

PROTECTING FORESTS

Forests cover 31% of the world's land area. They are the Earth's green lungs, home to the richest terrestrial biodiversity and are key to combatting global warming. They are vital to human activity and give us the raw materials needed to make many of our ingredients. That is why L'Oréal is pursuing and scaling up actions to ensure the sustainable use of forest-related materials, along with the protection and restoration of forests and their related ecosystems.

In 2007, we put in place guarantees to ensure a sustainable supply of raw materials sourced from forest areas. And, in 2014, with the release of our first Zero Deforestation Policy, we pledged to ensure

no ingredients in formulas or paper and cardboard for packaging would contribute to deforestation. We have therefore implemented action plans to ensure the sustainable sourcing of priority raw materials liable to lead to deforestation, such as palm oil, soya oil and wood-fibre-based products.

L'Oréal is determined to build on its bedrock of progress, which is why we established an even more ambitious approach through our new 2030 Forest Policy to extend the scope and depth of our action with a focus on human rights and improved living conditions for local communities.

2030 TARGETS

BY 2030,

100%

of the biobased ingredients for formulas and packaging materials will be traceable and will come from sustainable sources, none of them will be linked to deforestation.



In 2022, 98% of the paper used for product leaflets and 99% of the cardboard used for folding boxes for finished goods were certified as coming from sustainably managed forests.



100%

of purchases of palm oil have been certified as sustainable according to RSPO criteria since 2010, and of palm oil and palm kernel derivatives since 2012.

PROTECTING FORESTS
AT THE HEART OF
L'ORÉAL
POUR LE FUTUR

TRANSFORMING OURSELVES

- L'Oréal 2030 Forest Policy
- Deforestation-free and sustainable palm oil sourcing

EMPOWERING OUR BUSINESS ECOSYSTEM

- Supporting independent smallholders

CONTRIBUTING TO SOLVING THE CHALLENGES OF THE WORLD

- The L'Oréal Fund for Nature Regeneration

DID YOU KNOW?

To promote greater transparency, we publish an annual list of the mills indirectly connected to our supply chain, representing 90% of the palm derivatives we use.



In 2022, for the 7th consecutive year, the NGO CDP awarded L'Oréal an A for its actions to protect forests.

* Ingredients in our formulas

01 | L'ORÉAL'S 2030 FOREST POLICY

WE PLEDGE TO SUSTAINABLY MANAGE, PRESERVE, AND REHABILITATE FORESTS.

We prioritise strategic ingredients derived from ecosystems that may be more vulnerable due to their fragility, rich biodiversity or the services and livelihoods they support.

To guide this work, we developed the L'Oréal 2030 Forest Policy, which sets out:



- the scope



- our overall pathway to sustainable and responsible sourcing of forest-related materials.



- the scale of our ambition

BY 2030, WE PLEDGE THAT:

- 1 100% of the sourcing of our overall portfolio of forest-related raw materials for formulas, packaging materials and POS will comply with 'No Deforestation, No Peat, No Exploitation' (NDPE) principles, respect human rights and support local livelihoods;
- 2 The operations of our suppliers will comply with the above principles;
- 3 In addition to ensuring this compliance, we will proactively protect forests in our strategic sourcing zones.

02 | DEFORESTATION-FREE AND SUSTAINABLE PALM OIL SOURCING

In 2022, L'Oréal consumed:

- less than **284 tonnes** of palm oil
- **88,156 tonnes** of palm oil and palm kernel oil through derivatives (such as glycerine, fatty acids or fatty alcohols).

100%

of the palm oil it purchases meets Roundtable on Sustainable Palm Oil (RSPO) standards, via the Segregated (SG) model, which is one of the most demanding.

100% of derivatives are also certified. L'Oréal increased the share of its physically certified purchases to 99% of RSPO Mass Balance by late 2022.

OUR CHALLENGE:

Ensure the traceability of palm oil derivatives and improve practices throughout the supply chain.

OUR ACTION:

The Group has chosen to go beyond RSPO certification.



WHY?

To ensure deforestation-free and sustainable palm oil sourcing.

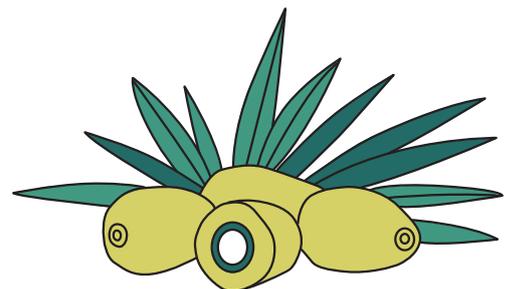
HOW?

Since 2014, L'Oréal has rolled out an approach without precedent in the oleochemicals industry by mapping its entire supply chain and tracing derivatives back to their source.



DID YOU KNOW?

100% of L'Oréal purchases of palm oil and palm derivatives have been certified as sustainable in line with RSPO standards since 2012. 96% of our palm derivatives came from identified sources (traced back to the mill) in 2022. 25.4% were physically connected to sustainable sourcing projects supporting independent smallholders in Indonesia and Malaysia.



SUPPORTING INDEPENDENT SMALLHOLDERS

L'Oréal is also committed to supporting independent smallholders, who face challenges such as gaining access to sustainability certification and improving their living conditions. Through a multi-stakeholder partnership, **L'Oréal helps to connect independent smallholders to market demand for "Zero Deforestation" palm oil, fostering sustainable agricultural practices.**

In 2015, L'Oréal launched a pilot project called "SPOTS" (Sustainable Palm Oil & Traceability with Sabah small producers). L'Oréal worked with its suppliers and Wild Asia

to scale up the project and extend its positive impact to the entire state of Sabah by 2025. The aim of this regional cooperation is twofold: **to extend RSPO certification to 3,500 independent producers, i.e. 100,000 hectares of plantations, while encouraging the adoption of regenerative agricultural practices for palm oil production.**

To date, the SPOTS programme supports 2,030 independent smallholders. About 85% of them are RSPO-certified and collectively, they cover over 51,851 ha of total combined certified area nationwide.



03 | THE L'ORÉAL FUND FOR NATURE REGENERATION

FOCUS

WHAT IS IMPACT INVESTING?

Impact investing is socially responsible investing with two inseparable goals:

- generate a positive environmental or social impact
- ensure a financial return

As part of its L'Oréal for the Future programme, the Group decided to invest in two major environmental issues: **the regeneration of nature and the acceleration of the circular economy.**

In 2020, as part of our efforts to protect biodiversity, we chose to look beyond our own value chain by creating the **L'Oréal Fund for Nature Regeneration.**

L'ORÉAL FUND FOR NATURE REGENERATION

Type: Impact fund

Endowment: 50 million euros

Vision: Combining financial performance with the creation of environmental and social value

2030 TARGETS



Preserve or restore one million hectares of ecosystem



Capture 15 to 20 million tonnes of CO₂



Create hundreds of jobs

The Fund is supporting projects to rehabilitate degraded lands, regenerate mangrove swamps, and restore marine areas and forests.

EXAMPLES OF SUPPORTED PROJECTS:

- Forest regeneration in Brazil
- Land rewilding in the UK
- Agricultural decarbonisation in Europe
- Carbon sequestration in tropical areas