



**UK Modern Slavery Act
Statement 2020**

L'ORÉAL
UK & IRELAND

Our long-standing commitment to ethics and human rights

The L'Oréal Group's human rights policy is based on the four Ethical Principles at the heart of our Global Code of Ethics: Integrity, Respect, Courage, Transparency.

At L'Oréal UK & Ireland, our efforts with regard to modern slavery are part of our wider human rights programme as we know that the abuse of different human rights are often interrelated.

As with all human rights violations, the L'Oréal Group has a zero-tolerance policy regarding any type of forced labour including modern slavery.

This statement follows on from previous statements (2016 – 2019) and describes the steps that L'Oréal UK has taken to prevent modern slavery during the year ending December 2020 (including human trafficking taking place in our business and supply chains). It responds to the Modern Slavery Act 2015 and has been approved by the Board of Directors of L'Oréal (UK) Limited.

This statement is focused on the activities of the L'Oréal UK business and as such, this report should be read in conjunction with the public reporting of the L'Oréal Group. This Global reporting covers additional topics outside of the scope of the UK organisation, including the sourcing of ingredients and packaging materials.

As a signatory of the United Nations Global Compact since 2003, the L'Oréal Group is committed to respecting internationally recognised human rights.

L'Oréal is also committed to taking any necessary steps to identify and address any actual or potential adverse impacts in which any of its subsidiaries may be involved – either through our own operations or our business relationships. We support the Fundamental Conventions of the International Labour Organisation (ILO), even though these conventions have not been ratified by all of the countries where we are present. In particular, L'Oréal wants to help end the exploitation of children in the workplace and the use of forced labour. At L'Oréal we also believe that we can contribute to positive human rights impacts by playing our role as a responsible corporate citizen, addressing the root causes of human rights abuse.

The L'Oréal Group has been widely recognised for its responsible business practices, including those related to human rights. In 2020, L'Oréal was recognised for the 11th time as one of the “World's Most Ethical Companies” by the Ethisphere Institute, and was ranked world number five in the Covalence Ethical Quote ethical reputation index, for all economic sectors combined. This ranking covers the world's largest listed companies.

It reflects the perceptions of stakeholders, and the media and corporate communication sectors of the company in matters relating to the environment, social issues, governance and human rights. Also in 2020, L'Oréal was again named as a Global Compact LEAD company, a distinction reserved for participants firmly engaged in the world's largest international corporate sustainable development initiative.

Nevertheless, we are not complacent. As a Group, we are keen to be part of the movement that eradicates exploitative practices, once and for all. L'Oréal already has policies and procedures in place which help address this issue and in the future we will work to further strengthen them, and track our progress (both globally and here in the U.K.). This includes the Group's Human Rights Policy, published in 2017 and the Employee Human Rights Policy, published in 2020.

We recognise that modern slavery is a complex issue, which requires us to invest time and resources, and engage in collaboration such as through our membership of the Decent Work in Global Supply Chains platform of the United Nations Global Compact (UNGC).

Our organisation's structure, business and supply chains

L'Oréal is the world's largest cosmetics company registered at 14 Rue Royale, Paris, France.

We are present in 150 countries and employ 85,400 employees.

We produce skincare, colour cosmetics, hair care, hair colour, fragrances, men's grooming and sun care products.

At L'Oréal UK and Ireland, our employees work in a wide variety of roles and functions including sales, marketing and operations. We also employ beauty advisors in department stores and standalone boutiques across the UK and Ireland. Across the globe, L'Oréal produces products in 40 plants (none located in the UK & Ireland).

The L'Oréal Group relies on both direct and indirect suppliers worldwide for raw ingredients which are purchased by the L'Oréal Group in Paris. For that reason, the sourcing of individual ingredients is outside of the scope of this report but you can learn more about how we source at

<https://inside-our-products.loreal.com/>

L'Oréal UK & Ireland works with 987 suppliers for other products and services. For example, this includes suppliers of temporary staff, event management and local marketing or in-store materials.

Governance

Human rights are embedded in L'Oréal's governance structure.

L'Oréal's commitment to human rights and fundamental freedoms, the health and safety of people in the workplace and the environment is supported at the highest level of the Company by its Chairman and Chief Executive Officer who renews L'Oréal's commitment to the United Nations Global Compact each year. This is supported by the Board of Directors who place great importance on respecting L'Oréal's ethical principles – Integrity, Respect, Courage and Transparency – and more generally its Code of Ethics.

The global Chief Corporate Responsibility Officer, a member of the Executive Committee, is responsible for overseeing the respect of human rights and fundamental freedoms in the Group. This mission has been entrusted to her by L'Oréal's Chairman and Chief Executive Officer, to whom she reports. The Chief Corporate Responsibility Officer has a budget and a dedicated team composed of experts in Human Rights. She relies on all the Group's teams and resources to carry out her work.

The Human Rights Committee, chaired by the Chief Corporate Responsibility Officer and composed of representatives of the various activities, functions and geographic areas (including Purchasing, HR, CSR, Safety, Security, etc.), allows coordination and exchange on the implementation of the Group's Human Rights policy. Its primary objective is to enable the emergence of a human rights culture within the Group.

The Committee met in March, June and October 2020 to exchange views on a number of issues including the ways in which human rights are incorporated in the management of L'Oréal's supply chain.

At a country level, Country Managers are responsible for ensuring compliance with human rights and fundamental freedoms. The Human Resources teams locally are responsible for ensuring that the activities of the Subsidiaries respect employees' human rights and fundamental freedoms.

Each country has an **Ethics Correspondent** that supports the different corporate functions and acts as a local point of contact for all ethics-related questions from employees. Employees, as well as all other stakeholders, can use the L'Oréal Speak Up website as a secure mechanism for raising concerns directly with their Ethics Correspondent.

In addition, as of 2020, each country has a **Human Rights Correspondent** who, with the support of the global team, will contribute to solving and reporting on human rights related issues or cases, supporting local management in implementing action plans to address salient human rights issues within the market and coordinating with other internal stakeholders to solve these.

Employees may contact their manager, their Human Resources Director, their Legal Director, their Purchasing Director, their Human Rights Correspondent, their Ethics Correspondent and, ultimately, the Global Ethics and Human Rights Departments if they have any questions about compliance with the Applicable Rules.

Engaging with others

Human rights are embedded in L'Oréal's governance structure.

The Human Rights team is engaged with external stakeholders, including NGOs, institutions and associations specialised in this area.

L'Oréal maintains partnerships with:

- The Danish Institute for Human Rights
- Fair Wage network, an NGO based in Geneva which provides the Group with a data base on living wages in 200 countries and assists it in defining its strategy for deployment in operations and with strategic suppliers
- The United Nations Global Compact
- The Human Rights Coalition of the Consumer Goods Forum

In 2020, L'Oréal also began participation in Shift's Business Learning Programme.

Our policies

L'Oréal Human Rights policies

The Group published its first Human Rights Policy in 2017. This document is designed to share the Group's commitment around Human Rights issues with consumers, stakeholders and other interested groups, and how this commitment is respected in practice. The policy was communicated to L'Oréal UK and Ireland employees three times in 2020.

This approach is based on internationally recognised standards, namely the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the ILO Core Conventions that address child labour, forced labour, non-discrimination and the right to freedom of association and collective bargaining. Further information about the L'Oréal Human Rights Policy can be found at:

<https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/documents-media/publications/commitments/l-oreal-human-rights-policy.pdf>

L'Oréal Employee Human Rights Policy:

In 2020, L'Oréal launched a specific policy on Employee Human Rights that undertakes to respect a base of universal Human and Social Rights for its employees, regardless of their position or location in the world.

L'Oréal's Employee Human Rights Policy has been developed with input from internal and external stakeholders, including the Danish Institute for Human Rights and experts from the United Nations.

A particular focus of the policy is on securing a living wage for all L'Oréal employees worldwide, in partnership with the Fair Wage Network. The Group will ensure that all employees receive at least the minimum salary set by local law or the applicable collective agreements, and that they receive a living wage that covers their basic needs, calculated in line with best practices.

In addition to the living wage, the policy establishes concrete standards for topics ranging from freedom of association and prohibition of forced labour to freedom of expression and universal paid vacation.

<https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/documents-media/publications/commitments/employee-human-right-policy.pdf>

L'Oréal Code of Ethics

L'Oréal Code of Ethics ('The Way We Work') is currently available in 45 languages

This code of ethics is the reference document that brings the Group's ethical principles into the daily professional life of every employee. It applies to all employees of the L'Oréal Group and its subsidiaries world-wide. Each employee has access to the digital version of the code. This code, in addition to other information about our ethical principles is available online at:

<https://www.loreal.com/group/governance/acting-ethically.aspx>

Bringing ethics to life – internally and externally

Internally, L'Oréal has held an annual 'Ethics Day' since 2009, which allows employees across the world to ask questions of the company's Chairman and CEO about the application of the company's ethical principles (including on human rights).

We activated Ethics Day across all five sites in the UK and Ireland in 2020, with a full communications campaign. All questions were answered in writing and these questions (alongside detailed answers from the UK country manager) were published to all employees.

In addition to Ethics Day, we communicate regularly throughout the year on ethics and related topics. During the course of 2020, ethics communications focused on encouraging employees to utilise the Speak Up platform, raising awareness of our ethical and human rights policies and helping employees understand how to escalate any concerns locally. All communication was sent via our Country Manager and amplified across all internal channels including the intranet, our weekly all- employee newsletter and channels at sites which were operational during Covid-19 such as digital screens/posters in areas with high footfall (for example, the cafeteria and reception).

At all times throughout the year, the pillar of "transparency" is referenced wherever possible to emphasise this important ethical commitment. Employees also have access to a dedicated intranet site, which provides additional information on ethics, including human rights.

Externally, the Group has invested considerable resources in sharing L'Oréal's Ethics programme and how it is implemented, via the Group Corporate website. This includes work on human rights, commitment to the United Nations Global Compact, 'Buy and Care' programme and our L'Oréal for the Future programme.

Rules to prevent human rights abuses

L'Oréal has outlined the rules relating to potential Human Rights abuses in our Company Reference Document. All subsidiaries (including the UK) and all suppliers (including those based in the UK and/or supplying to L'Oréal UK) must comply with the following minimum common core rules.

Abolition of Child Labour:

L'Oréal has chosen to set a compulsory minimum hiring age of 16 for all staff; a minimum age which is higher than that required by Conventions no.138 and 182 of the ILO. All L'Oréal subsidiaries and suppliers are required to check the age of all new employees upon hire. L'Oréal prohibits the use of night-time work and hazardous work to employees under 18 and asks its suppliers to do the same.

Elimination of forced or compulsory labour:

L'Oréal refers to the definition of forced and compulsory labour as outlined in Convention no.29 of the ILO. Forced and compulsory labour is defined as 'all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.' All forms of forced labour carried out under physical constraint or threat is prohibited.

Consequently:

- Security personnel must only ensure the safety of persons and property;
- Unless there is a legal obligation, employees' identity papers, passports or any other personal documents cannot be retained from them. In the event of a legal obligation, the documents must be returned to the employee at their first request;
- Recourse to prison labour is possible when it is voluntary, within the scope of a professional reinsertion programme, and paid at the market rate. Suppliers must request authorisation from L'Oréal before they have recourse to this type of labour.

Freedom of association:

The employees' right to freedom of association and collective bargaining must be respected. Employee representatives must be elected without employer interference and be provided access to the work premises subject to safety and/or confidentiality requirements. Employees involved in union activities may not be discriminated against. In countries where freedom of association and the right to collective bargaining are limited or forbidden, L'Oréal encourages the development of other forms of expression and dialogue with employees to enable them to express their concerns.

'Rules to prevent human rights abuses' continued...

At L'Oréal, any salary deduction must be authorised by law. They cannot in any circumstances be used for the purposes of confiscation, or for the direct or in direct benefit of the employer. In addition, employees cannot be asked to pay for recruitment costs or to make cash deposits to obtain employment.

There are also detailed rules for non-discrimination, working hours and sexual/moral harassment. Further details can be found in our Company Reference Document (p129):

<https://www.loreal-finance.com/eng/universal-registration-document>

Other policies relating to modern slavery

In addition to the Code of Ethics, the Group has several ethics-related policies and processes. This policy architecture supports the work to identify, mitigate and remediate situations of modern slavery. A foundational process is the social audit programme, which provides a way of assessing and tracking risk. However, we know that while social audits can give us a helpful insight and snapshot of the risks, they are only part of the solution.

A snapshot of the key policies relating to human rights and modern slavery is shown here.

L'Oréal also recognises the need to hear the perspectives of people who have been potentially affected by these issues. It is important that we hear both from our own employees and those throughout our supply chain.

For our own employees we are able to hear any concerns through our ethics outreach (including our global Ethics Day activities) and other channels including Human Resources. We also carry out worker interviews as part of our supplier audits in addition to regular stakeholder forums to hear concerns from our supply chain.

Policy	Commitment
<p>The L'Oréal Spirit</p>	<p>This sets out the ethical commitment made by L'Oréal, its senior management and all of its employees to act ethically and responsibly. As a responsible employer, we commit to securing employee health, safety, security and privacy; supporting diversity; and preventing sexual and moral harassment. We also have a Group-wide commitment towards the abolition of child labour and forced labour and to actively seek out and favour business partners who share our ethical standards. The L'Oréal Spirit is displayed at entrances and meeting rooms in the UK.</p>
<p>L'Oréal For The Future</p>	<p>In line with the L'Oréal for the Future commitments, the Group is committed that by 2030, 100% of the Group's strategic suppliers' employees will be paid at least a living wage covering their basic needs and those of their dependents, calculated in line with best practices.</p>
<p>The Way We Buy</p>	<p>This is a practical guide to the Group's ethical purchasing standards and is designed to help employees manage suppliers. The Purchasing Department has worked hand-in-hand with the Office of the Chief Ethics Officer to create this guide for all staff when dealing with suppliers and it is available in 12 languages.*</p>
<p>Ethical Commitment Letter (ECL)</p>	<p>This is a requirement that must be signed by all relevant suppliers and subcontractors (as identified during the risk assessment process - requirements to sign the ECL are based on a specific set of rules, based on known risks and business exposure). In the ECL they are asked to comply with the Fundamental Conventions of the ILO, and local labour laws. Those suppliers who have been identified as required to sign this letter cannot work for the company if they have not done so. This includes a requirement for no forced or bonded labour. It also includes the provision which requires that no one under the age of 16 is hired without prior permission. Resource to prison labour is only possible with prior agreement, provided that it is voluntary within the scope of a professional reinsertion programme, and if paid at the market rate. The ECL also covers working hours, and the prohibition of harsh treatment and discrimination. Suppliers are asked to ensure transparency, remedy non-compliance, drive continuous improvement and ensure satisfactory resolution for people who have experienced harm.</p>

Policy	Commitment
Suppliers' Child Labour Policy	This outlines the requirements for suppliers (and subcontractors) for preventing child labour.
L'Oréal Buy & Care Programme	This was launched in 2002, this provides guidance in how to embed social, ethical and environmental concerns within the L'Oréal supply chain. L'Oréal asks its suppliers and subcontractors to comply with the Fundamental Conventions of the ILO as well as local legislation.
Purchase Commitments & Order Management	This aims to facilitate and strengthen L'Oréal's control over the spending and investments of the group.
General Terms of Purchase	The general terms of purchase, which include a requirement that goods and services supplied are not manufactured or sourced using forced labour.
L'Oréal Speak Up	The Group's whistleblowing policy (Speak Up) explains when and how L'Oréal employees, external staff as well as other stakeholders, can make a confidential Speak Up report about any grievances, areas of concern or areas for improvement. In 2020, 29 Speak Up reports were handled by L'Oréal UK and Ireland with none related to forced labour.

* <https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/8-audiences/doc/the-way-we-buy-1.pdf>

**<https://www.loreal.com/group/governance/acting-ethically/code-of-ethics-and-speak-up-policy/speakuppolicy/list>

Evaluation and incentives, and terms of contract

Evaluation & incentives

A respect for our ethical principles is integrated into the annual appraisal system for all employees – which in turn is linked to both remuneration and progression.

We consider three ethical competencies:

- “Takes accountability with courage and transparency”
- “Delivers both sustainable and short-term results with integrity”
- “Treats all individuals in a respectful and consistent manner”

Terms of contract

L'Oréal UK and Ireland's suppliers are expected to work to the company's Terms and Conditions of Supply of Goods and Services. This includes requirements that the goods shall “not be manufactured or sourced using forced, prison (except where under reintegration programmes during sentence, paid at market rate and with the prior written consent of the customer), and dangerous or concealed labour involving children under the age of 16 years' old”. They must also comply with the Fundamental ILO Conventions on freedom of association, the abolition of forced labour, equality and the elimination of child labour.

The country purchasing teams have the task of identifying new suppliers and recruiting them through the Welcome on Board (WOB) process. This process gives suppliers all of the necessary information to understand L'Oréal's expectations and processes.

The first objective is to obtain the supplier's commitment to our values. This is done through sharing our expectations relating to Human Rights and where appropriate the signing and submission of L'Oréal's Ethical Commitment Letter (ECL). This letter covers suppliers of raw materials, packaging components, contract manufacturing and point of sale/ promotional materials.

Suppliers are also required to inform L'Oréal about any sub-contracting work. For indirect suppliers, and marketing services, the ECL must be sent and signed according to a specific set of rules based on known risks and business exposure.

Due diligence

Risk assessments

The systems for managing risks apply at a Group level and to all subsidiaries.

L'Oréal recognises the need to consider non-financial risks including respecting human rights, promoting sustainable use of resources, minimising negative impact, minimising brand damage and the need for good human resource management.

Risk assessment with regards to human rights is based in particular on the indicators of the Verisk Mapelcroft Index. This index enables Country Managers to assess any local ethical risks (including with regard to human rights). This data is shared with appropriate corporate departments for them to include in their own risk assessment so that they can adopt relevant policies and procedures.

Since 2018, 60% of subsidiaries, including L'Oréal UK, have carried out an ethics self-assessment.

An annual ethics reporting system enables us to monitor the implementation of L'Oréal's Ethics programme. On completion, countries are informed of their potential areas for improvement by the Global Ethics Department and implement measures to address any potential areas for concern.

L'Oréal's regular employee survey (Pulse Survey) asks several key questions in relation to ethics, for example perception by staff of their ability to report instances of unethical behaviour.

In addition, an assessment of actual and potential human rights risks in our own operations are currently driven by regular social audits conducted in the UK at all three distribution centres.

As part of the 2020 social audit, no incidents of forced or compulsory labour, or child labour, were identified for L'Oréal UK and Ireland's own operations.

Risks in the global operations and supply chains are currently managed via social audits, which are led by the Purchasing Departments in each individual country. A social audit must be carried out for suppliers with whom L'Oréal has a direct relationship:

Key raw material suppliers in HIGH RISK countries

- All component suppliers in HIGH RISK countries
- All sub-contractors and contract manufacturers in ALL countries
- All industrial equipment suppliers in HIGH RISK countries
- All Point of Sale / Promotional material suppliers in HIGH RISK countries
- All Point of Sale services providers (Co-packers) in ALL countries
- All cosmetic electronic device providers in HIGH RISK countries

Our social audit process

Semi-announced social audits are carried out by a specialised, independent auditing firm, and are conducted in the local language.

Audits are conducted against L'Oréal's General Terms of Purchase and Payment, and the SA8000 Social Accountability Standard. This includes 10 labour rights issues, including forced and compulsory labour.

In 2020 alone, L'Oréal conducted 1,268 social audits. Since 2006, more than 13,600 social audits have been conducted across the globe.

Since 2002, our buyers have been implementing our responsible sourcing policy known as the 'L'Oréal Buy & Care' programme. Buyers assess and select strategic suppliers, taking into account CSR performance alongside quality, supply chain and services, innovation and competitiveness. '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. In the future, this approach will cover 80% of the Group's direct purchases by value.

The CSR pillar is an important part of our total assessment and covers both environmental and social considerations through a set of criteria including the results of social audits.

Human rights due diligence is also taken into account during the key stages of our business activities – such as acquisitions and new partnerships. The responses to the ethics and human rights questionnaire submitted to target companies are intended to identify whether the risks related to a potential failing in the respect of human rights (namely child labour and forced labour) have been taken into account by such companies.

In line with previous years' commitments, L'Oréal revised the internal risk assessment process for human rights across the company's own operations and supply chain.

The revised social audit process has been extended to cover a greater number of suppliers, has an updated list of high risk countries (using the Verisk Maplecroft database), and contains an updated and broader range of questions (including on the topics of child labour, forced labour and hours of work). A global database has been introduced to facilitate the audit process.

'Our social audit process' continued...

L'Oréal is aware the following are associated with increased risks of slavery, which are validated through the risk assessment process:

- Third party labour agencies used to employ labour
- Third party labour agencies used to recruit labour for supplier sites (especially in Asia)
- Agricultural production
- Sub-contractors
- Logistics operations, particularly in shipping (areas which historically have had limited attention to labour practices).

1,268

SOCIAL AUDITS IN 2020

13,600

SOCIAL AUDITS SINCE 2006

Acting on risks

Potential issues revealed during the audit process result in a Corrective Action Plan (CAP), which is reviewed by our suppliers before the auditors leave.

Audits are given a rating by the external auditors of 'Satisfactory', 'Needs Continuous Improvement', 'Needs Immediate Action' or 'Zero Tolerance'.

Purchasing teams must follow upon the implementation of all CAPs by suppliers.

Sites rated as 'Zero Tolerance' must immediately halt production, and are subject to a follow-up audit that has ensured the relevant issues have been resolved. The follow-up audit, which is paid for by the supplier, must be rated either 'Satisfactory' or 'Need Continuous Improvement' in order for trade relations and production to resume.

The Purchasing team will also have to align with the Corporate Sourcing Director, before any resumption of production takes place.

Please see the rating matrix for examples of non-compliant behaviours.

In the UK, the L'Oréal purchasing team did not run any CAPs in 2020 as all audits were clear.

Rating Matrix - child labour and forced labour factor	Zero Tolerance	Need Immediate Action	Need Continuous Improvement
Child Labour	<ul style="list-style-type: none"> Workers under 16 years old, with no waiver Waiver conditions not respected 	<ul style="list-style-type: none"> No efficient system (ID with photo) to check age Child labour found in last 12m and no efficient system now in place Non-compliance of local law on minimum working age (if >16y) For young workers (16-18y), non-compliance to relevant local laws (e.g. heavy work, night shifts) 	<ul style="list-style-type: none"> System in place but records are incomplete (max 25% sample) regarding recent hires (<3y) For young workers (16-18y) non-compliance of relevant local laws (e.g. heavy work, night shifts)
Forced Labour	<ul style="list-style-type: none"> Non-volunteer prisoners, bonded or indentured labour No respect of basic rights (e.g. restroom and water breaks prohibited or unnecessarily restricted, work under guard surveillance) 	<ul style="list-style-type: none"> Volunteer prisoners are not paid at market rate or not paid overtime Employees are not free to leave the workplace at the end of the shift (e.g. compulsory overtime when not authorised by local laws) Requirements set by the employers that affect workers' freedoms (e.g. monetary deposits, wage retention, ID card retention –when not mandatory by local laws) 	

Training about modern slavery

L'Oréal provides a range of internal training courses for all employees around ethical behaviour and ethical purchasing.

A specific, compulsory ethics e-learning course, which covers human rights has been mandatory for all employees since 2014. This is part of the induction process when an employee joins the Group. As of 31 December 2020, 76% of global employees with access to the online module had completed this course. 95% of UK office and distribution centre employees completed a UK Ethics e-learning by the end of 2020. There is also a compulsory training module on responsible purchasing practices for all new purchasing staff. Externally the Group provides guidance and support, by sharing the audit questionnaire and process, with the organisation that conducts our social audits. L'Oréal also provides global supplier training sessions on our 'Buy & Care' programme and offers e-learning on the social audit process via a dedicated portal.

On UN Human Rights Day in December 2020, we reaffirmed our commitment to Human Rights through UK internal communications channels, resharing our Employee Human Rights policy with UK employees. To celebrate the UN Day, the Chairman and Chief Executive Officer also addressed all employees and restated the importance of the Group's commitment.

Goals and key performance indicators (KPIs)

At L'Oréal, we are committed to respecting internationally recognised human rights which we do by ensuring that we always respect the relevant laws and also abide by our internal Ethical Principles – Integrity, Respect, Courage and Transparency.

Demonstrating progress against our Modern Slavery Statement actions

- 100% L'Oréal UKI Agencies and labour providers have signed an agreement committing to the respect of human rights (including child, forced and undeclared labour).
- 95% of L'Oréal UK office and distribution centre staff have confirmed that they have completed 'Ethics eLearning'
- In 2020, 29 Speak Up reports were handled by L'Oréal UK and Ireland. None related to forced labour.

The L'Oréal Group made public, global commitments* in many areas related to Modern Slavery, as part of the Sharing Beauty With All programme. Progress against relevant targets as announced in our 2020 closing report is shown below:

- 97% of the Group's strategic suppliers** have been assessed and selected to date on the basis of their environmental and social performance
- 100,905 people from socially or economically disadvantaged communities gained access to employment
- 100% of brands have assessed their environmental and social impact
- 79% of brands have conducted a consumer outreach programme to raise awareness of its commitments
- 96% of the Group's permanent employees benefit from health cover that reflects best practices in their country of residence

'Goals and key performance indicators (KPIs)' continued...

In 2030, we launched L'Oreal for the Future, our 2030 commitments which mark a crucial new stage in rising to the challenges facing our world – environmental and social. Relevant targets include the below and we will be reporting annually on the progress made against these:

- By 2030, 100% of our strategic suppliers' employees will be paid at least a living wage covering their basic needs and those of their dependents, calculated in line with best practices
- By 2030, we will help an incremental 100,000 people from disadvantaged communities gain access to employment
- By 2022, we will apply a Product Environmental and Social Labelling system to all the Group's rinse-off products. L'Oréal will then progressively roll-out this Product Environmental and Social Impact Labelling system to other brands and categories. The labelling includes compliance with the fundamental principles of the UN on labour standards for all ingredients and components suppliers and the number of suppliers committed to social inclusion***

L'Oréal UK will play its full part in helping to reach the global objectives outlined above. In addition, in the UK (and globally) we will continue to implement our on-going Social Audit programme to ensure that we can effectively manage the risks associated across our supply chain. We will also continue to mandate that where applicable, suppliers and subcontractors sign up to our Ethical Commitment Letter which is 100% mandated, tracked and audited. In the UK, all suppliers of labour will also continue to be required to sign an agreement committing to respecting Human Rights. Finally, we will continue to drive greater awareness of Modern Slavery issues, both within and outside our organisation through our on-going Ethics and Training programmes.



Thierry Cheval, Managing Director, L'Oréal UK and Ireland
4th June 2021

* Source: Sharing Beauty With All Closing Report https://www.loreal-finance.com/system/files/2021-03/SBWA_PR_GROUPE_2020_ENG_0.pdf

** 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.

***<https://www.loreal.com/en/uki/pages/commitments/uk-our-product-environmental-and-social-labelling/>

Appendix:

L'Oréal Group: Our Values & Ethical Principles

<https://www.loreal.com/en/group/governance-and-ethics/our-ethical-principles/#:-:text=We%20believe%20that%20the%20way,ethically%20day%2Dto%2Dday>

L'Oréal Group: Code of Ethics

<https://www.loreal.com/en/articles/commitments/code-of-ethics/>

L'Oréal Group: Speak Up Policy

<https://www.loreal.com/en/articles/commitments/speak-up-policy/>

L'Oréal Group: Human Rights Policy

<https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/documents-media/publications/commitments/l-oreal-human-rights-policy.pdf>

L'Oréal Group: Employee Human Rights Policy

<https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/documents-media/publications/commitments/employee-human-right-policy.pdf>

L'Oréal Group: Company Reference Document

<https://www.loreal-finance.com/eng/universal-registration-document>

L'Oréal Group: 2020 Annual Report

<https://www.loreal-finance.com/eng/annual-report>

L'Oréal UK: Modern Slavery Act Statements 2016 – 2019 Reports

<https://www.loreal.com/en/uki/>