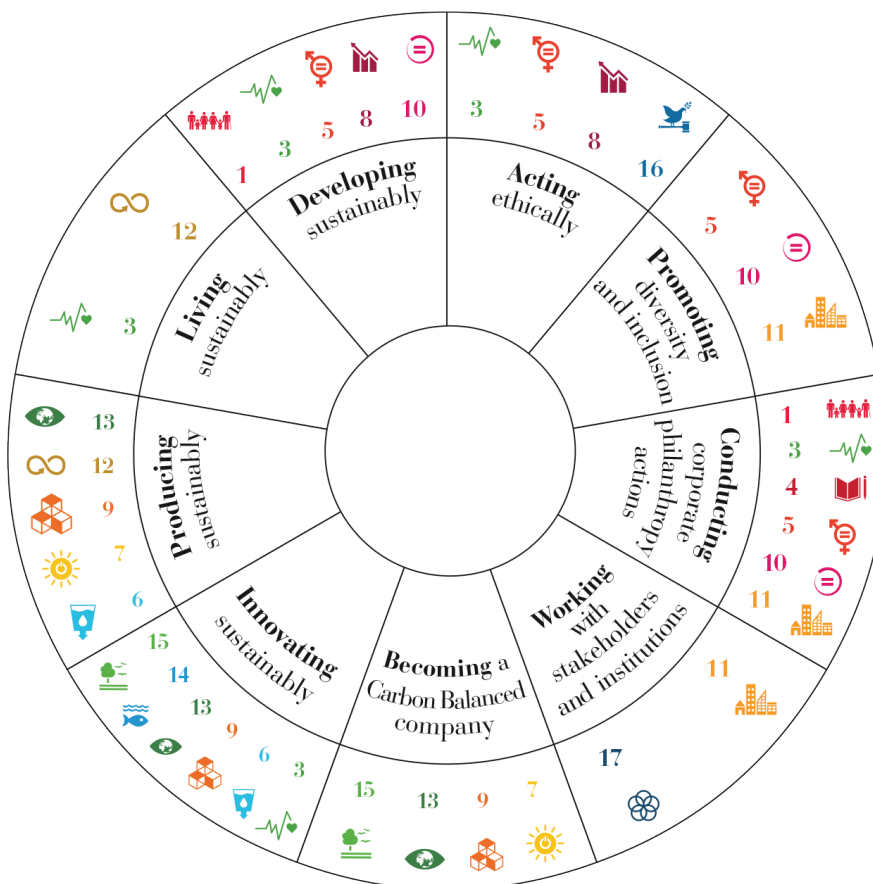
L'ORÉAL'S COMMITMENT TO SUSTAINABILITY

As part of L'Oréal's sustainability programme, *Sharing Beauty with All*, launched in 2013, the Group has set itself a series of tangible commitments towards the end of 2020. They address all its impacts and engage its whole value chain – from product design to distribution – including the production process and the sourcing of raw materials. These commitments are organised into four pillars: innovating

sustainably, producing sustainably, living sustainably and sharing growth with employees, suppliers and the communities with which L'Oréal interacts. Every year, L'Oréal measures its progress quantitatively, making its results available to everyone. By upholding its commitment to continuous improvement, L'Oréal maintains an ongoing dialogue with its stakeholders, in order to share its

sustainability strategy and co-create its initiatives. This sustainability programme, along with its strong commitment to ethics, its policy of promoting diversity and inclusion, and its philanthropic activities (conducted with the support of the Fondation L'Oréal and by its brands), enable the Group to contribute to 16 of the 17 Sustainable Development Goals defined by the United Nations in 2015.

L'ORÉAL'S CONTRIBUTION TO THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS



2020

—

IN FIVE KEY FIGURES

- 81%



We have reduced the CO₂ emissions of our plants and distribution centres by 81%, in absolute terms, compared to 2005, while increasing our production volume by 29% in the same period.

96%



96% of products launched or renewed in 2019 have an improved social or environmental profile. Each time a product is created or renovated, its contribution to sustainability is now taken into account, in addition to its performance and profitability.

100,905



The number of people from underprivileged communities who have gained access to employment through one of our Group's programmes.

100%



The proportion of our brands that have conducted an assessment of their environmental and social impact.

3A

In 2020, for the fifth year running, our Group was awarded a triple 'A', the best possible score, in each of the rankings conducted by CDP on three key topics: fighting climate change, managing water sustainably and protecting forests. We are the only company worldwide to have achieved 3 'As' from CDP five years in a row.






SHARING BEAUTY WITH ALL

2020 RESULTS






The year 2020 marks the end of the *Sharing Beauty with All* programme, the Group's first generation of sustainability commitments, established in 2013. This programme placed sustainability at the heart of the company's strategy, and set concrete commitments to achieve by the end of 2020, from product design and raw material sourcing to production and distribution. The following table provides an overview of the programme's final results.

✓ Social, societal, environmental and health and safety data in this report was verified by the Group's auditors Deloitte & Associés and PricewaterhouseCoopers Audit, and are indicated throughout by symbols highlighting the level of audit assurance: ☺ (moderate) and ☻ (reasonable). Please refer to the methodological note and 2020 Assurance Report published in the 'Publications' available at: loreal.com/en/publications/sharing-beauty-with-all-publications/



Innovating sustainably

2020 TARGETS	2020 RESULTS	2019 RESULTS
 <p>100% of L'Oréal products will have an improved environmental or social profile.</p> <p>Every time the Group creates or renovates a product, it will improve the product's environmental or social profile with regard to at least one of these four criteria:</p>	<p>96% ☺ of new or renovated products have an improved environmental or social profile.</p>	85%
 <ul style="list-style-type: none"> the new formula reduces the product's environmental footprint, particularly with regard to water use; 	<p>39% ☺ of new or renovated products now have an improved environmental profile due to a new formula with a lower environmental footprint.</p>	46%
 <ul style="list-style-type: none"> the new formula uses renewable raw materials that are sustainably sourced or derived from green chemistry; 	<p>69% ☺ of new or renovated products now have an improved environmental profile due to a new formula incorporating renewable raw materials that are either sustainably sourced or respect the principles of green chemistry.</p>	59%
 <ul style="list-style-type: none"> the new product has a positive social impact; 	<p>49% of new or renovated products now have an improved social profile, as they incorporate raw materials from Solidarity Sourcing programmes.</p>	40%
 <ul style="list-style-type: none"> the new packaging has an improved environmental profile. 	<p>85% ☺ of new or renovated products now have an improved environmental profile due to packaging with a lower environmental footprint.</p>	67%

Producing sustainably

2020 TARGETS	2020 RESULTS	2019 RESULTS
 <p>L'Oréal will reduce the CO₂ emissions generated by its plants and distribution centres by 60% in absolute terms, compared to 2005.</p>	<p>-81% reduction in CO₂ emissions from plants and distribution centres since 2005.</p>	- 78%
 <p>L'Oréal will cut the CO₂ emissions linked to the transport of its products by 20% (in gram of CO₂ per sales unit per km), compared to 2011.</p>	<p>-24% reduction in CO₂ emissions linked to the transport of products (in gram of CO₂ per sales unit per km) since 2011 with 434,293 tonnes of CO₂ emitted in 2020.</p>	- 12%
 <p>L'Oréal will lower its water consumption by 60% per finished product, compared to 2005.</p>	<p>-49% decrease in water consumption at plants and distribution centres since 2005 (in litre/finished product).</p>	- 51%
 <p>L'Oréal will reduce its waste generation by 60% per finished product, compared to 2005.</p>	<p>-37% reduction in waste generated from plants and distribution centres since 2005 (in gram per finished product).</p>	- 35%
 <p>L'Oréal will send zero industrial waste to landfill.</p>	<p>The 0 ☺ waste to landfill goal* (beyond regulatory requirements) for all factories and distribution centres was achieved in 2018.</p>	

*Beyond local regulatory requirements and with the exception of food waste at two sites.

2020 TARGETS	2020 RESULTS	2019 RESULTS
 <p>L'Oréal will evaluate the environmental and social profile of all its products using an assessment tool. All brands will make this information publicly available to allow consumers to make sustainable choices.</p>	<p>100% of new or renovated products in 2020 were assessed using our product assessment tool[*].</p> <p>The indicator of the percentage of brands that communicate information arising from the SPOT tool to consumers will be completed as soon as the social and environmental display system is finalised. The system is currently being developed and implemented.</p>	100%
 <p>All brands will assess their environmental and social impact and make commitments to improve it.</p>	<p>100% ✓ of the international brands present in the Group in 2013 have assessed their social and environmental impact. Including the acquisitions since 2013, the percentage would be 89%.</p>	99%
 <p>Every brand will report on its sustainability progress and raise consumer awareness of its commitments.</p>	<p>79% of brands conducted a consumer awareness initiative.</p>	57%
 <p>Consumers will be able to influence L'Oréal's sustainability efforts through a consumer advisory committee.</p>	<p>In 2020, in an extension of the advisory committee established in 2016, L'Oréal continued its policy of actively listening to consumers on sustainability topics. This encompassed multiple studies conducted among American, Indian and European consumer panels, enabling the Group to understand their expectations and refine its policies.</p>	

Developing sustainably...

2020 TARGETS	2020 RESULTS	2019 RESULTS
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... with communities

 <p>By 2020, L'Oréal will enable more than 100,000 people from underprivileged communities to gain access to employment through the following programmes:</p>	<p>100,905 ✓ people from underprivileged communities gained access to employment.</p>	90,635 people
 <p>• Solidarity Sourcing programme;</p>	<p>81,138 ✓ people gained access to work through the Solidarity Sourcing programme.</p>	70,912 people
 <p>• vocational training in the beauty sector;</p>	<p>18,386 people in situations of significant vulnerability were trained in beauty professions.</p>	18,443 people
 <p>• equal opportunities for people with disabilities.</p>	<p>1,381 people with disabilities work for L'Oréal.</p>	1,280 people

... with suppliers

 <p>L'Oréal will assess and select all strategic suppliers on the basis of their environmental and social performance.</p>	<p>97% ✓ of the Group's strategic suppliers^{**} have been assessed and selected to date on the basis of their environmental and social performance^{***}.</p>	87%
 <p>All strategic suppliers will assess their own sustainability policy, with L'Oréal's support.</p>	<p>99% of strategic suppliers have completed a self-assessment of their sustainability policy with L'Oréal's support.^{****}</p>	96%
 <p>All suppliers will have access to L'Oréal training tools to improve their sustainability policies.</p>	<p>Our dedicated online training platform was launched at the end of October 2016. It is firstly being made available to strategic suppliers, before being gradually implemented more broadly.</p>	
 <p>20% of strategic suppliers will support the Solidarity Sourcing programme.</p>	<p>22% ✓ strategic suppliers are involved in the Solidarity Sourcing programme.</p>	17%

... with employees

 <p>Employees will benefit from health cover that reflects best practice in their country of residence.</p>	<p>96% ✓ of the Group's permanent employees benefit from health cover that reflects best practice in their country of residence.</p>	94%
 <p>Employees will benefit from financial protection in the event of a life-changing accident.</p>	<p>92% ✓ of the Group's permanent employees have access to financial protection in the event of a life-changing accident (death or permanent disability).</p>	91%
 <p>Every L'Oréal employee will be able to attend at least one training session per year, wherever they are in the world.</p>	<p>100% ✓ of the Group's employees benefitted from at least one training session in 2020.</p>	96%

* The scope includes products made by L'Oréal (except full-buy, recent acquisitions, testers and samples, etc.) since the beginning of the *Sharing Beauty with All* program in 2013.

** 'Strategic suppliers' are suppliers whose added value is significant for the Group by contributing to L'Oréal's strategy through their weight, innovations, shared goals and geographical representation.

*** The number of suppliers assessed represents more than 85% of direct purchases by value (raw materials, items of packaging and sub-contracting). Elsewhere, in 2020, 1,268 audits were conducted, bringing the total to more than 13,600 since 2006.

**** The percentage is derived from the calculation of the number of suppliers that had, in 2020, had their social, environmental and ethical policies (as well as the implementation of these policies among their own suppliers) assessed by Ecovadis.

INNOVATING SUSTAINABLY



Barbara Lavernos,
Chief Research, Innovation
and Technology Officer

“*Innovating sustainably means taking full advantage of the fundamental trends transforming the universe of Research and Innovation, in order to best serve consumers and the environment. Whether it’s reducing the environmental footprint of formulas, respecting biodiversity thanks to a sustainable, responsible sourcing policy for raw materials, eco-designing packaging, or pursuing zero deforestation commitments – over these last few years, our teams have taken multiple opportunities to address the environmental crisis and offer our consumers more sustainable products.*”

2020 RESULTS

IMPROVING PRODUCTS



96% ✓

of new or renovated products in 2020 present an improved social or environmental profile.*

ENVIRONMENTAL FOOTPRINT OF FORMULAS



39% ✓

of new or renovated products present an improved environmental profile, thanks to a new formula with a reduced environmental footprint.

RAW MATERIALS AND BIODIVERSITY



69% ✓

of new or renovated products now have an improved environmental profile thanks to a new formula incorporating renewable raw materials that are either sustainably sourced or respect the principles of green chemistry.

SOCIAL IMPACT OF PRODUCTS



49%

of new or renovated products have an improved social profile as they include, in particular, raw materials produced through *Solidarity Sourcing* programmes.

PACKAGING



85% ✓

of new or renovated products present an improved environmental profile, thanks to packaging with a reduced environmental footprint.



✓✓ See page 9 to learn more about the audit of indicators.

* This relates to new products, i.e. for which new formulas have been developed and produced for the first time within the Group's factories, or products for which packaging was created or renovated in 2020.

OUR ACHIEVEMENTS

Reducing the environmental impact of formulas and helping to ensure respect for biodiversity

AN ECO-DESIGN TOOL FOR FORMULAS

All the products made by the Group have been categorised in line with the benefits offered to the consumer, and we have already assessed 40,000 formulas, through an eco-design tool, called SPOT (Sustainable Product Optimization Tool), created in order to improve the environmental footprint of formulas. Used by all our formulation teams, this tool has notably helped to improve the biodegradability of formulas and to further integrate ingredients of natural origin.

Today, 59% (by volume) of raw materials used by L'Oréal are renewable, meaning they are largely of plant origin. This represents around 1,600 raw materials derived from nearly 350 plant species from around 100 countries.

87% (by volume) of these renewable raw materials are derived from certified sustainable sources.*

Optimising packaging

RESPECT, REDUCE AND REPLACE

Since 2007, L'Oréal has deployed a policy of responsible packaging called the '3Rs', based on three pillars: Respect, Reduce and Replace. We implemented a global and systematic process of eco-design for the packaging of finished products and transport packaging. This initiative has extended to publicity materials on point of sale (POS) displays since 2015. We undertake a systematic analysis of the environmental profile of packaging, using SPOT, the assessment tool that L'Oréal and our partners launched to develop the products and packaging of tomorrow.

Achieving zero deforestation

Since 2007, L'Oréal has implemented action plans in order to guarantee a sustainable supply of agricultural raw materials that may be vulnerable to causing deforestation, including palm oil, soya oil and wood fibre-based products. L'Oréal has a specific strategy for palm oil derivatives, in partnership with all stakeholders (producers, NGOs and suppliers): 100% of our palm oil, palm oil derivatives and palm kernel oil supplies have been certified sustainable according to RSPO criteria since 2012, and 92% of the main derivatives come from known sources (traceable back to the mills).

In 2020, 100% of the soya oil used by L'Oréal and sourced from Latin America was certified sustainable. Elsewhere, 100% of the paper used for product instructions and 100% of the cardboard for product packaging was derived from responsibly managed forests (with an FSC or PEFC certification).



2025 PLASTIC REDUCTION COMMITMENTS

Since 2018, the Group has been a partner of the Ellen MacArthur Foundation, with an ambition that 100% of our plastic packaging will be refillable, reusable, recyclable or compostable by 2025. Elsewhere, we have committed to ensuring that 100% of our plastic is derived from recycled or bio-sourced materials by 2030.

* The list of recognised certifications was defined with the support of the NGO the Rainforest Alliance in 2017. This list respects L'Oréal's sustainable sourcing criteria (which comprise 88 indicators). It was reviewed in 2019 by Ecocert Expert Consulting, The Biodiversity Consultancy and The Danish Institute for Human Rights.

PRODUCING SUSTAINABLY



Antoine Vanlaeys,
Chief Operations Officer

“Improving the environmental impacts of our sites and distribution centres has been a priority, and a vital first step in catalysing our process of sustainable transformation. Reducing greenhouse gas emissions, water consumption and waste, and lowering transport impacts, have become fundamental criteria of our manufacturing performance. In ten years, we have achieved a profound operational transformation, together with our entire ecosystem, and we’ve shown that decoupling growth from impact is possible.”

2020 RESULTS

CO₂ EMISSIONS FROM PLANTS AND DISTRIBUTION CENTRES SINCE 2005*

(kilo tonnes in absolute terms, based on GHG Protocol methodology, Scopes 1 and 2)

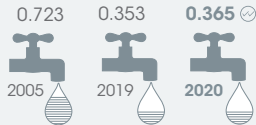
-81%



WATER CONSUMPTION IN PLANTS AND DISTRIBUTION CENTRES SINCE 2005

(in litres per finished product)

-49%



CO₂ EMISSIONS LINKED TO TRANSPORT SINCE 2011**

(in grams of CO₂ per sales unit per km)

-24%

347,942 ☺ tonnes of CO₂ emitted in 2020.



WASTE GENERATION IN PLANTS AND DISTRIBUTION CENTRES SINCE 2005

(in grams per finished product)

-37%



WASTE REUSED OR RECYCLED

96%
of manufacturing waste reused or recycled.



WASTE SENT TO LANDFILL***

zero industrial waste
sent to landfill.



☺☺ See page 9 to learn more about the audit of indicators.

* Indicator calculated according to the 'market-based' methodology defined by the GHG Protocol. These values take into account the emissions connected to refrigerant leaks.

** Indicator excludes the upstream transport of raw materials and semi-finished products, along with journeys linked to direct e-commerce and returns. The figures have been consolidated for the period from 1st November 2019 to 31st October 2020.

*** Beyond local regulatory requirements and with the exception of food waste at two sites.

OUR ACHIEVEMENTS

Reducing greenhouse gas emissions

IMPROVING ENERGY EFFICIENCY

For more than 20 years, the design and insulation of buildings, the optimisation of industrial processes and the use of less energy intensive technologies have enabled us to reduce the energy consumption of our industrial sites. In this way, between 2005 and 2020, we lowered our consumption by 33% (in kWh per 1,000 finished products). The Group has also undertaken to achieve ISO 50001 (energy management) certification for all its factories. By the end of 2020, 69% of its factories (or 27 factories) held the certification.

L'Oréal is growing its use of renewable energy thanks to initiatives adapted to each site and the purchase of electricity and renewable gas. By the end of 2020, 50 of the Group's industrial sites had achieved carbon neutrality, including 19 factories.

Elsewhere, our sustainable transport strategy is based on three pillars: reducing air freight and the introduction of the *Global Freight Cockpit* programme; the *Green Last Mile (GLAM)* programme, a collection of initiatives to reduce the environmental impact of transport in urban environments; and finally, the implementation of solutions enabling us to reduce CO₂ emissions on long distance road transport routes, known as *Greener Lanes*.

Reducing waste

A HIGHLY AMBITIOUS POLICY

We are applying a rigorous waste management policy, which goes well beyond compliance. This is an ambitious challenge, in terms of L'Oréal's stringent definition of waste, which is effectively any solid item that is not a finished product destined for consumption, whatever its subsequent treatment or future use might be. This includes, for example, raw material packaging or product packaging, or even the sludge from wastewater treatment plants. We are therefore implementing ambitious efforts to reduce waste at source, while ensuring that any residual waste is recovered for reuse or recycling. This has enabled the Group to reduce the volume of waste generated at its manufacturing sites by 37% since 2005 (in grams per finished product). Elsewhere, across our value chain, we are seeking to promote eco-design, resource efficiency and local waste management. Wherever we operate, the Group seeks to integrate itself within circular economy networks, creating industrial synergies with other local stakeholders.



Reducing water consumption

WATERLOOP FACTORY GOAL

In addition to reusing, treating and recycling used water in our factories, we continue to deploy technologies enabling factories to become 'waterloop factories'. This concept consists in only using public water supplies for human consumption and for the production of high quality water used as an ingredient in our products. All the water needed for production processes (cleaning equipment, producing steam etc.) is entirely derived from water recycled. We first put the 'waterloop factory' concept into action in 2017 at our Burgos factory in Spain. In 2020, we also applied the concept at our sites in Settimo, Italy, Vorsino, Russia, Libramont in Belgium and Mexico City in Mexico. We will progressively implement this concept throughout all our factories.



NET ZERO CO₂ EMISSIONS BY 2050

In September 2019, L'Oréal joined the UN's *Business Ambition for 1.5°C* initiative and committed to zero net carbon emissions by 2050, contributing in this way to keeping global warming below 1.5°C compared to pre-industrial levels.

LIVING SUSTAINABLY



Alexis Perakis-Valat,
President, Consumer Products

“Listening to consumers’ expectations for environmental responsibility but also for natural products, so we can help them make more sustainable consumption choices, sits at the heart of our concerns. To do that, we gather all the information on the environmental and social impact of our products, and evaluate the footprint of every product, adopting an approach of continuous improvement. Our brands also draw on their ability to influence to lead awareness campaigns, and improve consumption practices and habits around their products. We want to make sustainability desirable, inviting everyone to act with us, and enter into a virtuous chain of responsible consumption.”

2020 RESULTS

PRODUCTS EVALUATED



100%

of new or renovated products in 2020 were evaluated using the product assessment tool.*

EVALUATION AND REPORTING



100% ✓

of brands have evaluated their social and environmental impact. Including acquisitions since 2013, the percentage would be 89%. **

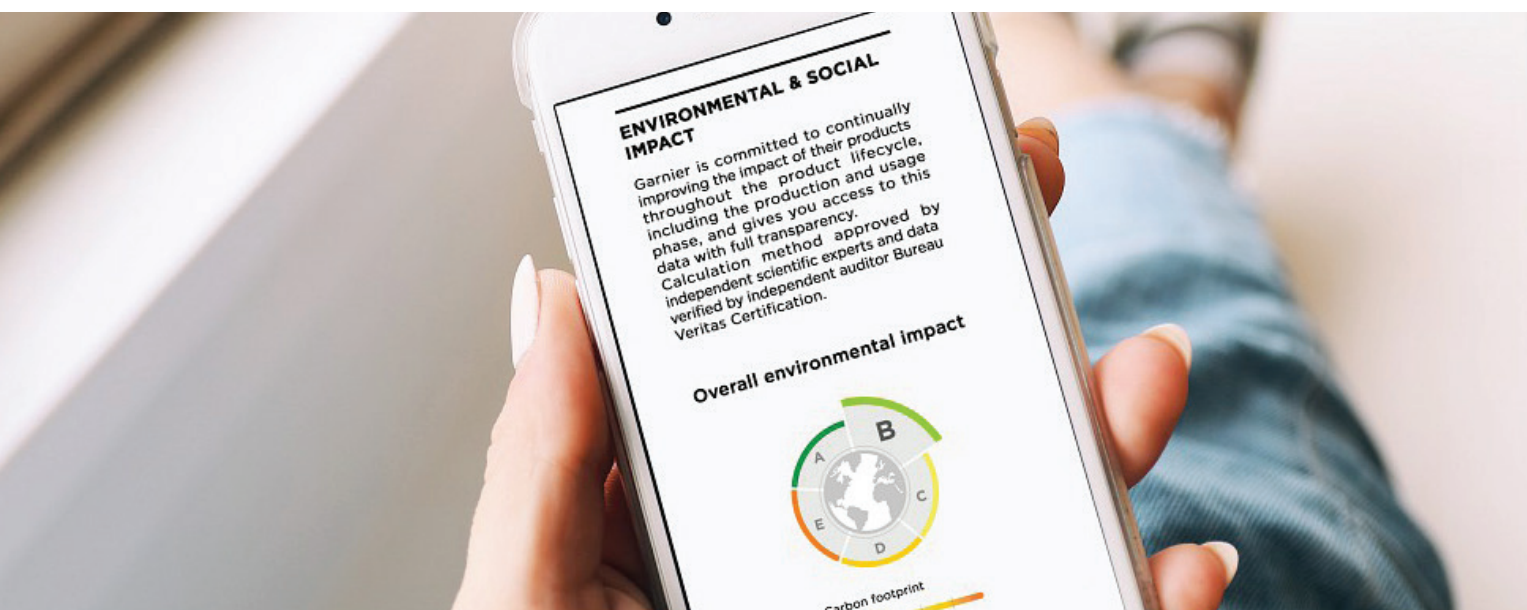
RAISING AWARENESS AMONG CONSUMERS



79%

of brands conducted a consumer awareness initiative.**

In 2020, through the ongoing consultative committee established in 2016, L'Oréal has continued its active listening policy among consumers on sustainability topics, undertaking multiple studies among panels of American, Indian, Chinese and European consumers to understand their expectations and refine our policies.



✓✓ See page 9 to learn more about the audit of indicators.

* The scope covers products produced by L'Oréal (except full-buy, recent acquisitions, testers and samples, etc.).

** Percentage calculated compared to consolidated sales for 2019.

OUR ACHIEVEMENTS

Assessing product footprints

SPOT: A UNIQUE EVALUATION TOOL

Between 2014 and 2016, L'Oréal's Sustainability, Packaging and Research teams worked on developing an innovative tool allowing them to assess the social and environmental performance of the Group's products, and integrate, for the first time, social as well as environmental criteria. The Group implemented the tool, known as the *Sustainable Product Optimisation Tool (SPOT)*, in 2017 across all its brands. In 2020, the Group evaluated the social and environmental profile of all the products developed during the year using this tool. L'Oréal shared its evaluation method for the environmental footprint of packaging, as developed through SPOT, with the SPICE initiative in 2018, co-created by L'Oréal and the consultancy Quantis, in order to help standardise methods for evaluating the environmental footprint of packaging.

A METHODOLOGY CO-CREATED WITH EXPERTS

To create the tool, L'Oréal convened a panel of 11 international experts, who contributed to developing the methodology – in line with European Product Environmental Footprint standards – in order to ensure that the final methodology would lead to a relevant and robust assessment of impacts.

RAISING AWARENESS OF SUSTAINABLE CONSUMPTION

Evaluating and reducing the impacts of our products is an integral part of our sustainability transformation. It is also important that we share this information with our consumers so they can make more sustainable, informed choices. That is why L'Oréal's teams have developed a social and environmental display mechanism for products, accessible via our product web pages. We launched it in July 2020, starting with Garnier's haircare range in France.

* Percentage calculated compared to consolidated sales for 2020.
** Distract, Delegate, Document, Direct, Delay.

Mobilising our stakeholders

ENGAGED AND ENGAGING CAMPAIGNS

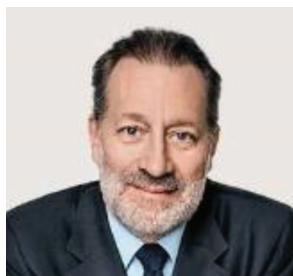
Conscious of the influential capacity of its brands, L'Oréal encourages them to raise awareness and foster action among its partners, customers and consumers on today's major social and environmental issues. Each brand must therefore identify a cause of their own and conduct awareness campaigns. In 2020, 79% of brands conducted this type of activity.*

Significant brand causes were launched in 2020:

- L'Oréal Paris and the organisation Hollaback! joined forces to fight against street harassment, through the *Stand Up* programme. In this way, the brand has launched training campaigns using the '5D** methodology', in order to encourage women and men to intervene in a confident way if they experience or witness harassment in the street. The programme reached more than 100,000 people globally in 2020.
- Through its *Brave Together* programme, the Maybelline New York brand participates in the fight against anxiety and depression for young people. The goal is to offer one-to-one support and accompany those who are in difficulty, as well as their loved ones. The brand supports the *Crisis Text Line*, which offers free and confidential advice. Maybelline New York has committed to investing \$10 million during the next five years in organisations working to promote mental health worldwide.
- Yves Saint Laurent Beauté has committed to contributing to the fight against domestic violence by launching a global programme called *Loving without abusing*. The goal is to raise awareness among 2 million people of the signs of domestic violence by 2030, through partnerships with local NGOs.



DEVELOPING SUSTAINABLY



Jean-Claude Le Grand,
Chief Human Relations Officer

“Developing sustainably means demonstrating solidarity and responsibility towards the Group’s stakeholders, but also towards society. Throughout the world, we wanted to guarantee that our employees would benefit from best practice in social innovation, involve our suppliers in our sustainability efforts, and help promote access to employment for people in situations of vulnerability. This social and societal policy forms part of the Group’s longstanding values. Integrating it within the Sharing Beauty with All programme was a natural step.”

2020 RESULTS

TOTAL BENEFICIARIES



100,905 ✓

people from underprivileged communities who gained access to employment.

SOLIDARITY SOURCING



81,138 ✓

people gained access to employment, thanks to an inclusive purchasing programme.

VOCATIONAL TRAINING IN THE BEAUTY SECTOR



18,386

people in situations of serious vulnerability participated in free vocational training in the beauty sector through the *Beauty For a Better Life* programme, supported by the Fondation L'Oréal.

HIRING PEOPLE WITH DISABILITIES*



1,381

people with disabilities work for L'Oréal.

OUR ACHIEVEMENTS

Promoting access to employment and social inclusion

Our *Solidarity Sourcing* programme, established in 2010, directs a proportion of the Group's global purchases to suppliers who give people who are typically excluded from the job market access to work and a sustainable income. This includes companies that employ people from economically underprivileged communities, firms that may not typically be able to access major international calls for tenders, and micro-enterprises.

The *Solidarity Sourcing* programme is active across all the regions where L'Oréal operates and covers all types of purchases, including raw materials, contract manufacturing and promotional items. In 2020, it enabled 81,138 people from communities facing social or financial challenges to gain access to or retain a job and a decent income.

Through *Beauty For a Better Life*, the Fondation L'Oréal offers free vocational training in beauty sector skills, drawing on the Group's expertise in fields such as hairdressing and make-up. It supports people in difficult living situations, and women who may be particularly vulnerable socially or economically.

In another effort to promote inclusion, L'Oréal counted 1,381 people with disabilities among its employees in 2020.



2020 RESULTS

SELECTION

97% ✓



of the Group's strategic suppliers* ** have been assessed and selected based on their environmental and social performance. They represent 85% of direct purchases (raw materials, packaging and contract manufacturing).

SELF-ASSESSMENT

99%



of strategic suppliers* ** have completed a self-assessment of their sustainability policy, with L'Oréal's support.

We launched a dedicated training platform at the end of October 2016. Initially open to strategic suppliers, it will gradually be implemented more widely.

22% ✓

of strategic suppliers are involved in *Solidarity Sourcing* programmes.

2020 RESULTS

HEALTHCARE***

96%*** ✓



of the Group's permanent employees benefit from health cover in line with best practices in their country of residence.

FINANCIAL SECURITY***

92%*** ✓



of the Group's permanent employees benefit from financial protection in line with best practices in the market, in the event of a life-changing accident, including death or permanent disability.

TRAINING***

100% ✓



of the Group's permanent employees benefited from at least one training session in 2020.

Placing employees at the centre of Group commitments

Launched in 2013, the *L'Oréal Share & Care* programme was implemented with the ambitious aim of achieving a common foundation for social protection in all the countries where the Group has subsidiaries, and for L'Oréal to become one of the most high-performing companies in each regional market across all four areas of the programme:

- *Care*: healthcare, with health cover and access to high-quality care for employees and their families;
- *Protect*: a social protection scheme to provide financial support in the event of an unexpected life accident;
- *Balance*: parenthood, to enable them to live maternity and paternity to the full, while pursuing their careers;
- *Enjoy*: quality of life at work.

Empowering suppliers

With approximately 28% of the Group's carbon footprint arising from its suppliers' activities, L'Oréal has encouraged suppliers to work with CDP, within the scope of the CDP *Supply Chain* programme, since 2009. In this way, we have encouraged suppliers to develop carbon emissions reduction goals and communicate their action plans towards 2020.

In 2020, 484 L'Oréal suppliers undertook an initiative of this kind, which represents 87% of the Group's direct purchases.

PROMOTING EMPLOYEE ENGAGEMENT

L'Oréal invites its employees to participate in *Citizen Day* each year, a day of citizen action.

In 2020, given the Covid-19 health crisis, *Citizen Day* adapted to the situation and undertook a remote solidarity effort. On the agenda were e-volunteering missions, online solidarity hackathons, payroll giving and charity crowdfunding campaigns.

This solidarity effort engaged nearly 7,600 L'Oréal employees, delivering 19,000 hours of volunteering, enabling us to support 275 organisations in 24 countries.



✓✓ Voir page 9 pour en savoir plus sur l'audit des indicateurs.

* This figure takes into account the total number of disabled employees (with permanent and fixed-term employment contracts) as of 31 December 2020. This indicator only takes into account employees who wanted to declare their disability and have it recognised, as all the employees concerned do not systematically wish to do so.

** Strategic suppliers are suppliers whose added value is significant for the Group. They make a long-term contribution to L'Oréal's strategy through their weight, innovations, shared goals and geographical representation.

*** The Venezuela subsidiaries were deconsolidated on 31st December 2015. Certain acquisitions or subsidiaries (Azzaro Mugler, Modiface, Styleria Japan, Ivory Coast, Bangladesh) for which the information management system has not yet been integrated within the Group system, are excluded from this report. They represent 0.36% of the Group's employees.

**** The (beauty) Group's permanent employees, except, in certain countries, part-time contracts of less than 21 hours per week, temporary contracts, beauty advisors and store employees, while noting that the integration of recent acquisitions and new subsidiaries is gradual.

TESTIMONIES

OF OUR STAKEHOLDERS



"L'Oréal is showing truly market-leading ambition and holistic thinking with a suite of ambitious new targets across climate, water, biodiversity and resource use, covering the whole value chain and building on L'Oréal's sciencebased target, which is aligned with a 1.5°C future. To achieve a sustainable economy that prospers within planetary boundaries, this is what we need all companies to be doing."

Dexter Galvin,

Global Director of Corporations & Supply Chains, CDP



"We began working with L'Oréal in 2017 when we were seeking partners to join us in developing and commercialising our innovative enzymatic PET recycling technology. L'Oréal rapidly wanted to play a more significant role in our group our partners, which immediately showed us that the company's sustainability commitments translate into concrete actions and the provision of human, technical and financial resources, which is regrettably not always the case within corporate collaborations."

Martin Stephan,

Deputy Director General of CARBIO



"We are pleased to see L'Oréal build on the New Plastics Economy Global Commitment 2025 targets, raising their ambition level further for 2030. Reducing their packaging intensity through innovations in reuse models, concentrated products, and packaging design, along with fully decoupling their use of plastics from virgin fossil resources by 2030, will significantly contribute towards a circular economy for plastic, in which it never becomes waste or pollution."

Sander Defruyt,

New Plastics Economy Lead at the Ellen MacArthur Foundation



"We started working with L'Oréal about five years ago on their Carbon Balanced programme. Focused on insetting, the programme is among the most ambitious and forward looking in the world of corporate sustainability and positively impacted ecosystems and communities around the world. No wonder many other companies are now following L'Oréal's leadership and are employing insetting strategies themselves. Beyond climate, L'Oréal has a very holistic sustainability strategy, encompassing forest conservation, communities, water and biodiversity among other topics. At South Pole, we feel very honoured to be able to support L'Oréal to realise their ambitious sustainability visions."

Christopher Politano,

Sustainability Adviser, South Pole



"L'Oréal and DB Schenker share the same view on sustainability challenges, and therefore for many years have collaborated to reduce both the negative social and environmental impacts of their shared logistics networks. As a business leader in transport and logistics, DB Schenker has supported L'Oréal in implementing its sustainability strategy; Sharing Beauty with All. In the same way, L'Oréal's initiatives have enabled DB Schenker to make further progress in this area."

Tariel Chamerois,

Head of Sustainability, France & Maghreb, DB Schenker

REPORTING

A RECOGNISED NON-FINANCIAL PERFORMANCE

Every year, we communicate transparently, providing data on our corporate social and environmental responsibility strategy, challenges and results in three reports: the Universal Registration Document, L'Oréal's annual report to the United Nations Global Compact (UN Global Compact), and its *Sharing Beauty with All* Progress Report. More than ever in 2020, L'Oréal's sustainability performance and its reporting via robust, reliable indicators verified by external auditors, have enabled the Group to be recognised by the most demanding global organisations in this area.



In 2020, for the fifth year running, L'Oréal achieved an 'A' score in all three of the rankings conducted by CDP, for its efforts to fight climate change, manage water sustainably and protect forests. L'Oréal is the only company in the world to have been recognised for achieving the highest level of performance for five consecutive years. CDP is an independent, international organisation that evaluates companies' environmental performance.



L'Oréal supports the UN *Global Compact*, and in 2015, joined its LEAD programme, which brings together the companies that are the most committed to sustainability.



For the ninth year running, the extra-financial rating agency ISS-Oekom presented L'Oréal with Prime status, which recognises the best performing companies.



The Group is ranked among the 380 businesses listed on the 2021 Bloomberg Gender-Equality Index, for the fourth year running. The index highlights 380 companies in 44 countries and regions, and is based on multiple criteria, notably female leadership, talent management, parity, inclusivity and policies on sexual harassment.



In December 2020, the extra-financial rating agency Vigeo Eiris once again included L'Oréal in multiple Euronext Vigeo Eiris indices.



This ethical reputation index ranked L'Oréal as No. 5 globally. This ranking comprises world's largest companies and takes into account environmental, social, governance and human rights topics.



The Ethisphere Institute, global leader in defining and advancing the standards of ethical business practices, ranked L'Oréal for the twelfth time as one of the 'World's Most Ethical Companies'.



In 2020, L'Oréal was rewarded with an AAA rating (on a scale of AAA to CCC) in the ranking of MSCI Indexes on ESG, governance and human rights.*

Prepared and edited by L'Oréal's Corporate Responsibility Department.

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L'ORÉAL

Incorporated in France
as a 'Société Anonyme'
with a registered capital
of €111,974,316.00
632 012 100 R.C.S. Paris

Headquarters:
41, rue Martre
92117 Clichy Cedex
France
Tel: +33 (0)1 47 56 70 00

Registered office:
14, rue Royale
75008 Paris
France