

# Protecting forests



Forests cover 31% of the world's land area. They are the Earth's green lungs, home to the richest terrestrial biodiversity and are key to combatting global warming. Any damage to forests is therefore a threat to the planet and to human society. They are vital to human activity and give us the raw materials needed to make many of our ingredients. L'Oréal recognises its role and responsibility in pursuing and scaling up actions to ensure the sustainable use of forest-related materials, along with the protection and restoration of forests and their related ecosystems.

That is why, in 2007, we put in place guarantees to ensure a sustainable supply of raw materials sourced from forest areas. And, in 2014, with the release of our first Zero Deforestation Policy, we pledged to ensure no ingredients in formula, nor paper and cardboard for packaging would be linked to deforestation. We have therefore implemented sustainable sourcing actions for priority raw materials liable to lead to deforestation such as palm oil, soya oil and wood-fibre-based products.

L'Oréal is well aware of the increasingly critical threat blooming over forests worldwide. Building on our previous achievements, and understanding the necessity to extend the scope and depth of our action on forest protection and responsible supply chain management, L'Oréal has defined a new, dedicated 2030 Forest Policy.

2021  
results

2030  
goals



## Key targets and achievements to date

By 2030, 100% of biobased ingredients for formulas will be traceable and will come from sustainable sources. None of them will be linked to deforestation.

94% 100%

100% of purchases of palm oil, and palm oil and palm kernel derivatives have been certified as sustainable according to the RSPO criteria since 2012.

In 2021, 100% of the paper used for product leaflets and 99.9% of the cardboard used for folding boxes for finished goods were certified as coming from sustainably management forests.



The CDP awarded L'Oréal an A for the 6<sup>th</sup> consecutive year for its actions to protect forests.



DID YOU  
KNOW?

With the goal of greater transparency, we publish annually the list of the mills indirectly connected to our supply chain and representing 90% of our palm derivatives volumes in 2020.

# Introducing L'Oréal's 2030 Forest Policy

We pledge to manage, preserve, and rehabilitate forests, prioritising strategic ingredients derived from ecosystems that may be more vulnerable due to their fragility, rich biodiversity or the services and livelihoods they support.

To guide this work, we have elaborated the L'Oréal 2030 Forest Policy, which sets out the scope and scale of our ambition and defines our overall pathway to sustainable and responsible sourcing of forest-related materials.

By 2030, we commit that:

- 01** 100% of the sourcing of our overall portfolio of forest-related raw materials for formulas, packaging materials and POS will comply with 'No Deforestation, No Peat, No Exploitation' (NDPE) principles, will respect human rights and will support local livelihoods,
- 02** the operations of our suppliers at a corporate group level will comply with the above principles,
- 03** beyond the compliance of our sources, we will proactively contribute to preserve and recover the services provided by priority forests landscapes, strategic for our sourcing.

## Deforestation-free and sustainable palm production

In 2021, L'Oréal consumed less than 310 tonnes of palm oil and the equivalent of 90,003 tonnes of palm oil and palm kernel oil through derivatives (such as glycerine, fatty acids or fatty alcohols).

Since 2010, 100% of the palm oil it purchases meets the Roundtable on Sustainable Palm Oil (RSPO) standards, via the Segregated (SG) model, which is one of the most demanding. But the challenge for a company like L'Oréal is the traceability of the supply chain of palm oil derivatives and how to improve the practices within this supply chain.

The Group decided to go one step further than RSPO certification, in order to ensure a deforestation-free and sustainable palm production. Since 2014, it deployed an unprecedented approach within the oleochemicals sector and started to map its entire supply chain and to trace derivatives back to their origin.

In 2021, **100%** of purchases of palm oil, and palm derivatives have been certified as sustainable according to the RSPO criteria since 2012. **94%** of our palm derivatives are traced back up to mills. **27%** of our sources are physically connected to sustainable sourcing projects supporting independent smallholders in Indonesia and Malaysia.



## SPOTLIGHT ON

### Supporting independent smallholders

L'Oréal is also committed to support independent smallholders, who face challenges such as deforestation and difficult living conditions. Through a multi-stakeholder partnership, L'Oréal helps to connect independent smallholders to the market demand for "Zero Deforestation" palm oil, fostering sustainable agricultural practices.

In 2015, in the Beluran district of Malaysia, L'Oréal launched a pilot project called "SPOTS" (Sustainable Palm Oil & Traceability with Sabah small producers) aimed at supporting 500 independent producers of palm oil by 2020.

At the end of the first five years of the project, 942 independent producers had joined the SPOTS project, 774 of whom obtained RSPO certification, representing nearly 28,000 hectares of sustainably managed plantations.

L'Oréal worked with its suppliers and Wild Asia to scale up the project, in order to extend its positive impact to the entire state of Sabah by 2025. The aim of this regional cooperation is twofold: to extend RSPO certification to 3,500 independent producers, i.e. 100,000 hectares of plantations, while encouraging the adoption of regenerative agricultural practices for palm oil production.

## The L'Oréal Fund for Nature Regeneration

In 2020, as part of our effort to protect biodiversity, we chose to look beyond our own value chain by creating the L'Oréal Fund for Nature Regeneration, a €50m impact investment fund that intends to simultaneously combine financial performance with the creation of environmental and social value. By supporting projects to rehabilitate degraded lands, regenerate mangroves, and restore marine areas and forests, the fund aims to help preserve or restore one million hectares of ecosystem, to capture 15 to 20 million tonnes of CO<sub>2</sub> and create thousands of jobs by 2030.