

L'Oréal (UK) Limited

UK Modern Slavery Act Statement 2018

Our organisation: structure and supply chain

L'Oréal UK and Ireland is the Group's fifth largest subsidiary, **employing almost 4,800 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 40 production facilities located (none in the UK & Ireland). In addition, there are 150 distribution centres, 21 research centres (located in Brazil, China, France, India, Japan, South Africa and the US), and also 14 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 1,513 suppliers for other products and services. For example, this includes suppliers of temporary staff, event management and local marketing / in-store materials.



L'ORÉAL IS THE WORLD'S LARGEST COSMETICS COMPANY, HEADQUARTERED IN CLICHY, HAUTS-DE-SEINE, FRANCE.

WE ARE PRESENT IN 150 COUNTRIES AND EMPLOY 86,030 STAFF.

WE PRODUCE SKIN CARE, COLOUR COSMETICS, HAIR CARE, HAIR COLOUR, FRAGRANCES, MEN'S GROOMING AND SUN CARE PRODUCTS.

Our long-standing commitment to ethics and 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 & Ireland, our efforts with regard 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** regarding 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 causes of human rights abuse.

The L'Oréal Group has been widely recognised for our responsible business practices, including those related to human rights. In 2018, we were recognised for the 9th time as one of the **“World's Most Ethical Companies”** by the Ethisphere® Institute, and was ranked world number one in the Covalence EthicalQuote ethical reputation index, for all economic sectors combined. This ranking covers the world's 581 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 2018, L'Oréal was named as a Global Compact LEAD company, a distinction reserved for participants firmly engaged in the world's largest international corporate sustainable development initiative and Emmanuel Lulin, Senior Vice-President and Chief Ethics Officer, was named as a Sustainable Development Goal Pioneer for Advancing Business Ethics by the United Nations Global Compact. It is the first time a Chief Ethics Officer has been awarded this distinction.

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 previous statements (2016 and 2017), and describes the steps that L'Oréal UK has taken to prevent modern slavery during the year ending December 2018 (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 and 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 has been 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, 99% of countries within the group include subjects related to human rights in their local training programs.

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' program and offers e-learning on the social audit process via a dedicated portal.

** 98% of head office employees and 70% of field-based/distribution centre staff have completed the Ethics E-Learning course*

***L'Oréal Communication 'On Progress Implementing UN Global Compact (2017)'*

GOVERNANCE

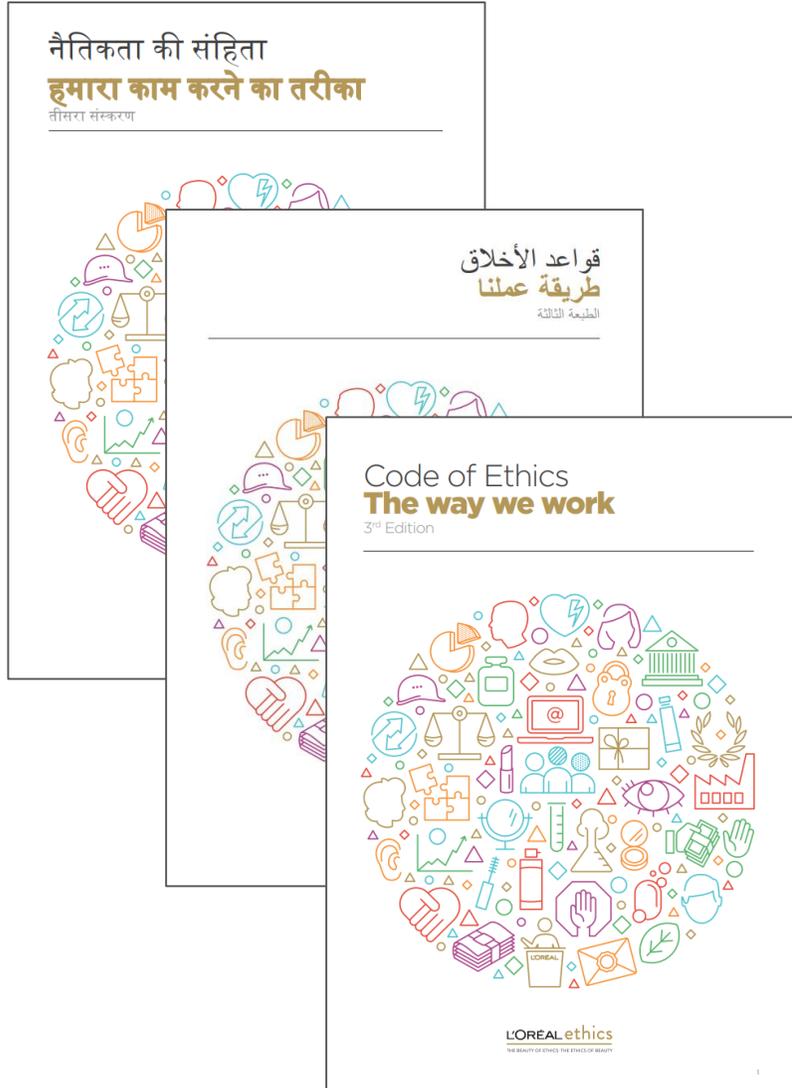
Ethics and human rights are embedded in L'Oréal's governance structure.

L'Oréal's **Senior Vice-President and Chief Ethics Officer**, reports directly to the Chairman and Chief Executive Officer, and 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 supports the different corporate functions and acts as a local point of contact for all ethics-related questions from employees. In 2018, the UK Ethics correspondent delivered a presentation on Human Rights to the local Management Committee to maintain high levels of awareness of the topic throughout the business. Employees, as well as all other stakeholders, can also use the L'Oréal Speak Up 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.

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 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). 'Ethics Chats' are organised locally with each country manager during the day, to give employees a chance to ask more locally-specific questions. In 2018, more than 60% of the Group's employees took part in this process, and over 6,800 questions were asked worldwide.

In the UK specifically, we had over 70 questions raised during Ethics Day activities. None of these related to Human Rights. 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.

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 2018, within this framework, he visited 10 countries (he last visited the UK only two years ago, in 2016). Since the end of 2013, the Chief Ethics Officer has visited 91 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:

L'Oréal believes that as a business we have a responsibility to respect internationally recognised human rights, and take steps to identify and address any 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 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/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.

The Committee met twice in 2018 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.

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.

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 indirect 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 (Section 2.8.4.2.1, p113):

https://www.loreal-finance.com/en/annual-report-2018/LOreal_2018_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 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 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) 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
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.
L'Oréal Speak Up	In 2018, a new policy was introduced to clarify when and how L'Oréal employees, external staff as well as other stakeholders can speak up and make a confidential (whistleblowing) report about any areas of concern or areas for improvement.***

* https://loreal-dam-front-corp-en-cdn.damdy.com/ressources/afile/179690-657ee-resource_pdf-the-way-we-buy.pdf

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

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

Our policies: 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 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 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 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 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 2013, 92% 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. On completion, countries are informed of their potential areas for improvement, by the Office of the Chief Ethics Officer, and implement measures to address any potential areas for concern.

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 2018 social audit, no incidents of forced or compulsory labour, or child labour, were identified for L'Oréal UK and Ireland's own operations.

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 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**

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 2018 alone, L'Oréal conducted 1,369 social audits. Since 2006, more than 10,800 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. Buyers assess and select strategic suppliers,* taking into account CSR performance alongside quality, supply chain and services, 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 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 was 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 global database was 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).

1,369

SOCIAL AUDITS IN 2018

10,800

SOCIAL AUDITS SINCE 2006

* '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.

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) 	

L'Oréal Group - our actions and 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 2018** progress against the Group's relevant 'Living Sustainably' and 'Developing Sustainably' goals are shown below:

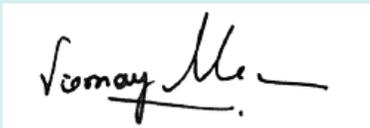
- **83%** of the Group's strategic suppliers have been assessed and selected to date on the basis of their environmental and social performance
- **93%** of strategic suppliers have completed a self-assessment of their sustainability policy with L'Oréal's support
- **Since 2016** L'Oréal has been rolling out a dedicated on-line training program to strategic suppliers, before implementing more broadly
- **63,584** people from under-privileged communities have gained access to employment through L'Oréal Group programs (including 56,823 through our solidarity sourcing program)
- **100%** of new or renovated products in 2018 have been assessed using our product assessment tool (for their environmental and social profile), with 79% of new or renovated products having an improved profile
- **88%** of brands have assessed their environmental and social impact
- **57%** of brands have conducted a consumer outreach program to raise awareness of its commitments.

Eradicating Modern Slavery: a continuing journey

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.

We will continue to take all steps necessary to identify and address any actual or potential adverse impacts in which our business, or any of our subsidiaries may be involved, and will 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.
21 June 2019

Progress on 2017 Targets:

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

- 96% of all L'Oréal UK and Ireland staff have confirmed that they have read our 'Code of Ethics'.
- 98% of non-retail staff, and 70% of retail staff, have now confirmed that they have completed our Ethics e-learning module.
- 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 was completed in the UK during 2018.

Setting future targets: our global 2020 vision

The L'Oréal Group has made 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
- 100% of strategic suppliers* will assess their own sustainability policy with L'Oréal's support
- 20% of strategic suppliers* will be associated with our Solidarity Sourcing program
- 100,000 people from underprivileged communities to gain access to employment through our Developing Sustainably programs (63,584 people in 2018).

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 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.

Additional resources:

L'Oréal Group: Our Values & Ethical Principles

<https://www.loreal.com/group/who-we-are/our-values-and-ethical-principles>

L'Oréal Group: Ethics Program

<https://www.loreal.com/group/governance/acting-ethically/our-ethics-program>

L'Oréal Group: Code of Ethics

<https://www.loreal.com/group/governance/acting-ethically/code-of-ethics--a-guide-for-action>

L'Oréal Group: Human Rights Policy

<https://www.loreal.com/group/governance/acting-ethically/human-rights-policy>

http://www.loreal.co.uk/sites/default/files/cms/human_rights_policy.pdf

L'Oréal Group: Company Reference Document

[https://www.loreal-finance.com/en/annual-report-](https://www.loreal-finance.com/en/annual-report-2018/LOreal_2018_Registration_Document.pdf)

[2018/LOreal_2018_Registration_Document.pdf](https://www.loreal-finance.com/en/annual-report-2018/LOreal_2018_Registration_Document.pdf)

L'Oréal UK: Modern Slavery Act Statement 2017

https://www.loreal.co.uk/sites/default/files/cms/loreal_uk_msa_statement_2017.pdf

L'Oréal UK: Modern Slavery Act Statement 2016

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