

Our Organisation: Structure & Supply Chain

L'Oréal is the world's largest cosmetics company, headquartered in Clichy, Hauts-de-Seine, France.

We are present in 150 countries, and employ 82,600 staff.

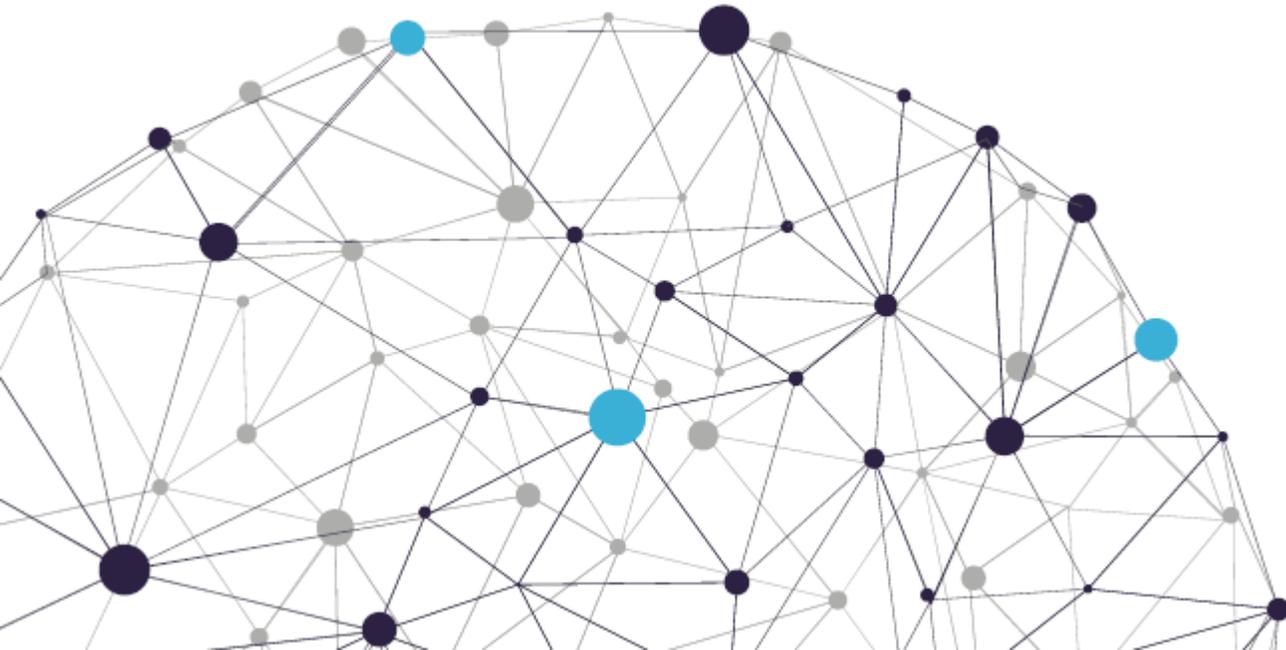
We produces skin care, colour cosmetics, hair care, hair colour, fragrances, men's grooming and sun care products.

L'Oréal UK and Ireland is the Group's fifth largest subsidiary, **employing almost 5,200 people across the UK and Ireland**. Our employees work in a wide variety of roles and functions, including sales, marketing and operations. We are headquartered in Hammersmith (London) and have Corporate offices in Dublin and Llantrisant (Wales). We have three distribution centres in Bury, Nottingham and Trafford; and Hairdressing academies in Dublin, Manchester, Leeds and London. We also employ beauty advisors in department stores and stand-alone boutiques across the UK and Ireland.

Across the globe, L'Oréal produces products in its own factories across 41 production facilities located across the globe (none in the UK & Ireland). In addition, there are 144 distribution centres, 20 research centres (located in Brazil, China, France, India, Japan, South Africa and the US), and also 16 evaluation centres.

In the UK **we source products** from 22 facilities (based in Belgium, China, France, Germany, India, Israel, Italy, Japan, Poland, Spain, Turkey and the US). 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.**

L'Oréal UK & Ireland works with 1,472 suppliers for other products and services. For example, this includes suppliers of temporary staff, event management and local marketing / in-store materials.



Our Long-Standing Commitment To Ethics & Human Rights

L'Oréal's human rights policy is based on the four Ethical Principles at the heart of our Global Code of Ethics. Namely:

**Integrity, Respect, Courage,
Transparency**



At L'Oréal UK, our efforts with regards to modern slavery are part of our general human rights program, because from experience we know that the abuse of different human rights are often interrelated. As with all human rights violations, L'Oréal has a **zero-tolerance policy** with regards to any type of forced labour including modern slavery.

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 caused of human rights abuse.

The L'Oréal Group has been widely recognised for our responsible business practices, including those related to human rights. In 2017, we were recognised for the 8th time as one of the **“World's Most Ethical Companies”** by the Ethisphere® Institute and in 2015 we joined the **UN Global Compact LEAD Group** that brings together the most committed companies in the area of Sustainability.

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. We recognise that modern slavery is a complex issue, which requires us to invest time and resources, and engage and collaborate with all of our partners.



This statement follows on from the previous statement (covering 2016), and describes the steps that L'Oréal UK has taken to prevent modern slavery during the year ending December 2017 (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 will cover additional topics outside of the scope of the UK organisation, including the sourcing of ingredients and packaging materials.

Our Policies: Training & Governance

TRAINING

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 is mandatory for all employees since 2014. This is part of the induction process when an employee joins the Group. There is also a compulsory training module on responsible purchasing practices for all new purchasing staff. Finally, 94% of countries within the group include subjects related to human rights in their local training programs.

Externally the Group provides guidance and support through an audit pro-forma for the organisations who conduct our social audits. L'Oréal also holds supplier training sessions as part of our 'Buy & Care' program, which includes content around human rights.

GOVERNANCE

Ethics and human rights are embedded in L'Oréal's governance structure.

L'Oréal's **Senior Vice-President and Chief Ethics Officer**, who reports directly to the Chairman and Chief Executive Officer, is in charge of ensuring the promotion and integration of best practices within the Group, and providing guidance in ethical decision-making. He ensures employees are trained and oversees the handling of any employee concerns related to ethics. He meets regularly with the Chairman and Chief Executive Officer and informs the members of the Group Management Committee. He has access to all information and documents relating to the Group's activities and can call upon all of the Group's resources to carry out his mission.

In addition, the Senior Vice-President and Chief Ethics Officer is in charge of overseeing the respect for human rights within the Group. Each country has an Ethics Correspondent that employees can use as a local point of contact for all ethics-related questions. Employees can also use the L'Oréal Open Talk website as a secure mechanism for raising concerns directly with the Chief Ethics Officer.

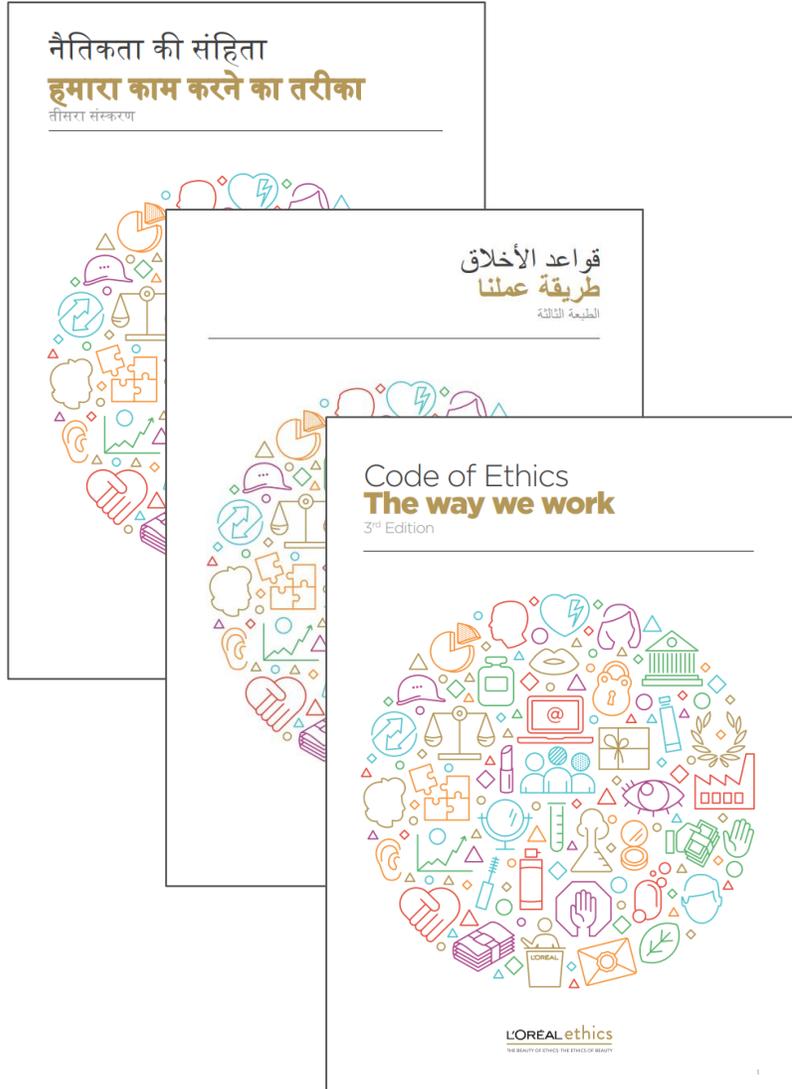
Country Managers are in charge of implementing the L'Oréal human rights policy in their country and the Chief Ethics Officer meets systematically with new Country Directors and Human Resource Directors to raise their awareness of human rights issues. Human Resource teams are responsible for ensuring that the human rights of employees are respected. Purchasing teams are responsible for ensuring that the human rights of workers at the sites of suppliers and sub-contractors are respected and are accountable for ensuring that the L'Oréal Social Audit program has been explained to and implemented by suppliers.* Purchasing teams are also responsible for individual supplier performance and strategic supplier performance against our policies. We have a robust process for ensuring that new suppliers meet our ethical requirements.

The **CSR and Sustainability Teams** serve as an interface between all the different corporate functions on sustainability and manage non-financial reporting on this topic.

* L'Oréal Communication 'On Progress Implementing UN Global Compact (2015)'



Our Policies: 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 on line at :

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

Bringing Ethics to Life – Internally & 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). 'Ethics Chats' are organised locally with each country manager during the day, to give employees a chance to ask more locally-specific questions. In 2017, more than 60% of the Group's employees took part in this process, and over 5,700 questions were asked worldwide. In the UK specifically, we had over 70 questions raised during Ethics Day activities, these questions (alongside detailed answers from the UK country manager) were published to all employees.

The Senior Vice President and Chief Ethics Officer also undertakes regular visits around different parts of the group, to engage employees around the company's ethics program. In 2017, within this framework he visited 18 countries (he last visited the UK only two years ago, in 2016). Since the end of 2013, the Chief Ethics Officer has visited 81 different countries. 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' program and 'Sharing Beauty With All' program.

Our Policies: L'Oréal Human Rights Policy

L'ORÉAL Human Rights Policy

Our Human Rights Policy is based on our 4 Ethical Principles – **INTEGRITY, RESPECT, COURAGE** and **TRANSPARENCY** – and part of our Code of Ethics.

We believe that as a business we have a responsibility to respect internationally recognised human rights and that we must take steps to identify and address any actual or potential adverse impacts in which we may be involved through our own operations or our business relationships. We also believe that we can contribute to positive human rights impacts by playing our role as a responsible corporate citizen.

We consider that it is the right thing to do as well as a subject of growing importance to our employees, consumers, shareholders, business partners, communities in which we operate and civil society.

1 OUR APPROACH

We are a global company operating in more than 100 countries and we are committed to all internationally recognised human rights relevant to our operations and our products. We are a signatory of the United Nations Declaration of Human Rights, the ILO Core Conventions and the UN Global Compact. Our approach is based on internationally recognised standards, namely the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business & Human Rights and the ILO that address child labour, forced labour, discrimination and the right to freedom of association and collective bargaining.

We may face requirements to comply with laws and policies in ways which differ from international standards. In such circumstances, we work internationally to ensure the highest possible given local law. We respect the rights of all individuals, including international human rights standards, bringing awareness and sharing across our whole value chain. We believe that we can most effectively and promote internationally recognised rights through our presence in countries where we are systemic. When operating in countries where we may not have a presence, we adapt our policies and invite our employees, consumers and investors to address such risks, namely of particular attention to individual impacts such as women or indigenous populations.

2 ADDRESSING HUMAN RIGHTS WITHIN OUR VALUE CHAIN

OUR CONSUMERS
L'ORÉAL products are used every day by millions of people around the world and help to foster the empowerment of men and women by enhancing their confidence to interact with others. Our products are manufactured to the most demanding standards of quality and safety. We also choose our raw materials with care. We are committed to ensuring the right of access to local populations to their land, natural resources and to their traditional knowledge to systematically take this into account in the selection process of natural ingredients. We are mindful of our impact on the environment and constantly seek to reduce it. We are committed to encouraging behaviours, namely the use of sunscreen products. We are also avoiding stereotypes, including messaging which could encourage other types of eating disorders. We are committed to protecting the privacy of our consumers and not sharing consumer data we may hold. As a commitment, we work to follow the Goods Forum "Consumer Engagement Principles".

WORKERS AND COMMUNITIES IMPACTED BY OUR SUPPLIERS
We have a large and extended supply chain and the work we do with our suppliers and subcontractors is a key part of our program to respect human rights. Our expectation is that all suppliers and subcontractors act in accordance with internationally recognised human rights. Because we have identified the working conditions of their workers as a salient human rights issue, respect of all ILO Core Conventions is included in our Purchasing contracts and we encourage them to cascade this requirement throughout their value chain.

3 GOVERNANCE, DUE DILIGENCE, REMEDIATION AND REPORTING

This policy has been approved by L'ORÉAL's Chairman and Chief Executive Officer and its Executive Committee and presented to our international social dialogue body and the Board of Directors. It may be regularly updated to reflect our continuous progress.

The Senior Vice President & Chief Ethics Officer oversees the implementation of our Human Rights Policy. He heads the Human Rights Steering Committee which is made up of representatives of different activities, functions and geographic zones.

At Corporate level, each Division/Department Head and at local level, each Country Manager is in charge of implementing the L'ORÉAL Human Rights Policy. We regularly update the guidance and tools provided to them.

We will assess on an on-going basis the human rights impacts of all our operations and in our value chain and review relevant policies, processes and management systems.

In a spirit of transparency, we are committed to communicating on our progress and challenges.

We will continue to provide grievance reporting mechanisms that allow our employees and others affected by our operations to report suspected incidents of human rights abuse and to strengthen these mechanisms when necessary. Such incidents will immediately be escalated to the Chief Ethics Officer. Investigation and action will be taken when necessary. This includes working to prevent these issues recurring and supporting remedy for any individuals who have been harmed. In the most serious cases, we will reserve the right to break off commercial relations or not approve a new business partner.

L'ORÉAL ethics
THE BEAUTY OF ETHICS - THE ETHICS OF BEAUTY

JULY 2017

L'Oréal Human Rights Policy:

L'Oréal believes that as a business we have a responsibility to respect internationally recognised human rights, and take steps to identify and address and actual or adverse impacts in which we may be involved through our own operations or business relationships. We also believe that L'Oréal can contribute to positive human rights impacts by playing our role as a responsible corporate citizen.

In addition to a Code of Ethics, the Group **published its first Human Rights Policy in Summer 2017**. This document is designed to share the Group's commitment around Human Rights issues, with consumers, stakeholders and other interest groups, and how this commitment is respected in practice.

This approach is based on internationally recognised standards (namely the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business & 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/group/governance/acting-ethically/human-rights-policy>

L'Oréal Human Rights Committee:

More recently, to continue our efforts in this important area the L'Oréal Group has created a **Human Rights Committee**. This committee has representatives from all Geographic Zones, Product Divisions (Consumer Products, Luxury Products, Professional Products and Active Cosmetics) and Corporate Functions. There is **active UK representation and participation** in this committee through the UK Human Resources Director.

Our Policies: 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 program, and paid at the market rate. Suppliers must request authorisation from L'Oréal before they have recourse to this type of labour.

Freedom of Movement:

The employees of subsidiaries and suppliers must be free to move around their place of work, except in those areas which are restricted for confidentiality or safety reasons, and must be able to take breaks and have access to water.

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.

There are also detailed rules for non-discrimination, working hours, salary deductions and sexual/moral harassment. Further details can be found in our Company Reference Document (Section 2.8.4.2.1, p113):

https://www.loreal-finance.com/docs/0000000179/LOreal_2017_Registration_Document.pdf

Our Policies: 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 program, which provides a way of assessing and tracking risk. However, we know that whilst social audits can give us a helpful insight and snapshot of the risks, they are only part of the solution.

A snap-shot of the key policies relating to human rights and modern slavery is shown opposite.

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). 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
The L'Oréal Spirit	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 Way We Buy	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, it is available in 12 languages.
Ethical Commitment Letter (ECL)	This is a requirement that must be signed by all relevant suppliers and subcontractors (as identified during the risk assessment process)* . 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 program, 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.
Suppliers' Child Labour Policy	This outlines the requirements for suppliers (and subcontractors) for preventing child labour.
L'Oréal Buy & Care Program	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.

* Requirements to sign the ECL are based on a specific set of rules, based on known risks and business exposure.

Our Policies: Evaluation & 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 programs 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 Raw Material, Packaging Components, Contract Manufacturing and Point of Sale/Promotional materials and suppliers. 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 Process: Risk Assessment

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 Maplecroft 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 2013, 89% of countries have carried out an ethics self-assessment. An assessment has been carried out by L'Oréal UK.

An annual ethics reporting system enables us to monitor the implementation of L'Oréal's Ethics program, particularly with regards to human rights. On completion, countries are informed of their potential areas for improvement, by the Office of the Chief Ethics Officer.

In 2017, no areas of improvement were identified for L'Oréal UK and Ireland.

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.

To date, social audits at our UK distribution centres have found no incidents of forced or compulsory labour or child labour.

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.

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 the following types of supplier:

- | | |
|--|--|
| <ul style="list-style-type: none">• Key raw material suppliers in HIGH RISK countries | <ul style="list-style-type: none">• All Point of Sale / Promotional material suppliers in HIGH RISK countries |
| <ul style="list-style-type: none">• All component suppliers in HIGH RISK countries | <ul style="list-style-type: none">• All Point of Sale services providers (Co-packers) in ALL countries |
| <ul style="list-style-type: none">• All sub-contractors and contract manufacturers in ALL countries | <ul style="list-style-type: none">• All cosmetic electronic device providers in HIGH RISK countries |
| <ul style="list-style-type: none">• All industrial equipment suppliers in HIGH RISK countries | |

Due Diligence Process: Our 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 2017 alone, L'Oréal conducted 1,231 social audits. Since 2006, more than 9,400 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' program, which regularly assesses strategic suppliers,* based on their CSR performance alongside quality, supply chain & service, innovation and competitiveness. 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 are 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 last year's commitments, L'Oréal has just revised the internal risk assessment process for human rights across the company's own operations and supply chain.

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

L'Oréal is aware of the following areas 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).

1,231

SOCIAL AUDITS IN 2017

9,400+

SOCIAL AUDITS SINCE 2006

* Strategic suppliers are suppliers whose added value is significant for the Group by contributing to the L'Oréal sustainable strategy by their weight, their innovations, their strategic alignment and their geographical deployment

Due Diligence Process: 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 up on 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 matrix opposite for examples of non-compliant behaviours.

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 >16) 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 (16-18 y) 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) 	

Our Actions & Results:

The success of our work on human rights, including modern slavery, is measured as part of the L'Oréal Group's Ethics strategy and Sustainability strategy ('Sharing Beauty With All').

The **Global 2017** progress against the Group's relevant 'Living Sustainably' and 'Developing Sustainably' goals are shown below:

- **82%** of the Group's strategic suppliers have been assessed and selected to date on the basis of their environmental and social performance
- **87%** of strategic suppliers have completed a self-assessment of their sustainability policy with L'Oréal's support
- **Since 2016 and throughout 2017** L'Oréal has been rolling-out a dedicated on-line training program to strategic suppliers, before implanting more broadly
- **53,505** people from under-privileged communities have gained access to employment through L'Oréal Group programs (including 48,692 through our solidarity sourcing program)
- **100%** of new or renovated products in 2017 have been assessed using our product assessment tool (for their environmental and social profile), with 76% of new or renovated products having an improved profile
- **91%** of brands have assessed their environmental and social impact (vs. 66.6% in 2016)
- **46%** of brands have conducted a consumer outreach program to raise awareness of its commitments (vs. 34.4% in 2016)



L'ORÉAL ethics

THE BEAUTY OF ETHICS · THE ETHICS OF BEAUTY

Eradicating Modern Slavery: A Continuous Journey

It is very clear that an ongoing and persistent effort from all stakeholders will be needed to completely eradicate modern slavery.

As reported here, we have continued to make progress and have been strengthening our work in this important area throughout 2017.

We commit to continue on this journey, and share our progress annually through these reports.

This statement was approved by the Board of L'Oréal (UK) Limited.



Signed on their behalf by Vismay Sharma,
Managing Director L'Oréal (UK) Limited.

30th June 2018

Progress on 2016 Targets:

In last year's Modern Slavery statement, we committed to a number of actions. Progress against these action steps is outlined below:

- 98.5% of non-retail staff (and 86% of retail staff) have confirmed that they have read our 'Code of Ethics'.
- 97.8% of non-retail staff have now confirmed that they have completed our Ethics e-learning module, and an e-learning module around our code of ethics has just been launched for retail staff.
- Our own distribution centres have been audited, both internally and externally, both showing strong results. We have also held dedicated 'Ethics' visits at our distribution centres, led by our UKI Ethics Correspondent, in addition to our on-going Ethics Day activities.
- All L'Oréal UKI Agencies and labour providers have signed an agreement committing to the respect of human rights (including child, forced and undeclared labour).
- An internal Ethics Self-Assessment audit with respect to the Human Rights Chapter will be completed in the UK during 2018.

Setting Future Targets: Our Global 2020 Vision

The L'Oréal Group has made very public **Global commitments** in many areas related to Modern Slavery, as part of the Sharing Beauty With All program. The most relevant targets for 2020, alongside current progress are shown below:

- 100% of strategic suppliers* will be assessed by L'Oréal on the basis of their environmental and social performance (82% in 2017)
- 100% of strategic suppliers* will assess their own sustainability policy with L'Oréal's support (87% in 2017)
- 20% of strategic suppliers* will be associated with our Solidarity Sourcing program (9% in 2017)
- 100,000 people from underprivileged communities to gain access to employment through our Developing Sustainably programs (53,505 people in 2017)

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 program** 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**. 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 programs.

* Strategic suppliers are those whose added value is significant for the Group by contributing to the L'Oréal sustainable strategy by their weight, their innovations, their strategic alignment and their geographical deployment

