

# THE CIRCULAR ECONOMY, A PATH TO A MORE VIRTUOUS MODEL

**T**he idea that the world has infinite resources does not hold anymore. We must evolve from the current “take-make-waste” linear economic model to a circular “reduce-replace-reuse-recycle” model. Transforming what is today our waste into new resources is our goal.

For now, materials that are cycled back into the global economy after the end of their useful life, account for 7.2% of all material inputs into the economy. This means that more than 90% of materials are either wasted, lost or remain unavailable for reuse for years\*.

We are resolutely committed to adopting the circular economy model. From research and development of ingredients to product packaging, we are rethinking our actions and interactions to make circularity the nucleus of our ecosystem.

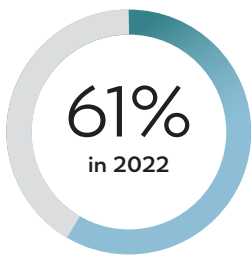
In every step of our value chain, we act to reduce, replace, reuse and recycle. We create new sustainable beauty routines accessible to all, and raise awareness to help our consumers to make more informed choices.

Together, we can make a meaningful impact for a more circular future.

## 2022 ACHIEVEMENTS

BY 2030,  
**95%**

of our ingredients in formulas will be **biobased**, derived from abundant minerals or from circular processes.

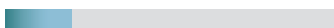


BY 2030, WE  
WILL REDUCE BY

**20%**

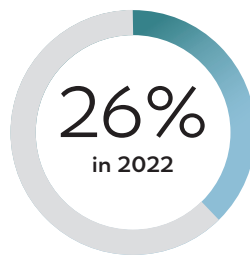
in **intensity** the quantity of packaging used for our products, compared to 2019.

-3% in 2022



BY 2030,  
**100%**

of the plastic used in our **packaging** will be either from recycled or biobased sources (we will reach 50% in 2025).



BY 2030,  
**100%**

of the waste generated in our sites will be recycled or reused.

61% in 2022



CIRCULAR  
ECONOMY

L'ORÉAL  
FOR THE FUTURE

### TRANSFORMING OURSELVES

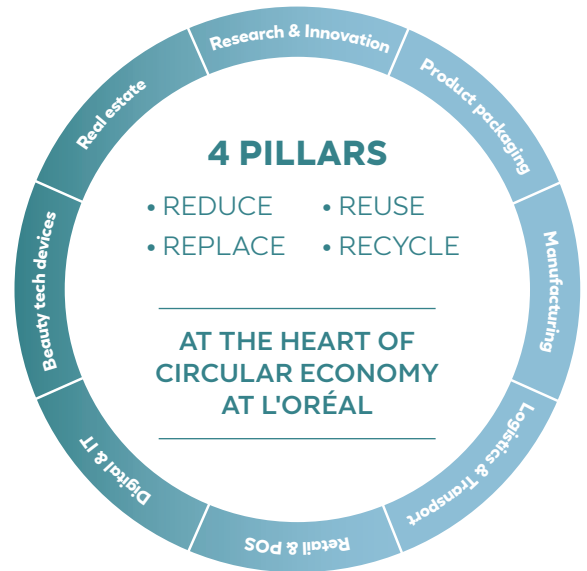
- Circular economy within our value chain
- Circularity in Green Sciences
- Circularity in Retail and POS

### CONTRIBUTING TO SOLVING THE CHALLENGES OF THE WORLD


- The Circular Innovation Fund

# 01 | CIRCULAR ECONOMY WITHIN OUR VALUE CHAIN

L'Oréal's contribution to the circular economy is based on four pillars: **reduce, reuse, replace and recycle**. Our action plan is collective and collaborative, throughout our value chain. On this transformation, it's paramount that we partner with our whole ecosystem, consumers, suppliers, retailers, NGOs, public authorities and competitors. **All together, we can find and develop appropriate solutions to ensure that our products are inserted in a truly circular system**, in which they create value by becoming new raw material and avoiding waste.



**WITHIN OUR VALUE CHAIN, EACH ACTIVITY CONTRIBUTES TO THE 4R APPROACH. HERE ARE SOME EXAMPLES IN THE FIELD:**

**REDUCE** 


**i.e. reduce virgin materials used and foster sufficiency throughout our value chain**

-  **Research and Innovation:** Ressources efficiency, no waste in ingredient/formula production
-  **Beauty tech devices:** Frugal innovation, reduced water consumption




**REPLACE** 

**i.e. eco-design and eco-purchasing to promote circularity**

-  **Product packaging:** Innovative recycled plastic technologies, eco-designed to recycling
-  **Retail and POS:** Circular eco-design of free-standing stores, eco-designed POS displays that are recycled

**REUSE** 

**i.e. second life for materials, products, packaging and IT/digital devices**

-  **Product packaging:** Refill / recharge in store or at home
-  **Logistics and transport:** Reusable tertiary packaging (with suppliers, DtC, e-commerce), pallet leasing/rental
-  **Digital and IT:** Reusable media content, data and algorithms, IT devices

**RECYCLE** 

**i.e. transition from "open loop" to "closed loop"**

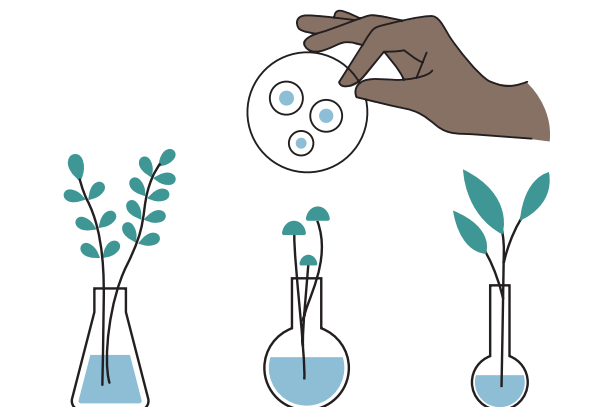
-  **Product packaging:** Active (re)design for compatibility with existing recycling channels, maximization of recycled materials, increased consumer awareness of recycling
-  **Retail and POS:** Products take-back, collect to recycle initiatives

 **READ THE GREEN SCIENCES AND PLASTIC PACKAGING FACTSHEETS TO FIND OUT MORE**

# 02 | FOCUS: CIRCULARITY IN GREEN SCIENCES

With Green Sciences, we are completely rethinking our approach to research by drawing inspiration from nature. Through eco-extraction, biochemistry and biotechnologies, Green Sciences are opening up new, hitherto unexplored horizons to extract new ingredients from the same raw materials, or harness the potential in previously unused materials. **These scientific processes make the most of resources to reduce waste wherever possible.**

A circular-based ingredient means that more than 50% of its weight, apart from water, is based on recycled feedstock or recently\* recovered by-products.



\* From a "take-make-waste" cycle of life to a cycle where waste is replaced by recycling, to give a second life to materials.  
 \*\* 2019 as a reference

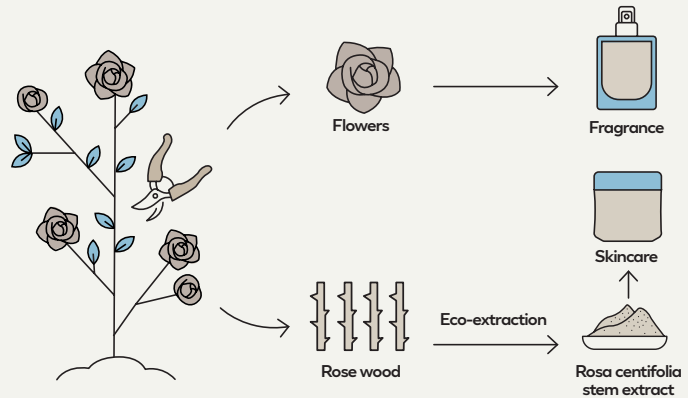
## ZOOM

### THE ROSA CENTIFOLIA STEM EXTRACT: AN INGREDIENT BASED ON CIRCULAR ECONOMY

Each year, rose trees are pruned to increase the potential quantity of blooms. Flowers are used for fragrance and the rose wood is a by-product.

Thanks to green extraction - one of the pillars of Green Sciences - we can now directly extract the most active plant molecules, such as rosewood extract, known for its antioxidant properties. This extract can be found in Lancôme Absolue Intensive Concentrate Serum.

Rosewood was previously treated as an unusable product left over from rose pruning, but is now a new raw material providing an ingredient used in our formulas.



## 03

### FOCUS: CIRCULARITY IN RETAIL & POINTS OF SALE



Circular innovation is omnipresent in retail, giving rise to a panoply of solutions to reduce, replace, reuse and recycle points of sales (POS), furnishings and POS displays.

Brands continue to develop their stores and stands in accordance with eco-design principles, while fostering partnerships with circular economy actors to find the best outlets for their furnishings and displays.

BY 2025,  
**100%** of our new displays will be ecodesigned,

taking into account circular economy principles for end of life management, and 100% of our new Free Standing Stores will be designed and built following our sustainability principles.

50% in 2022



## ZOOM

### PARTNERING WITH RETAILERS TO IMPROVE RECYCLING

Some of our products have no local recycling channels so far. To avoid them becoming waste, **we are partnering with retailers to design our own recycling circuits.**

In France, the L'Oréal France Consumer Products Division signed a partnership with Monoprix, a premium and urban retailer, **to give a circular end of life to makeup packaging, which are too small and complex, and cannot be sorted correctly nor be recycled through the state programs.**

The consumer is invited to come back with their empty or used beauty or personal care products of any brand, including competitors, and drop them in a special collecting kiosk. Once the bin is full, our recycling partner Terracycle picks it up and everything is sorted, transformed and valorized into small pallets, which are later **transformed into urban furniture. 104 Monoprix stores proposed a kiosk since March 2022. End of 2022, the retailer had already collected more than 3 tons of products.**

Our objective is to empower our business ecosystem globally to promote circular solutions all along our value chain.

## 04

### THE CIRCULAR INNOVATION FUND: INVESTING IN CIRCULAR ECONOMY SOLUTIONS

In 2022, as part of our efforts to promote circular economy, **we chose to look beyond our own value chain by creating the Circular Innovation Fund**, with Demeter and Cycle Capital.



**Type:** Impact fund\*

**Endowment:** €150M, backed by a €50M anchor investment from L'Oréal

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

\* Impact investing is socially responsible investing with two inseparable goals:  
• generate a positive environmental or social impact  
• ensure a financial return.

#### OBJECTIVE



Foster the circular economy at scale by **supporting entrepreneurs developing innovative circular economy solutions** worldwide



**Contribute to climate change mitigation and circular use of resources** through technology and innovation globally

#### TARGETED SECTORS

- Advanced materials
- Waste Innovation
- Logistics and supply chain
- Eco-efficient processes
- Circular packaging
- Recycling