

## *L'Oréal Greenhouse Gas (GHG) emissions 2020*

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In 2017, work was carried out to improve all scopes of the GHG Assessment tool in order to refine its perimeters and input data and to align emission factors with those of SPOT (Sustainable Product Optimization Tool: the Group's own tool for assessing the environmental and social footprint for its products). In 2020, work was carried out on Scope 3 of the GHG Assessment in order to improve its input data, perimeters and emission factors.

In 2021, the Group updated its carbon footprint calculation for its 2020 activity. The study shows a reduction of around 0.5 million tons compared to 2019, primarily due to the Covid-19 health crisis, which particularly impacts the following Scope 3 items: purchased products and services, business travel, employee commuting, etc. Proportionally, the CO<sub>2</sub> emissions associated with the use of the products sold declined less in 2020 than the Group's business activities, with more rinse-off products sold (hygiene, hair care) than non-rinsed products (make-up).

### ***Direct GHG emissions (Scope 1)***

L'Oréal's direct GHG emissions arise from the gas and fuel oil consumption of all the Group's sites (production, distribution, administrative and research).

The calculations are based on specific data:

- For each energy source (natural gas, fuel oil), L'Oréal multiplies energy consumption by the appropriate emission factor (recommended by the GHG Protocol).
- It also includes the GHG emissions related to cooling gas.

The total of these direct GHG emissions is 43,134 metric tons equivalent CO<sub>2</sub> (tCO<sub>2</sub>eq).

### ***Energy indirect GHG emissions (Scope 2 Market-Based)***

L'Oréal's indirect GHG emissions arise from heat network and electricity consumption of all the Group's sites (production, distribution administrative and research).

L'Oréal applies the Greenhouse Gas (GHG) Protocol. Calculations are based on specific data:

- For each energy source (steam, electricity, heat network), L'Oréal multiplies energy consumption by the appropriate emission factor.
- For electricity, the Group uses the emission factor of the local supplier, if available. Otherwise, the Group applies the latest factor supplied by the International Energy Agency.
- For steam and heat network, the Group uses the emission factor given by the suppliers.

The total of these indirect GHG emissions is 12,644 tCO<sub>2</sub>eq.

### ***Improvement of our direct and indirect GHG emissions accounting***

In the process of our Science-Based Targets commitments\*, we have been working to go a step further in the knowledge of our Scope 3 CO<sub>2</sub> emissions upstream and downstream, through the respect of the GHG Protocol definitions. Within this frame, we are refining two categories that are included in our Scope 3 for the GHG annual assessment: long-term hire vehicles and branded retail stores, for which a shift from Scope 3 to Scope 1 and 2 could be a relevant possibility.

For 2020, total emissions are estimated to be 40,817 metric tons for long-term hire vehicles and 19,841 metric tons for branded retail stores (60,658 metric tons total, in the "upstream leased assets" category). Unlike direct (Scope 1) and indirect (Scope 2 Market-Based) GHG emissions previously mentioned, these emissions are not part of our monthly reporting so far. They are estimated annually through our global GHG annual assessment, based on the 2020 data consolidated at the Group's scale.

\* We commit to reduce our scope 1, 2 and 3 GHG emissions 25% by 2030 in absolute terms, from a 2016 base year (<https://www.loreal.com/sharing-beauty-with-all-producing/reducing-co2-emissions/low-carbon-growth--a-major-step-forward>)

## Other indirect Greenhouse Gas (GHG) emissions (Scope 3)

Total CO<sub>2</sub> emissions under the various headings of Scope 3 amount to 11,169 thousand tons of equivalent CO<sub>2</sub> and break down as follows:

### UPSTREAM

1. Purchased products and services: 3,183 kilotons (kt)
2. Capital goods: 497 kt
3. Fuel- and energy-related activities (not included in Scope 1 and Scope 2 emissions): 141 kt
4. Upstream transportation and distribution: 167 kt
5. Waste generated by the sites: 16 kt
6. Business travel: 37 kt
7. Employee commuting: 66 kt
8. Upstream leased assets: 81 kt

### DOWNSTREAM

9. Downstream transportation and distribution: 617 kt
10. Processing of sold products: 0 kt
11. Use of sold products: 5,532 kt
12. End-of-life treatment of sold products: 744 kt
13. Downstream leased assets: 0 kt
14. Franchises: 0 kt
15. Investments: 88 kt

Estimated CO<sub>2</sub> amounts are arrived at using emission factors incorporating all the greenhouse gases. The emission factors used are taken from databases (International Energy Agency, Ecolnvent, ADEME).

In June 2020, as part of the launch of its new sustainability program, *L'Oréal for the Future*, and in line with its *Science Based Targets* (SBT) commitment, the Group specified its roadmap for the decade to come. On climate change, its overarching objective is to align to the 1.5°C scenario, reducing its greenhouse gas emissions of all scopes by 50% per finished product (25% in absolute terms) in 2030, and reaching net zero emission in 2050. To achieve this, the Group has set numerical targets for every aspect of its activities to include not only its production and distribution facilities, but also the raw material supply chain and the indirect impacts associated with the use of its products by their final consumers.

- First, L'Oréal will pursue the extensive work carried out on its sites, which will all achieve carbon neutrality by 2025 (industrial sites but also laboratories and administrative buildings).

- L'Oréal will innovate so that its consumers can reduce, by 2030, the greenhouse gas emissions resulting from the use of its products by 25% compared to 2016, on average and per finished product.

- By 2030, L'Oréal will have reduced by 50% on average and per finished product, the greenhouse gas emissions linked to the transport of its products, compared to 2016.

- By 2030, the Group's strategic suppliers will have reduced their direct emissions (scopes 1 and 2), by 50% in absolute terms, compared to 2016.

## ABOUT L'ORÉAL FOR THE FUTURE

In June 2020, L'Oréal's launched its second sustainability program, *L'Oréal for the Future*. With this strategy, the Group wants to operate within the planet's boundaries, as defined by environmental science. L'Oréal is therefore implementing a new internal transformation program, with quantifiable objectives, to limit the impact of all its activities on climate, water, biodiversity and natural resources. These new targets will not only focus on the Group's direct impact but also tackle its extended impact, related to the activity of its suppliers and the use of products by its consumers.

Beyond the transformation of its business model, L'Oréal wants to help address the environmental and social challenges the world is facing. For this reason, the Group is allocating 100 million euros to impact investing dedicated to the regeneration of ecosystems and the development of the circular economy, and 50 million euros to a charitable endowment fund to support highly vulnerable women.

Find out more about *L'Oréal for the Future* [here](#).

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