Fighting climate change

L'ORÉAL FOR THE FUTURE

As the latest IPCC report confirmed in April 2022, "it is now or never" that we need to act to avoid the worst impacts of climate change. In that perspective, companies must commit to a voluntary transition towards a low carbon economy.

At L'Oréal, for over 20 years, we have been committed to tackling climate change. In 2020, with the *L'Oreal For the Future* programme, we set for ourselves new targets to ensure that our activities are respectful of the so-called "Planetary Boundaries". In 2015, we were among the first one hundred companies to set Science-Based Targets on Climate (SBT). Our overarching climate change objective is to align our greenhouse gas (GHG) emissions with the +1.5°C scenario, meaning we will reduce all GHG emissions by 50% per finished product for scopes 1, 2 and 3* in 2030, and achieve Net-Zero by 2050. At the end of 2021, we already had reduced the CO_2 emissions of our plants and distribution centres by 87% in absolute value, compared with 2005, while our production increased by 37% over the same period. And we met our targets without relying on carbon-offsetting projects.

This is the only way we can make a truly positive contribution to the fight against climate change. We must ensure our activities are compatible with Planetary Boundaries and do not threaten our safe operating space. It is the philosophy that guides our *L'Oréal for the Future* programme.

2021 results — 2030 goals

Key targets and achievements to date

By 2025, all our sites will achieve carbon neutrality by improving energy efficiency and using 100% renewable energy.	58%	100%
By 2030, we will innovate to enable our consumers to reduce their greenhouse gas emissions resulting from the use of our products by 25% compared to 2016, on average and per finished product (tCO_2eq/kg of formulas sold).	-12%	-25%

CDP DISCLOSURE INSIGHT ACTION A LIST 2021 CLIMATE

L'Oréal has been awarded for nine years in a row, an A rating for our leadership in tackling climate change by global environmental non-profit CDP.

What are scope 1, 2 and 3 emissions?

Scope 1

Direct emissions from owned or controlled sources.

Scope 2

Indirect emissions related to the consumption of electricity, heat or steam necessary for product processing or to our operation.

Scope 3

All other indirect emissions related to product supply chain ('upstream' emissions) and the use of products and services during their life cycle ('downstream' emissions).

Improving the way we manufacture products (scopes 1 and 2)

We have adopted a two-pronged approach to curbing our carbon footprint. We have reduced emissions from our industrial sites by 87% since 2005 by increasing the use of local renewable energy and improving energy efficiency, all while increasing our production by 37%, proving that it is possible to combine economic growth with ambitious climate action. Energy from renewable sources now meets 80% of the needs of L'Oréal factories and distribution centres, thanks to major projects leveraging solutions, best suited to the location of each site such as biomass, biomethanisation and solar panels along with the purchase of renewable gas and electricity. 100 of our sites had achieved carbon neutrality by the end of 2021 including 25 factories.

SPOTLIGHT ON
L'Oréal USA achieved carbon neutrality across all sites

In September 2021, our largest subsidiary, L'Oréal USA, achieved carbon neutrality for scope 1 and 2 emissions at its 25 US sites across 12 states, including manufacturing and distribution hubs, administrative sites, and research and innovation facilities. All rolled out measures to reduce energy use and increase their reliance on renewables energy. As a result, 70% of L'Oréal USA sites are now involved in local renewable energy projects. Since 2005, L'Oréal has installed 50,000 solar panels nationwide and incorporated the use of local renewable natural gas (to heat water and workspaces).

Empowering our suppliers and consumers to reduce their footprint (scope 3)

Upstream,
this means ensuring our suppliers reduce their own emissions.

We have set specific targets to this end: by 2030 our strategic suppliers will reduce their direct emissions (scopes 1 and 2) by 50% in absolute terms, compared with 2016.

Downstream, it means curbing carbon emissions linked to the use of our products by our consumers.

To do so, we will pursue innovation to reduce the greenhouse gas emissions resulting from the use of our products by 25% compared to 2016, on average and per finished product. This implies:

- offering products that require less or no water, such as no-rinse conditioners,
- changing consumer habits to lower the temperature of their shower water,
- scaling-up innovative technologies such as the L'Oréal Water Saver, a showerhead developed with the start-up Gjosa which can reduce of water in hair salons by 65%.

SPOTLIGHT ON
Garnier's no rinse conditioner

In early 2022 our brand Garnier launched the first mass market no rinse Conditioner, which can save up to 100 litres of water compared to *Ultimate Blends* 200 ml conditioner bottle. With an average of up to 7 L of water used every time a person conditions their hair, removing the requirement for any rinse off whilst avoiding product residue can play a significant role in reducing consumer water consumption and cutting carbon emissions. The conditioner is produced in one of Garnier's carbon neutral and "waterloop" factories and in a cardboard integrated tube using 75% less plastic, compared to same size conventional 200 ml conditioner tube.