

3rd Edition

THE BEAUTY OF ETHICS · THE ETHICS OF BEAUTY

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THE L'ORÉAL SPIRIT

L'ORÉAL has set itself the mission of offering all women and men worldwide the best of cosmetics innovation in terms of quality, efficacy and safety. Our ambition for the coming years is to win over another one billion consumers around the world by creating the cosmetic products that meet the infinite diversity of their beauty needs and desires. Our identity and reputation are based on strong Values and Ethical Principles. Our Values are Passion, Innovation, Entrepreneurial Spirit, Open-Mindedness, Quest for Excellence and Responsibility. Our Ethical Principles are Integrity, Respect, Courage and Transparency.

AS A BUSINESS

Our strategy for leadership is based on continuous investment in our research and development. This enables our brands to deliver to our consumers products that are innovative, highly effective, practical and pleasant to use, and which are manufactured to the most demanding standards of quality and safety. We place great value on honesty and clarity: our consumer advertising is based on proven performance and by scientific data. We are committed to building strong and lasting relationships with our customers and our suppliers, founded on trust and mutual benefit. We respect the stakeholders of our business environment, including our competitors. We do business with integrity: we respect the laws of the countries in which we operate and adhere to good corporate governance practices. We maintain high standards in accounting and reporting, and support the fight against corruption. We deliver long-term, sustained shareholder value by protecting and making the most effective use of Company assets. We aim for excellence, and constantly challenge ourselves and our methods.

AS AN EMPLOYER

We aim to make L'ORÉAL a great place in which to work. We know that our employees are our greatest assets. They are entitled to a safe and healthy working environment: one in which personal talent and merit are recognised, diversity is valued, privacy is respected, and the balance between professional and personal life is taken into account. We believe in offering our employees a stimulating environment, exciting personal opportunities and a chance to make a difference. We encourage an atmosphere of openness, courage, generosity and respect, so that all our employees feel free to come forward with their questions, ideas and concerns.

AS A RESPONSIBLE CORPORATE CITIZEN

We play our part in creating a world of beauty and fairness. We are mindful of our impact on the natural environment, including biodiversity, and constantly seek to reduce it: we are determined to avoid compromising tomorrow for the sake of today. We make a positive contribution to the countries and communities in which we are present, and respect local cultures and sensitivities. We are committed to the respect of Human Rights. We want to help end the exploitation of children in the workplace and the use of forced labour. We want an end to animal testing in our industry, and we contribute to the development and acceptance of alternative methods. We actively seek out and favour business partners who share our values and our ethical commitments.

This is the spirit in which we operate: The L'ORÉAL SPIRIT

FOREWORDS

BY JEAN-PAUL AGON



In the 21st century, only companies that have integrated ethics in their culture, strategy and day-to-day practices will be sustainable.

Our ambition is to be one of the most exemplary companies worldwide. Our ethics program is already recognized and places us amongst the world's leading companies in this field.

Our strong ethical culture is one of the pillars of the New L'ORÉAL. This is why we must clearly state our commitments as a business, as an employer and as a corporate citizen.

Our Ethical Principles - Integrity, Respect, Courage and Transparency - will allow us to continue to be a Group which inspires trust.

The Code of Ethics applies to all of us, wherever we work and whatever our job - whether we are a new employee, a Management Committee member, and up to the Board of Directors.

The Code of Ethics is our reference document, to inspire our choices and to guide our day-to-day actions.

Read this Code carefully. Live it. Pass it on. Respect it and make sure it is respected around you.

L'ORÉAL needs everyone's exemplarity to be exemplary.

JEAN-PAUL AGON

Chairman and Chief Executive Officer
Chairman of the L'ORÉAL Foundation

BY EMMANUEL LULIN

Our Code of Ethics is a living and shared document that covers subjects that are essential to our culture of loyalty, trust and solidarity. It aims to help us understand what is expected of us as L'ORÉAL employees, by setting out the general principles and through numerous practical day-to-day examples.



Beyond this document, you have at your disposal a dedicated intranet site (<http://ethics.loreal.wans>) and trainings. Ethics Correspondents in each Country help us to live our Code.

Ethics however is an essential duty of each and every one of us.

For many years, we have also come together during Ethics Day. More and more of you participate in this event which has become a key date in the Group's calendar.

All employees and entities must work together in a respectful and open manner. Credit must be given to other people's ideas. We should listen with generosity and share information as needed, subject to our rules on confidentiality.

Ethical issues are rarely simple. Our strength is to have the courage to address them. Do not keep these questions for yourselves: speak up and ask for advice.

You will always be supported in this process.

EMMANUEL LULIN

Senior Vice-President and Chief Ethics Officer

BY THE EXECUTIVE COMMITTEE



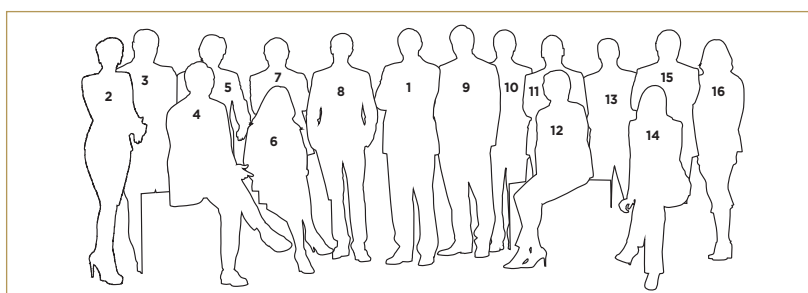
We are committed to live out the Code of Ethics in our day to day work. It is crucially important to L'ORÉAL's success.

Ethics applies to the behaviour of all L'ORÉAL Group employees, everywhere in the world, at all levels of the Company, without exception. It covers all L'ORÉAL's activities, from research, innovation and design of our products to their manufacturing and marketing, from human resources to our operations, from administration and finance to sustainable development, from communication and public affairs to digital.

Each of us, as an ambassador and member of the L'ORÉAL community, makes a personal commitment to follow this Code, both in letter and spirit.

You should always remember that:

- the ethical principles set out in this document are not optional: you must respect them
- you set the example: L'ORÉAL's reputation, the trust of all our stakeholders, depend on each of us
- you will be evaluated not only on what you do but also on how you do it



1-JEAN-PAUL AGON
Chairman and CEO
Chairman of the L'ORÉAL Foundation

Jean-Paul Agon

2-BARBARA LAVERNOS
Executive Vice-President
Operations

Barbara Lavernos

3-JOCHEN ZAUMSEIL
Executive Vice-President
Western Europe Zone

Jochen Zaumseil

4-ALEXIS PERAKIS-VALAT
Executive Vice-President
Asia-Pacific Zone

Alexis Perakis-Valat

5-JÉRÔME TIXIER
Executive Vice-President
Human Relations and
Advisor to the Chairman

Jérôme Tixier

6-ISABEL MAREY-SEMPER
Executive Vice-President
Communication,
Sustainability and Public
Affairs, General Manager
of the L'ORÉAL Foundation

Isabel Marey-Semper

7-MARC MENESGUEN
President Consumer
Products Division

Marc Menesguen

8-NICOLAS HIERONIMUS
President Selective
Divisions

Nicolas Hieronimus

9-CHRISTIAN MULLIEZ
Executive Vice-President
Administration and Finance

Christian Mulliez

10-LAURENT ATTAL
Executive Vice-President
Research and Innovation

Laurent Attal

11-ALEXANDRE POPOFF
Executive Vice-President
Eastern Europe Zone

Alexandre Popoff

12-BRIGITTE LIBERMAN
President Active Cosmetics
Division

Brigitte Liberman

13-GEOFF SKINGSLEY
Executive Vice-President
Africa, Middle East Zone

Geoff Skingsley

14-LUBOMIRA ROCHET
Chief Digital Officer

Lubomira Rochet

15-FRÉDÉRIC ROZÉ
Executive Vice-President
Americas Zone

Frédéric Rozé

16-AN VERHULST-SANTOS
President Professional
Products Division

An Verhulst-Santos

WHO DOES THIS CODE APPLY TO?

The Code of Ethics applies to all employees of the L'ORÉAL Group and its subsidiaries worldwide. It also applies to all corporate officers and members of the Executive and Management Committees of the L'ORÉAL Group and its subsidiaries worldwide. Moreover, the Code of Ethics applies to all employees and corporate officers of the L'ORÉAL Foundation. The term "L'ORÉAL" used in this document refers to all subsidiaries of the L'ORÉAL Group and L'ORÉAL

Foundation. In order to allow as many employees as possible to read the Code of Ethics in their mother tongue, the Code of Ethics is currently available in 45 translations. The UK English version of this Code is the reference document.

The Code of Ethics is publically available on L'ORÉAL's corporate website.

HOW TO USE THIS CODE

L'ORÉAL operates in many countries – home to a wide variety of cultures, laws and political systems.

We as a business and as individuals in the performance of our duties must always respect the laws and regulations of the countries in which L'ORÉAL operates.

We recognise that some situations are not easy. Ethics is often about arbitrating a conflict of principles. Our Code of Ethics sets standards for the Group in a number of "grey areas", where, beyond the law, a discretionary decision is required.

Read all of the Code to learn about L'ORÉAL's ethical expectations and standards, and then keep a copy for yourself for future reference should you have any questions or concerns.

Of course, no document can anticipate and address every situation that may arise. So whenever you are faced with this type of decision, ask yourself the following questions:

1. Is it in line with the Code of Ethics?
2. Is it legal?
3. Is it in line with our Ethical Principles of Integrity, Respect, Courage and Transparency?
4. How would my actions affect our stakeholders and could I justify my decision?
5. Would I be comfortable if my decision was made public internally or externally?

If the answer to one of these questions is no, or if you have any doubts, the **golden rule** is to consult the appropriate people (your management, internal experts, Ethics Correspondent, etc.) and **discuss the matter openly before acting (see also "I Have a Concern: Open Talk")**.

The Code of Ethics does not replace any existing policies, and you should continue to refer to whatever rules and standards have been set in your workplace. This Code aims to provide a framework for these policies and standards, so that it is easier for you to understand the rationale behind them.

L'ORÉAL acknowledges that the Code of Ethics is not exhaustive and that its content may change from time to time.

L'ORÉAL reserves the right to change the Code of Ethics at any time, with or without notice, and the right to take whatever action it deems appropriate in a given situation, subject to not contravening L'ORÉAL's Ethical Principles.

I HAVE A CONCERN

OpenTalk

L'ORÉAL encourages a culture of openness where employees can raise their genuine concerns.

We encourage all employees to express their views, defend their opinions and point out unacceptable behaviours and demands.

Employees may have concerns about certain practices and need advice and guidance to help resolve them. It is our policy that all reports of misconduct on the part of the Company, one of its employees or even a third party with which the Company is in contact are thoroughly investigated, and that appropriate actions are taken, regardless of the people involved.

The normal route for raising such issues is via your operational or functional management. You can also contact your Human Resources Manager or your Ethics Correspondent. There may also be additional resources available in your country, such as staff representatives.

Your Country Manager or, for Corporate or Zone staff, the member of the Group's Executive Committee to which you report, is responsible for ensuring the respect of the Code of Ethics; if necessary, you can contact him or her.

In exceptional cases, if your concern cannot be handled through normal channels, you can directly contact the Chief Ethics Officer via the secure Web site: **www.loreal.ethics.com**

Any employee raising such concerns in good faith will be protected against retaliation. Any employee who believes he/she is being retaliated against must immediately report this by the same channels as indicated above.

"Good faith" means that you have provided information that you believe to be comprehensive, honest and accurate at the time, even if you are later proven to be mistaken.

We will ensure a fair process in the case of an investigation, respecting the principles of confidentiality and presumption of innocence. Any investigation will also comply with applicable local legislation, especially regarding due process.

During an ethical investigation, the full cooperation of everyone involved is mandatory and all information and documents must be immediately provided upon first request.

The person implicated will be informed of the nature of the allegations made against him/her. The information may not be provided immediately should it prove necessary, for example, to check the facts, preserve evidence or contact the competent authorities.

All information communicated will be shared only with those persons who have a legitimate reason to know either to ensure the concern is handled and/or the appropriate steps are taken.

We will provide the results of the investigation to the individual who has raised the concern to the extent that it is appropriate and can be given without infringing legal requirements or other duties of confidentiality.

Any accusations that prove to be slanderous or made in bad faith may result in disciplinary proceedings.

WORKING TOGETHER

We expect all employees and entities to work together in a respectful and open manner.

Teamwork is encouraged and successes, as well as failures, should be shared.

We should all aim to give credit to other people's ideas, and recognise the contributions of others. We should listen with generosity and share information as needed, subject to the Group's rules on confidentiality.

Lack of respect, in particular through abusive speech or inappropriate gestures or racist, discriminatory or sexual remarks, is unacceptable. Disparagement of colleagues is also contrary to L'ORÉAL's ethics.

In this way, we will maintain a culture of loyalty, trust, solidarity and respect for cultural differences throughout our business.

RESPECTING HUMAN RIGHTS

We are committed to respecting and promoting Human Rights, namely by reference to the Universal Declaration of Human Rights dated December 10, 1948, and the United Nations Guiding Principles on Business and Human Rights dated June 16, 2011. We have been a signatory to the United Nations Global Compact since 2003 and we support the UN Women's Empowerment Principles.

We are present in many countries, and we are particularly vigilant on issues covered by the Fundamental Conventions of the International Labour Organization (prohibition of child labour and forced labour, respect of freedom of association), promotion of diversity, women's rights, respect for the rights of people to use their natural resources and the right to health.

RESPECTING LOCAL LAWS AND CUSTOMS

L'ORÉAL is particularly attached to the spirit and the letter of laws governing quality, health and safety standards, labour law, the environment, corruption and money-laundering, data privacy, taxation, accurate communication of financial and non-financial information and fair competition.

L'ORÉAL seeks to share these principles with its business partners and to ensure that such partners also respect these laws and regulations.

We should also ensure, wherever possible, that we conduct our activities in a manner that is sensitive to the cultural and social traditions of communities with which we come into contact.

There may be instances when the guidance in this Code is at variance with the local law or customs of a particular country. If that is the case, **where local law or customs impose higher standards than those set out in the Code, local law and customs should always apply. If, by contrast, the Code provides for a higher standard, it should prevail, unless this results in illegal activity.**

“We aim for excellence, and constantly challenge ourselves and our methods.”

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Tax

PRODUCT SAFETY & QUALITY

Product safety and quality has always been paramount at all times.

It is the superior performance, quality and safety of our products that demonstrate our dedication and respect for our consumers, that maintain their trust, underpin the reputation of our brands and ensure that L'ORÉAL remains the leader in our field.

We are committed to marketing products that have proven efficacy and safety, guaranteed by rigorous evaluation methods. Every L'ORÉAL employee involved in product development, manufacturing, marketing and sales must seek to achieve total product quality, from its conception to its distribution, even after it has been put on the market.

We must

- + Comply with all national and international legislative and regulatory requirements to ensure the conformity of all our products
- + Ensure that the highest standards of hygiene and strict quality controls are applied at each stage, from product development to manufacturing and distribution process
- + If we know of a claim from a consumer, ask him or her to contact the appropriate Consumer Department and when this claim appears to be a potential health or safety concern, ensure we immediately inform our manager or the International Cosmeto-Vigilance Department

We must not

- Limit a free and open exchange of views on product safety so that no safety issue is ignored
- Ignore any potential concerns about product safety, tolerance and quality control issues
- Answer media questions (including those from social media) on our products if we are not competent and authorised to do so

Ethical?

1.1 - I work on the production line. I've noticed some defective finished goods. A machine may be generating some quality problems. I know we're supposed to stop production when that happens, but my supervisor has not taken any action. I know that the production schedule is very tight. Should I trust that she knows what she's doing in ignoring it?

L'ORÉAL has put in place quality controls at each stage of the manufacturing process to ensure that our customers obtain the highest quality products. Quality comes first, regardless of production schedules. You should put that line on hold without any hesitation, openly share the problem with your manager, and work with her and the rest of the team to fix the issue, before carrying on with production.

1.2 - We have received a report from a supplier stating that contamination may have occurred in a recent shipment of raw materials. The products containing these raw materials have already been shipped to our customer and there is no concrete evidence of contamination in our products. Do we have an obligation to recall the entire production run?

At L'ORÉAL, we respond promptly to any concern about possible product safety. You should discuss the issue with your manager or your Quality Control Manager immediately.

1.3 - I was just contacted by a consumer who had the wrong telephone number. He told me that he had had an allergic reaction after using one of our products. What should I do?

Give this consumer the number of the appropriate consumer helpline and encourage him to contact them immediately. As well, send this information yourself to the International Cosmeto-Vigilance Department. At L'ORÉAL, after a detailed study of the eventual causal relationship with our products, we sometimes can decide to adjust the composition of a product to correct some undesired effects, even if very mild, in order to guarantee to our consumers that they can use our products with the fullest confidence.

1.4 - I am often asked by my family and friends about our position on animal testing... I don't know what to tell them. Whom should I approach about this?

L'ORÉAL no longer tests on animals any of its products or any of its ingredients, anywhere in the world. Nor does L'ORÉAL delegate this task to others. An exception could only be made if regulatory authorities demanded it for safety or regulatory purposes. If you have any questions on this subject, you can contact your Public Relations Director. Remember: you should be careful when speaking on topics outside your area of expertise (see the chapter on "Representing the Company").

OpenTalk

Who to contact: If you have a concern about product quality and/or safety, don't keep it to yourself. Speak to **your manager, your Quality Control Manager, your Legal Director, your Scientific Director, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").



ADVERTISING & MARKETING

The success of our products is based on their intrinsic characteristics and performance. This principle is essential to winning and keeping consumer trust and loyalty. We want to communicate responsibly by respecting the infinite diversity of beauty needs and desires in the world. We do not promote a single or unattainable model of beauty.

We must

- + Follow internal validation processes for advertising and claims even if it delays a product launch
- + Ensure that all advertising and promotional material is based on proven performance and relevant scientific data obtained during evaluations, consumer or laboratory studies carried out in accordance with our industry's best practices
- + Give a fair, precise and truthful description of our products and their effects
- + Clearly express the purpose and correct usage of our products and take care that it is readily understood by consumers
- + Ensure that our brands promote the largest number of beauty types
- + Be sensitive to the possible reaction of religious, ethnic, cultural or social groups to our advertising
- + Take great care to ensure our actions are consistent with our Ethical Principles if we are promoting products for children and young people
- + Be especially vigilant regarding the working conditions of the children who may appear in our advertising
- + Take care when using animals in our advertising; in particular not have recourse to threatened species or animals whose training conditions are clearly unacceptable
- + Design our sales promotions and direct marketing operations so that consumers can easily understand the conditions of the offer
- + Protect our consumers' personal data (see the chapter on Privacy and Data Protection)
- + Refrain from making disparaging remarks concerning competitors (including any false statements concerning their products or services)

We must not

- Seek to exploit the gullibility, lack of knowledge or lack of experience of consumers
- Assert in our advertising that the use of our products will confer a substantial professional or social advantage or that our products are necessary for overcoming personal problems or being socially accepted
- Undermine human dignity in our advertising or present degrading stereotypes
- Advertise in certain media or around programmes whose appeal strategy is based on violence, sex, superstition or the incitement of hatred toward anyone. Such strategies are contrary to L'ORÉAL's Ethical Principles
- Have children appear in advertising for a product that has not been tested for use on children unless it is clear in the advertisement that the product is not intended for children
- Specifically target very young children in our advertising and promotions, except for sunscreen and hygiene products
- Deliberately exaggerate claims in our communications, including environmental or societal claims
- Collect information for behavioural marketing purposes without first informing Internet users (e.g., using cookies)



Ethical?

2.1 - My colleague has shown me a marketing proposal for a body lotion that uses an extremely thin young model. I think it's distasteful in the least, and could lead us to accusations of encouraging girls to starve themselves in pursuit of an unhealthy thin physique. She said I was being over-sensitive and that the artwork had already been approved. What can I do about it?

Our advertising and promotion is designed to have the maximum impact possible on our desired audience. We must therefore take responsibility for all the messages it communicates - or is seen to communicate. There is growing concern about eating disorders among young women, and the health risks associated with this. This has to be taken into account when deciding on our advertising campaigns. We do not knowingly work with models who are under the age of 16 years except for specific advertising such as sunscreen for children, or models who clearly appear to have a serious eating disorder. We also avoid any advertising that promotes drugs, alcohol or smoking. You should encourage your colleague to get a second opinion. You can also raise it with your manager.

2.2 - In an advertisement for a hair styling product, the model is going to wear a natural hair wig, and we will also photoshop her picture because her skin has blemishes. Is it acceptable when it comes to the sincerity of our claims?

Some retouching is necessary at times from a technical perspective, but they should not at all be misleading as to the performance of the product being advertised. Using a natural hair wig is acceptable because it is an advertisement for a styling product and is not related to hair volume. It is important that the wig used is made of real hair and coloured or styled with the products being advertised. Beware however of the origin of the natural hair used to make wigs, which can sometimes be controversial.

2.3 - I'm just devising a marketing programme for a new product. The R&I department manager has said that it only "reduces wrinkles", but my manager has told me to say it "eliminates wrinkles". I'm concerned that this isn't entirely truthful. What should I do?

We act in line with both the Consolidated Code of the International Chamber of Commerce on Advertising and Business Communication Practices, and also the Charter and Guiding Principles on Responsible Advertising and Marketing Communication of Cosmetics Europe. Overselling our products by making inflated or exaggerated claims for them is dishonest, creates distrust among our customer base and could be considered misleading. If the product does not eliminate wrinkles, then you should not claim that it does.

2.4 - I would like to include in an advertisement the fact that a product does not contain hexachlorophene, which is not surprising since the use of this ingredient is prohibited by law. However, it sounds good to consumers. But I have colleagues who think that it is a borderline claim. Who is right?

We cannot lead people to believe that our products have a specific property when this property comes from simply respecting the law. It would be misleading for our consumers. Your colleagues are right.

2.5 - I am currently working on an advertisement that takes place in a religious setting. The consumers targeted by this advertisement will probably like its provocative style, and in my country, I don't think it will offend anyone. However, I have a foreign colleague who finds it a bit borderline. What should I do?

We should evaluate our advertisements not only from our target consumers' point of view, but also from the view of society overall. Our adverts are viewed by many more people than only our targeted market. We must also take into account our international presence and not use themes that could be considered acceptable in one country, but extremely shocking in another country in which we operate. Lastly, we should not use images, symbols or themes that could be considered gratuitously offensive, demeaning or disrespectful of a religion, nationality, culture, minority group or disability. The best thing would be to obtain an objective opinion, specifically via a panel before validating this advertisement and to pay attention to how this advertisement is disseminated.

2.6 - A famous brand of children's clothing is launching a line of dresses for little girls and wants to buy lip gloss to offer them to their customers if they purchase over a certain amount. This is a good opportunity, right?

There is a growing debate about the early sexualisation of young children. Although young children have always wanted to imitate adults, especially by playing dress up with make-up and perfume, we believe that it must remain a game, and, for that reason, we should not encourage the daily use of cosmetics in young people except for hygiene and sunscreen products. Therefore, it is best to avoid associating our brands with objects, themes or events aimed at young children. For example, we do not supply products for "Mini-Miss" type contests.

OpenTalk

Who to contact: If you have a concern about advertising or marketing, don't keep it to yourself. Speak to **your manager, your Legal Director, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").



SUPPLIER SELECTION & FAIR TREATMENT OF SUPPLIERS

L'ORÉAL's relationship with its suppliers extends beyond the purchase and delivery of goods and services. It is integral to the long-term success of our business. We will be judged by the quality of the relationship we have with our suppliers. In particular, we will be scrutinised on how we select our suppliers, and how they demonstrate their commitment to doing business responsibly. We are proud of our reputation for dealing with suppliers in a mutually supportive and open way. These relationships are based on the principles of impartiality, fairness and loyalty and we respect their independence and identity. L'ORÉAL will not abuse its market position in order to gain preferential treatment.

We must

- + Select suppliers on the basis of open competitive bidding; ensure that all supplier offers are compared and considered fairly and without favouritism
- + Be transparent about the bidding process and give honest, sensitive feedback to failed bids based on objective elements
- + Ensure that our ethical expectations are understood and respected by all suppliers wherever they operate
- + Support suppliers in meeting L'ORÉAL's expectations
- + Pay suppliers on time and according to the agreed terms, unless there are legitimate reasons for not doing so, such as merchandise ordered not being delivered
- + Make sure that our suppliers are not overly economically dependent on L'ORÉAL business
- + Protect the suppliers' confidential information as though it were our own

We must not

- Impose abusive conditions on suppliers (namely in terms of payment, deadlines...)
- Continue to work with a supplier who is repeatedly not meeting L'ORÉAL's expectations or not respecting our Ethical Principles, namely with regards Human Rights and/or the fight against corruption

Ethical?

3.1 - I am trying to find a new supplier for office materials. The first one I contacted offers a good service, but at a high price. The second isn't quite as good, but he's cheaper (mainly because he's made a significant discount in an effort to win L'ORÉAL business). Can I tell the first supplier what price the second guy quoted, in order to try to get his price down?

You can tell the first supplier in very broad terms that you have a better price elsewhere, but without revealing the identity and price of the second supplier. Otherwise, you would be giving the first supplier confidential information about his competitor, which is unethical, and, in many countries, against the law.

3.2 - I have found a really good supplier but he is just starting up his business and L'ORÉAL is, for the moment, his only client. Can I use him?

Yes. There is no reason not to help this supplier start his business. However, you should enter into a temporary contract and inform the supplier that he is expected to find other customers before a certain period of time. If he really is good, this should not be a problem. If at the end of your contract, he has not done so, you should consider changing suppliers.

3.3 - Someone told me confidentially that one of our overseas suppliers is under investigation following allegations of forced labour. The supplier hasn't told me any of this, and on previous site visits there's been no reason for concern. Should I ignore these rumours?

No. You should investigate, starting by asking the supplier for information. If you are in any doubt, consider including them in L'ORÉAL's Social Audit programme, which involves sending an external auditor to verify the facts around employment practices, working conditions and other issues. If the audit reveals scope for improvement, we will inform the supplier and try to get him to agree to a corrective action plan. Of course, in case of severe non-compliance with our standards which we do not think we can fix immediately or if the supplier does not improve, we must end the relationship.

+ FOR MORE INFORMATION:
please read *"The Way We Buy"* and *"Suppliers / Subcontractors and Child Labour"*.

OpenTalk

Who to contact: If you have a concern about supplier selection or treatment, don't keep it to yourself. Speak to **your manager, your Purchasing Manager, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").



FAIR COMPETITION

We respect all stakeholders in our professional sphere, including competitors. We treat them the way we would like them to treat us. Our position as leader in the cosmetics industry reinforces our duty to set a good example in this area.

It is in our interest to work in an industry where business practices are reputable. It makes our work easier and reinforces the trust of our customers. Sharing any type of information such as pricing, costs or marketing plans with competitors can lead to the appearance of price fixing, territorial division or other types of manipulation or distortion of the free market. In most countries, there are very strict laws in this area which we must be aware of and comply with.

We must

- + Promptly disclose to our management if we have inadvertently received or used proprietary or confidential information which relates to competitors and legitimately belongs only to them or to third parties
- + Refrain from taking action to cut off a competitor's sources of supply or commercial outlets
- + Never allow new recruits to L'ORÉAL to share confidential information about competitors for whom they used to work
- + Refrain from all disparaging remarks concerning competitors (including any false statements concerning their products or services)

We must not

- Be in contact with competitors where confidential information is discussed
- Induce customers or suppliers to breach contracts with competitors
- Establish exclusive dealing arrangements (i.e. contracts that require a company to buy or sell only to L'ORÉAL) without prior legal advice
- Collect competitive information through illegal means and/or by failing to identify oneself clearly as a L'ORÉAL employee when collecting such information
- Impose contracts which tie or bundle together different products or services (e.g., those which require a buyer who wants one product to buy a second "tied" product as well) or allow fidelity rebates without prior legal advice
- Influence the pricing policy of our clients

Ethical?

4.1 - I ran into one of our competitor's representatives at a trade show recently. Over a drink in the bar, he mentioned that his company would soon implement a price increase on several key products. This is really useful intelligence! Who should I tell about it so we can take full advantage?

We do not share or exchange price or bid information with competitors. This includes pricing policies, discounts, promotions, royalties, warranties and terms and conditions of sale. If a competitor volunteers such information, you should bring the conversation to a close sensitively but immediately, and alert your management and the Legal Department. You should of course also not share this information with anyone. While the exchange may be intended innocently, it also could create the appearance of price-fixing or bid-rigging which is unethical and, in most countries, illegal.

4.2 - L'ORÉAL is a member of the National Professional Cosmetics Association and I am L'ORÉAL's representative for the Commercial Committee. After one of the Committee's monthly meetings, one of my colleagues, a representative of a very well-known competitor, suggested that the members of the Committee meet in a restaurant to reinforce personal links and to speak "off the record". What should I do?

Do not accept the invitation, and immediately inform your Legal Department. We have the obligation to warn the Association of such "off-the-record" meetings. Remember that contacts with competitors must remain exceptional and limited to non-specific, non-sensitive, non-strategic topics. Strictly avoid informal contacts and even social events with competitors. If during "authorised" official contacts with competitors, you realise that sensitive issues are about to be discussed, just leave the meeting and get the fact that you left registered in the minutes.

4.3 - I've found out that one of our main competitors will be launching a new product shortly that could have serious implications for our sales and marketing strategies. We desperately need to find out more about it, whatever it takes. Given how crucial this is, can we hire someone to sort through their trash in search of clues as to their launch strategy?

No. This is wholly unethical behaviour, which could be severely damaging to our reputation for integrity. L'ORÉAL can never be party to such activities. We can only collect competitive information through legitimate means. Such means include examining our competitors' products and using publicly available sources, such as promotional leaflets, annual reports, competitors' displays at trade shows, and aggregated industry data that does not disclose company-specific information.

4.4 - While visiting a client, he gave me information on my competitors' recommended prices as well as their launch plans. Can I also ask him for information on the in-store set-up for these launches?

You should not collect non-public sensitive information (prices, product launches, market shares, advertising budget, etc.) on our competitors whether directly from our competitors or indirectly, namely through our clients. Doing so poses a risk for both L'ORÉAL and the client.

4.5 - Six months ago, I hired someone who used to work for a competitor. While there, she gained some hugely valuable research expertise in a really key area for us. Indeed, that experience was one of the main reasons I hired her. Obviously, I've taken great care to ensure she doesn't pass on any confidential information to us, but surely there's a time limit, after which she can share her knowledge freely? Otherwise, it would just be taking all this confidentiality stuff to extremes, wouldn't it?

No. There is no time limit on protecting confidential information. Your recruit should have been hired on the basis of her skills, and not because of her past work for our competitor. It may even be appropriate to transfer her to a different department, where she won't feel under any pressure or tempted to pass on confidential knowledge.

⊕ **FOR MORE INFORMATION:**
please read *"The Way We Compete"*.

OpenTalk

Who to contact: If you have a concern about competition, don't keep it to yourself. Speak to **your manager, your Legal Director, your Human Resources Manager or your Ethics Correspondent;** they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").



CONFLICTS OF INTERESTS

As a leader on the cosmetics market, we must be particularly attentive to conflicts of interests. We should all avoid situations where our personal interests might come into conflict with the interests of L'ORÉAL. Even the appearance of a conflict can tarnish L'ORÉAL's reputation - as well as our own. The golden rule when dealing with any conflict or even potential conflict is full disclosure of all the facts. That allows everything to be properly examined.

We must

- + Disclose to our management if there is a potential conflict of interests which might influence or appear to influence our judgment and actions (for example, where a family member is employed by a supplier) or when we hold any position, involvement or financial stake in any organisation that is a competitor, customer, supplier or any other business partner of L'ORÉAL, if our position at L'ORÉAL allows us to influence the business relationship

We must not

- Conceal any information on any conflict of interests

Ethical?

5.1 - One of my colleagues has a cousin who's joined us, and an old school friend of mine has just started working with me. I'm slightly concerned that people might think there could be a conflict of interests here. Do these policies only apply to immediate family - or would they cover this, too?

The answer is simple: if the relationship is such that it could influence your objectivity, then you should apply this policy and ask for guidance. The fact that a member of someone's family or a friend already works for L'ORÉAL has no bearing on their own worthiness as a candidate for a job with the Company. But every effort must be made to ensure that salary and performance evaluation are handled by an independent person, and that these situations are monitored on an on-going basis to ensure objectivity and fairness to all.

5.2 - I've been really impressed with the quality of work from a particular L'ORÉAL supplier, and as a result I'd like to invest in the company. Is there any conflict of interests here?

Even though your involvement could only be financial, there may be a conflict of interests depending on your position in L'ORÉAL, your influence on purchasing decisions, the amount of your investment and the importance of L'ORÉAL as a customer to the company concerned. The only way to find out if it is acceptable is to disclose it to your management and discuss the matter openly.

5.3 - My son owns a really good local hotel, and lots of companies in the area use it for lunches and functions. It would be an obvious choice for our event. Given that it compares well on price and quality with other options, is there any obstacle to me making a booking?

Given the competitive price and popularity of the venue, it may well be acceptable for the Company to arrange functions there. However, it would not be right for you to have a say in the matter, as there is an obvious conflict of interests here. As with all such cases where a close family member works for a current or potential supplier or other business partner, you should disclose this fact to your manager. Then he or she can take the necessary steps to avoid placing you in an awkward situation.

5.4 - During my spare time, I am Vice-President of the National Consumer Association. I've held this position for many years. Now I've learnt the Association is planning to lobby for a change in the law which might cause problems for L'ORÉAL. What should I do?

L'ORÉAL respects employees' privacy and takes a positive view on employees contributing to society through associations or charities. However, you should disclose your membership of or involvement in any such organisations to your management when you feel that there is a clash, or potential clash, with L'ORÉAL's interests. Your manager or Human Resources Manager will be able to guide you on appropriate action. In this case, you should also inform your colleagues in the Association and withdraw from any involvement with that particular lobbying campaign.

5.5 - My wife works for one of L'ORÉAL's competitors. We don't talk about work at home, and I can't see it's any business of the Company what my wife does in her professional life. Yet some of my colleagues have suggested I'm in a compromising situation. What should I do?

This could create the appearance of a conflict of interests. To protect both yourself and the Company, you should disclose the facts to your management or Human Resources Manager. Additionally, you and your wife should take steps to ensure that confidential or proprietary information of both companies is protected.

5.6 - A member of my team has been dating his subordinate for a couple of months. They were pretty discreet about it at work but people eventually found out. I'm not supposed to know about it officially. It has started off all sorts of rumours. Of course, I am keeping an eye on things to make sure there can be no evidence of favouritism - but what if they split up and it all gets nasty? Should I do something about it - and if so, what?

This is a very sensitive situation. At L'ORÉAL, we respect employees' private lives, and therefore we do not need or want to know about their romantic relationships. However, we do have a legitimate interest in their professional relationship, namely when one reports to the other or is in a position of authority or control over the other person. The situation you describe is not appropriate because there is a conflict of interests. A manager cannot be expected to judge his/her subordinate objectively if he/she is romantically involved. You should consult your manager or your Human Resources Manager in order to discuss how to handle this. Ideally, one of the employees should change jobs, and we would endeavour to make sure that this could be achieved tactfully. Depending on the facts and circumstances, there may also be a sexual harassment issue.

5.7 - Can a L'ORÉAL employee also have a personal beauty blog?

It appears difficult for a L'ORÉAL employee to participate in this type of blog since he or she can neither criticise our products for loyalty reasons, nor criticise the products of our competitors, since that would not be fairplay. These blogs are only of interest if they show true consumer opinion. We must not leave ourselves open to criticism or be accused of influencing the debate or lacking transparency.

⊕ **FOR MORE INFORMATION:**

please read the policy on the "Employment of Family and Friends".

OpenTalk

Who to contact: If you have a concern about conflicts of interests, don't keep it to yourself. Speak to **your manager, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").



GIFTS & ENTERTAINMENT

Exchanging gifts and entertainment can help build understanding and improve working relationships, but they can also cause a conflict of interests between personal interest and professional duty. When receiving or giving gifts or entertainment, the “golden rules” are full disclosure to your management, staying within reasonable limits and always asking oneself how this would be perceived by the wider public.

We must

- + Ensure that all gifts and entertainment offered are appropriate and in line with L'ORÉAL's Ethical Principles
- + Make sure that when establishing a new business relationship, all parties are aware from the outset of L'ORÉAL's guidelines on gifts and entertainment. In turn, find out what our business partner's policy is on these issues. That can go a long way to avoiding any misunderstandings
- + Immediately disclose to our management any gift or invitation that we have received, and, if necessary, respect the internal disclosure procedures

We must not

- Accept gifts or entertainment unless they are clearly symbolic in value
- Accept or give cash gifts

Ethical?

6.1 - May I offer a L'ORÉAL customer tickets to a concert that I cannot attend?

Someone from L'ORÉAL must be present and be able to conduct business with the customer as part of any such outing. The same rule applies when accepting entertainment from a supplier. It is only permissible if the entertainment is reasonable, usual and customary for your business relationship, and the provider is in attendance.

6.2 - We have just closed an important deal with a new customer. My Sales Manager has suggested that we take him to a club to celebrate the event. I thought that was a good idea – until I discovered it was a lap-dancing club! I feel really uncomfortable about offering this type of entertainment. Am I being over-sensitive?

Entertainment offered to customers should not only be reasonable but also acceptable. This type of club is not only likely to clash with the L'ORÉAL SPIRIT, but could also make the customer very uncomfortable, not to mention any member of your sales team who finds this sort of “entertainment” distasteful. You should encourage your Sales Manager to find a more appropriate option. In the long term, that will reflect well on the Company.

6.3 - In order to sell off obsolete products, a supplier just offered me a 15% personal discount. Can I accept it?

Except in the exceptional case of discounts agreed with suppliers by L'ORÉAL, you must inform your management of any discount offered by a supplier.

6.4 - As part of my job, I organise numerous business meetings, trips and conventions. Now a hotel where I often book rooms for L'ORÉAL employees has offered me a free weekend for my parents' wedding anniversary. It's a sweet gesture. Can I accept it?

No. Even if you are not personally going to benefit from the gift, accepting the offer makes it difficult to remain impartial when you arrange future hotel accommodation for L'ORÉAL. Even the appearance of such a conflict of interests is inappropriate and should be avoided by politely declining the offer, and making clear why you're doing so.

6.5 - A supplier has just offered me a large hamper of his products. I know it won't have cost him much. So can – and should – I accept it?

You should thank the supplier for his generosity, but politely decline the gift. You can only accept gifts and invitations which are symbolic in value. For example, products with the supplier's company logo or a box of chocolates is usually fine. If you think it would harm the relationship were you to refuse, seek advice from your management to find an appropriate way of dealing with the gift.

6.6 - I am negotiating an increase in our shelf space with a customer. My contact is refusing to examine our proposal, arguing that our competitors are “nicer” to him. I have the impression he wants me to give him a gift but he has not asked me for anything specific.

Let your management know about your doubts. It might be necessary to talk with your customer's management because it is unlikely that they encourage this type of behaviour from their employees. In any event, do not give way to temptation. Healthy negotiation with our customers is based on the quality of our products and on our price policy, and not on our capacity to give gifts to their employees.

⊕ FOR MORE INFORMATION:

please read “The Way We Buy” and “The Way We Prevent Corruption”, as well as your local gifts and entertainment policy.

OpenTalk

Who to contact: If you have a concern about gifts and entertainment, don't keep it to yourself. Speak to **your manager, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on “I Have a Concern: Open Talk”).



BRIBERY & FACILITATION PAYMENTS

We believe that corruption is unacceptable and not in line with the L'ORÉAL SPIRIT. It is harmful for the communities in which we operate, and is damaging for the Company. Corruption is prohibited in all the countries in which we operate, particularly where representatives of public authorities are involved. We have a zero tolerance policy when it comes to corruption, which includes "facilitation payments". These are defined as payments used to secure or speed up routine legal government actions, such as issuing permits or releasing goods held in customs.

We must

- + Ensure that our business partners and intermediaries are informed of our standards and are committed to respecting them specifically when they are representing us in a country where the risk of corruption is high
- + Immediately inform our manager and our Country Manager or, for Corporate or Zone staff, the member of the Group's Executive Committee to whom we report, if we become aware of any action that might be contrary to our corruption prevention policy
- + Immediately inform our Country Manager or, for Corporate or Zone staff, the member of the Group's Executive Committee to whom we report, if facing extortion or attempted extortion, i.e., payment of cash or of anything of value in order to avoid the immediate harm to a L'ORÉAL employee or representative and thoroughly document this demand

We must not

- Offer, promise or give money, including a facilitation payment or anything of value (gifts, entertainment, etc.) to a representative of the public authority, political party or politician, trade union or person involved in trade unions
- Offer, promise or give money or anything of value (gifts, entertainment, etc.) to a charitable or similar organisation with the aim of obtaining any advantage for L'ORÉAL from a representative of the public authorities or political party or trade union
- Offer, promise or give money or anything of value (gifts, entertainment, etc.) to an employee or representative of another company that might lead them to breach their duty of loyalty to their company
- Accept or solicit money or anything of value (gifts, entertainment, etc.) that might lead us to breach our duty of loyalty to L'ORÉAL or be perceived as influencing a business relationship
- Use third parties to do something that we are not allowed to or have not allowed ourselves to do directly. This means that we need to exercise great care in selecting and monitoring our consultants, sub-contractors, agents and business partners

Ethical?

7.1 - I've been told I should hire a local "consultant" to help get all the necessary permits which we need from a foreign government. This consultant requested a large retainer and said that he would use the money to "help move the process along". Since we don't really know where the money is going, do we have to worry about it?

Yes. If you suspect that any agent is acting improperly, you must not pay any such retainer or any other sum until you have determined that no improper payments have been or are being made.

7.2 - I am setting up a new office and the local authorities requested a small gratuity before they will install our phone lines. May I make this payment?

No. If the payment is not a legitimate installation fee, you must not pay it.

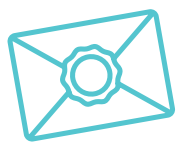
7.3 - I am in the process of supplying our products to a new client. A consultant who works for this client contacted me and told me he could help me by providing me with confidential information about this client.

You must refuse this offer and inform your manager. It will also probably be necessary to tell your client that a third-party is trying to sell you confidential information belonging to them.

⊕ **FOR MORE INFORMATION:**
please read "*The Way We Prevent Corruption*".

OpenTalk

Who to contact: If you have a concern about bribery and facilitation payments, don't keep it to yourself. Speak to **your manager, your Internal Control Manager, your Finance Director, your Legal Director, your Purchasing Manager, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapters on "Gifts and Entertainment" and "I Have a Concern: Open Talk").



CONFIDENTIAL INFORMATION

Information is valuable. The unauthorised disclosure of internal information can lead to a loss in value and be detrimental to L'ORÉAL. We must all ensure the protection of internal information, strictly following the Group's rules on this subject. Those of us who have access to confidential information belonging to business partners are under a similar obligation to protect it from disclosure.

We must

- + Limit disclosure of internal information to people with a legitimate "need to know" that serves L'ORÉAL's interests
- + Keep up to date of the Group's rules on information management
- + Ensure the safe keeping of all confidential employee, consumer, customer and supplier records, both paper and electronic
- + Before sharing internal information with third parties outside L'ORÉAL (including namely members of our family or when using social media), check what we have the right to communicate

We must not

- Discuss or work with internal information in a public area where conversations can be overheard or data compromised
- Disclose a previous employer's internal information
- Keep any internal information (including all copies of original material) upon leaving L'ORÉAL

Ethical?

8.1 - My friends often ask me about my work at L'ORÉAL: they're curious as to just what it is we put in our products, and what new launches we've got up our sleeve. Obviously, I know quite a lot of the answers through my work - so how much can I tell them?

Any information (written, electronic, verbal or any other form), which is not publicly available and to which you have had access as a L'ORÉAL employee, should be considered internal. Revealing such information, even to trusted friends, is not appropriate. It may harm L'ORÉAL's interests.

8.2 - Today we are living in a world where communication is easier and limitless in this digital revolution. This challenges the confidentiality principles in our Code of Ethics.

It is true that, in the digital world, ensuring confidentiality is becoming increasingly difficult, but as such is all the more important. It is up to everyone to acquaint themselves with the Group's rules on the subject, namely on the proper use of social media and of information and communication technologies.

8.3 - The other day, I was taking a potential customer to a meeting. On the way to the meeting room, we walked past a colleague's office. His door was open, and he was talking to another customer about our pricing conditions on his speakerphone. Just as we passed, we could hear him offering some special deals - all within my customer's hearing! Surely he should be more careful?

We all need to take the necessary measures to protect the confidentiality of information, even within the workplace: for example, by following a "clean desk" policy, locking files away, changing passwords regularly, and exercising caution when using speakerphones. You can never know who may be passing, and even amongst L'ORÉAL employees, commercially sensitive information should only be shared on a "need-to-know" basis.

8.4 - A colleague of mine who has left L'ORÉAL told me he has just realised he still had internal L'ORÉAL documents at home. What advice can I give him?

If these documents are copies, you should ask him to destroy them. If they are originals, they must be forwarded to a L'ORÉAL employee who is authorized to receive such information. Talk to your manager to make sure that the right actions are taken.

⊕ FOR MORE INFORMATION:

please read "The Way We Buy" regarding our relationship with suppliers, and "The Way We Compete" on our relationship with competitors and clients.

OpenTalk

Who to contact: If you have a concern about confidentiality, don't keep it to yourself. Speak to **your manager, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").



REPRESENTING THE COMPANY

L'ORÉAL's reputation depends on the behaviour of each and every one of us.

We must

- + Act with L'ORÉAL's best interests at heart
- + Demonstrate L'ORÉAL's Ethical Principles in our professional behaviour and language
- + Ensure there is no confusion between our opinions or personal interests and those of the Company
- + Avoid giving our opinion on colleagues and the workplace on professional development sites (i.e., LinkedIn)
- + Always identify ourselves as L'ORÉAL employees when we use social media as part of our professional activities
- + Always keep in mind that nothing is "secret" or "private" on the Internet
- + Always ensure that any digital communication on L'ORÉAL or one of its brands has undergone adequate preparation

We must not

- Speak or write or take any commitment on behalf of L'ORÉAL unless duly authorised
- Speak or write on subjects falling outside our personal expertise
- Use L'ORÉAL's letterhead or e-mails to express personal views or for personal business

Ethical?

9.1 - I visited a colleague's blog and saw he'd expressed some personal views on L'ORÉAL's management. He had not said that he was a L'ORÉAL employee, but it was pretty easy to guess from other information he had given such as "I work for the no. 1 cosmetics company"! Should I have a word with him about this?

Blogs are becoming a popular mode of expression. When participating in blogs, employees must make it clear that they are expressing their own personal views, and take all necessary precautions to ensure that these are not in any way mistaken for those of L'ORÉAL. You should raise this issue with your colleague first, as he may not have realised how his actions could be against L'ORÉAL's interests. If necessary, you may decide to discuss it with your manager.

9.2 - Our team took part in a conference which involved staying overnight and having dinner at the conference hotel. One of my team members drank more than he should have during the dinner and started behaving badly, telling stupid jokes and being aggressive with the hotel staff. What should I say to him about his behaviour?

Although the incident took place during the evening, your team member was still on Company business. For others around him, he was representing L'ORÉAL. It is clear that his behaviour was not acceptable.

9.3 - I attended an international conference, and during the welcome cocktail, I was speaking with another participant about my activities at L'ORÉAL. Later that evening, I realised that the young woman who had been beside us was a journalist covering the conference. Even though I did not reveal anything highly confidential, I would not want my statements to appear on the front page.

When you are in public, you must always keep in mind that when you are in a professional or personal situation with a journalist present, what you say may be repeated. Contact your Communications Director who will know how to advise you.

9.4 - Sometimes the Internet seems to be full of misinformation about L'ORÉAL. Isn't it my responsibility to correct it?

No. If there's erroneous information circulating in public, you should let your Public Relations Department know about it and they will take action if required. But without authorisation no employee may post Company information or a Company position on the Internet or elsewhere.

9.5 - For the first time, I am attending a trade association meeting. What steps should I take to make sure there is no risk for L'ORÉAL?

Check with your Legal Director what type of information can be freely discussed and take the online training in competition law. You should also read "The Way We Compete" and "The Way We Prevent Corruption".

OpenTalk

Who to contact: If you have a concern about representing the Company, don't keep it to yourself. Speak to **your manager, your Public Relations Manager, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").



PRIVACY & DATA PROTECTION

We all have a right to privacy.

L'ORÉAL is committed to respecting the confidentiality of personal information of all its stakeholders, including its employees, consumers and business partners. Only such data as is necessary for the effective operation of L'ORÉAL is acquired and retained by the Company.

We must

- + Make sure the persons from whom we collect personal data are informed of the type of information we are collecting, how we plan to use it and how they can contact us if they have any questions
- + Collect only the personal data that is necessary
- + Destroy or correct any inaccurate or incomplete data
- + Make sure such data is securely stored
- + Within L'ORÉAL, ensure we only provide such data to authorised persons, on a strict "need-to-know" basis
- + Seek legal advice before transferring such personal data outside the country where it was collected
- + Respect the right to privacy of our colleagues
- + Ensure that the third parties to whom we could delegate the collection or use of personal data comply with these principle

We must not

- Collect "sensitive" information (related especially to state of health, ethnic origin, sexual orientation, political opinions, religion) without the consent of the person concerned or only if the law requires it
- Provide personal data to anyone outside L'ORÉAL, unless legally required to do so or when using technical service providers or with the person's authorisation
- Hold this information longer than is necessary to meet the legal or business reason for which it was acquired
- Access or store personal data, unless we have the appropriate authorisation and a clear business need for that information

Ethical?

10.1 - Why does L'ORÉAL need to have access to personal data?

L'ORÉAL needs to collect and use personal data in order to meet the various requirements of its employees, consumers and stakeholders. For example, we use e-mail addresses to send consumers or shareholders or candidates the information they need. We also collect personal data in marketing situations such as running prize draws and for CRM databases. We need personal data about our employees to be able to manage their pay and career or for legal or safety reasons. We must collect personal data when we decide to work with a new customer or supplier. Lastly, we collect personal data during consumer studies or in our evaluation centres.

10.2 - During a professional trip, my suitcase containing a USB key with customers' personal data was stolen. Unfortunately, it was not encrypted, but I don't see what the "thief" could do with it.

The loss of personal data may result in legal action, can damage L'ORÉAL's reputation and may adversely affect people whose data have been lost. Identity theft based on personal data lost in this way is becoming more and more common. Therefore, it is crucial to respect the internal rules and procedures on data encryption. Wherever it is possible, make the personal data anonymous or use code names.

10.3 - For our evaluation studies, we have access to personal data on our volunteers. Certain information could interest other companies who are ready to buy it. Do we have the right to sell it?

At L'ORÉAL, we are committed to protecting the personal information that we can collect as part of our activities. It is not possible to use such personal data without previously informing the people concerned or without their written agreement.

10.4 - I must transfer personal information on consumers to an agency in another country. Whom should I ask for advice?

The best thing would be to contact your Legal Director. Laws vary greatly from country to country. Moreover, we should not transfer personal information to a third-party without ensuring they have signed a commitment to respect our standards for protecting personal data.

10.5 - Our Consumer Department just received an e-mail from a consumer who wants to know what personal information we have on her and asking us to destroy it. Am I obliged to do so?

Yes, we always respect the request of a consumer who does not want us using personal data for marketing purposes, and we must ensure that the listings are regularly updated. In certain countries, there are lists on which consumers can register if they do not want their personal information used. Ask your Legal Director for help in how to best answer this consumer's request.

10.6 - I would like to send one of my colleagues a surprise birthday gift to her home. I asked Human Resources to give me her personal address but they say they can't tell me, because that would be "infringing her right to privacy"! Isn't this going a bit over the top?

The Human Resources Department's response is totally appropriate – all employee personal data has to remain strictly confidential. They can't start making exceptions.

10.7 - I recently overheard my manager talking with Human Resources about one of my colleagues and the fact that she is seriously ill. In my spare time, I volunteer for a charity that helps people with serious illness and I would like to know if there is anything I can do to help. Can I approach my colleague directly or speak to my manager first?

No, do not contact your colleague directly but your manager or the Human Resources Department instead. If they think it is appropriate, they will contact your colleague to let her know. In order to respect your colleague's privacy, you should not, of course, share the information you have with anyone.

OpenTalk

Who to contact: If you have a concern about privacy and/or personal data, don't keep it to yourself. Speak to **your manager, your Legal Director, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").



USE OF COMPANY RESOURCES

Company resources are intended to help employees achieve L'ORÉAL's business goals. Misused or wasted Company resources, including employee time, hurt us all and adversely affect the operational and financial performance of L'ORÉAL.

We must

- + Respect and protect Company assets to ensure that they are not lost, damaged, misused or wasted, nor loaned to others, transferred, sold or donated without authorisation
- + Recognise that all Company assets and documents belong to L'ORÉAL

We must not

- Use Company assets for personal purposes. Limited use of communication tools such as e-mail, telephone and the Internet may be acceptable so long as this does not incur any unreasonable costs and does not interfere with our job responsibilities
- Inappropriately use computer systems, corporate e-mail accounts and the Internet
- Use assets belonging to a third party (photos, films, articles, etc.) without ensuring that L'ORÉAL has the right to use them
- Allow access to our contacts list/professional electronic address book via social media sites (Facebook, LinkedIn, etc.)

Ethical?

11.1 - I suspect that one of my team members has been running an outside consulting business during Company time, using his Company laptop and email to do so. I mentioned it to a friend in Information Services. He can access the guy's e-mail, and has offered to help me do a bit of sleuthing to find out what's going on. Is this OK?

No. If you have suspicions of this kind, you should raise them directly with your manager. There are specific procedures for accessing employee e-mail accounts in connection with a misconduct investigation. Even though your friend in IT has access to these accounts, he should not use it for this purpose without proper authorisation through official Company channels.

11.2 - Our printer at home is broken, and my wife needs to send her CV out for a possible job as a matter of urgency. Is it OK if I type it up and print it at work?

You may use the computer to type personal documents, so long as this is occasional, reasonable, does not interfere with your job responsibilities and is done during non-working hours.

11.3 - I keep receiving "joke of the day" e-mails from a friend in another department, some of which are very funny. I'd like to send them on to my colleagues and give them a smile on a Monday morning, but I'm not sure if my manager will approve. What should I do? Leave her off the list?

You shouldn't forward these "jokes". Remember that not everyone has the same sense of humour. In particular, you should bear in mind that the Company's e-mail and internet access systems must never be used to access, store, send or publish any material which is inconsistent with the L'ORÉAL SPIRIT – especially when it comes to respect for individuals. This includes, of course, pornographic or sexually explicit images, political or religious content, racist comments or anything that promotes violence, hatred or intolerance.

11.4 - Can I sell the products that we purchase in our Company store to friends with no mark-up? Or can I sell them to my friends at market prices?

The products that you can purchase at the Company store are strictly reserved for your and your family's personal use, and must not be resold at any price.

OpenTalk

Who to contact: If you have a concern about the use of company resources, don't keep it to yourself. Speak to **your manager, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").



FINANCIAL & BUSINESS RECORDS & THE FIGHT AGAINST MONEY LAUNDERING

We all have a duty to make sure that all our records, financial or otherwise, are accurate. Accuracy is paramount for a successful business. This is an essential part of running our business legally, honestly and efficiently. In particular, it is crucial to being able to provide transparent, regular and reliable information to our shareholders. Lastly, we must ensure that our activities are not used to launder money from criminal activities.

We must

- + Play our part in ensuring that accurate financial and business records, including financial and non-financial reporting, are maintained at all times
- + Maintain records securely and follow any guidelines on record retention
- + Follow internal due diligence procedures so that we can ensure that we are working with clients with legitimate activities and whose money does not come from criminal activities
- + Cooperate with our internal and external auditors

We must not

- Sell, transfer or dispose of any L'ORÉAL assets without proper authorisation and documentation
- Accept cash transactions. If there is no other possibility, and only subject to the authorised legal amount, cash transactions must be expressly authorised, properly recorded and documented
- Conceal payments via the use of third parties

Ethical?

12.1 - I've been asked to check the sales report prepared by my manager for the year end. In doing so, I've spotted what I think is an error, which nobody else seems to have picked up on. I'm rather nervous about mentioning it, because I don't want to jeopardise my relationship with my manager. What should I do?

The reason you were asked to check the sales report is precisely to make sure there were no mistakes. If you do not disclose this, you are not doing your job properly and you are not serving the interests of the Company. You should talk to your manager about what you have found. He or she has no reason to be angry with you; on the contrary, you've done well to avoid inaccurate information being passed up the line.

12.2 - Life gets very hectic sometimes, and I can't always find all the receipts I need to claim my expenses. Is it all right if I add a few fictitious expense items that are less than the amount requiring a receipt, just to make it up to the right total? It wouldn't be dishonest in any way, as I wouldn't be coming out ahead. I'd only be making sure I received my due.

No. This is not OK. It means the expense reports are inaccurate, and that translates into inaccurate accounting records. You need to take responsibility for looking after all receipts; that's the only guarantee that you'll receive the settlement you're due.

12.3 - One of our customers has asked if they can pay through a mix of different accounts, using a combination of cash and cheques. Is this OK? What should I do?

You should be especially careful with these sorts of transactions. It could be money-laundering, a process in which funds obtained through illegal means (e.g., drugs, bribery, prostitution, etc.) are concealed or made to look legitimate. You must take all possible steps to ensure that this is a bona fide transaction. These payments can only be accepted under exceptional circumstances and after having received approval from your manager. Among the red flags to look out for are: payments made from currencies other than that specified in the invoice; attempts to make payments in cash; payments made by someone who is not a party to the contract; payments to and from an account other than the one used in the normal business relationship; and requests to make an overpayment. If the account is not in the name of the contracting company, the payment must be refused.

+ FOR MORE INFORMATION:

on accuracy in financial and business records and on the fight against corruption, please read "The Way We Prevent Corruption".

OpenTalk

Who to contact: If you have a concern about the accuracy in financial and business records, don't keep it to yourself. Speak to **your manager, your Finance Director, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: OpenTalk").



INSIDER TRADING

While L'ORÉAL does not wish to restrict the freedom of employees to make appropriate personal investments, each of us must always bear in mind the rules with regards "insider trading".

We must

- + Be aware that using inside information to make investments could fall within the scope of insider trading laws
- + Maintain the confidentiality of any inside information to which we may have access in order to avoid any accidental disclosure

We must not

- Buy or sell shares in L'ORÉAL or any other company if we have inside information at that time
- Disclose inside information to anyone outside the Company
- Disclose inside information to anyone within the Company

Ethical?

13.1 - I'm not a legal expert. What exactly is "inside information"?

"Inside information" is a concept defined by law. In broad terms, it relates to non-publicly available information which a reasonable investor could use as one of the reasons for making an investment decision. Such information can relate to the L'ORÉAL Group, to its activities, its customers or suppliers, or another company with which the L'ORÉAL Group is in contact. You will find additional information in L'ORÉAL's Stock Market Ethics charter.

13.2 - I've just heard that L'ORÉAL is about to acquire another company. This sounds like an excellent time to buy stock in one or the other - or both, since the values are bound to rise when the deal is announced. Is it OK for me to go ahead and do so?

No, you cannot. As a L'ORÉAL employee, you are most likely to be considered an "insider" and therefore cannot buy or sell stock in either L'ORÉAL or the other company until the deal has been announced to the public.

13.3 - I realise that I can't buy L'ORÉAL stock based on inside information myself. But what if I just "happened to mention" to my girlfriend that now might possibly be a good time to buy. Would that be OK?

No. It would be as unacceptable as if you were buying it yourself. As well, even if your girlfriend did not follow your advice, the simple fact of passing on a rumour is a violation of our ethics and the law.

OpenTalk

Who to contact: If you have a concern about insider trading, don't keep it to yourself. Speak to **your manager, your Legal Director, the Internal Advisor on Stock Market Ethics or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk"). Be careful however not to reveal any inside information of which you have knowledge, if applicable.



L'ORÉAL aims to be a good corporate citizen wherever it operates. This namely means scrupulously respecting tax laws and paying in full all local and national taxes as required by those laws.

We must

- + Keep accurate and comprehensive books and records
- + Prepare our tax forms

We must not

- Knowingly allow L'ORÉAL to evade its tax obligations

Ethical?

14.1 - I have been approached by a supplier who says he has a cast-iron way to save us money. He's offering to reroute the paperwork for purchasing the end of year order of their goods via a third country to avoid paying sales tax (VAT) that they would otherwise charge us. It sounds like a clever scheme – can I give it the go-ahead?

No. Any attempt to evade meeting our tax obligations in full – which is in effect what this would be – is illegal and unethical. L'ORÉAL's budgeting includes provisions to pay all legitimate taxes.

14.2 - I believe that we made a mistake on a tax form a few years back that reduced our taxation rate at the time. What should I do?

As a principle, we pay taxes in accordance with local law and are considered trustworthy by the tax authorities. You must talk about it with your Finance Director or a member of the Group's Tax Department so that they can check if it is truly an error, and, if so, how to approach the tax authorities as well as deciding which steps to take to ensure that this error is not reproduced in the future.

14.3 - There are quite a few articles in the media on companies evading taxes. Could this happen to L'ORÉAL?

At L'ORÉAL, we pay all taxes required in all the countries in which we operate. We see this as one of the ways we can make a positive contribution to the countries and communities in which we are present.

OpenTalk

Who to contact: If you have a concern about tax, don't keep it to yourself. Speak to **your manager, your Finance Director, your Human Resources Manager, your Ethics Correspondent or the Group's Tax Department**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").



RESPECTING OUR COMMITMENTS **AS AN EMPLOYER**

“We aim to make L’ORÉAL a great place in which to work. We know that our employees are our greatest assets.”

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HEALTH, SAFETY & SECURITY

All of us who work with and for L'ORÉAL have a right to a healthy, safe and secure working environment and safety at work depends on all of us.

We must

- + Take every reasonable precaution to maintain a safe and healthy working environment
- + Ensure we are not putting ourselves or others at risk by our actions
- + Ensure that we know what to do if an emergency occurs at our workplace
- + Report immediately to our site's safety manager or our management all accidents, however minor as well as any behaviour, installations or items likely to compromise the safety of our working environment

We must not

- Ignore the Company's rules on health and safety at work

Ethical?

15.1 - My manager says she's worried I'm not getting enough sleep, and has suggested I shouldn't go out so much in the evenings after work. She says she's concerned I might doze off and have an accident. OK, so once or twice I've been a bit sleepy - but I can still do my job. Surely it's none of her business what I do out of hours? Don't I have the right to a private life? I think she's being petty. What should I do?

How you spend your evenings is up to you. But if your tiredness is putting yourself or others at risk, then your manager is right to raise the matter with you - although she should do so with sensitivity and respect for your privacy. Although we respect employees' private lives, behaviour which might create a safety hazard for you or your colleagues cannot be accepted. There can be no compromise on safety.

15.2 - My production supervisor has instructed me to exceptionally disable a safety device that slows down the production line. What should I do?

You should never bypass, disconnect or disable any safety device or monitoring equipment without the proper prior approval of a safety representative. If your production supervisor insists, you must refuse and inform the site management and your HR. Safety is an absolute commitment that should not be compromised by production schedules or for any other reason.

15.3 - As a sales representative, I often drive after dark in large cities and rural areas. Sometimes, I don't feel safe. I have raised the security issue with my manager but he has not acted on my concerns. Should I take this up with someone else in the Company?

Yes, you should consult your Human Resources Manager in order to discuss possible solutions to avoid this kind of situation.

15.4 - I have a colleague who seems to be terribly stressed right now. I tried to talk to him about it, but he refused to do so. Yesterday, he fainted at work. What should I do?

It is important that Human Resources and your colleague's manager be immediately informed so that they can act quickly. If you are not sure whether this has been done, do not hesitate to escalate the matter on your side.

15.5 - I have just learnt that one of our sub-contractors has been drinking on our premises. Since he is not technically a L'ORÉAL employee, is it my concern?

You should report to your manager any behaviour which could compromise the safety of your working environment or put anyone at risk.

OpenTalk

Who to contact: If you have a concern about health, safety and security, don't keep it to yourself. Speak to **your manager, your Health and Safety Manager, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").



DIVERSITY

The diversity of individual talents in our workforce strengthens our creativity, and allows us to develop and market relevant products. L'ORÉAL values all types of beauty.

L'ORÉAL is an inclusive, equal opportunity employer. We facilitate the professional integration of people who are under-represented in the workforce, in particular people with disabilities and under-represented social and/or ethnic groups.

We must

- + Support and promote L'ORÉAL's commitment to diversity, namely with regards Human Resources, Marketing, Purchasing and Contribution to Communities
- + Ensure that our suppliers, customers and business partners are aware of L'ORÉAL's diversity policy

We must not

- Discriminate or harass/bully on the basis of:
 - gender
 - disability
 - marital status or family situation
 - sexual orientation
 - age
 - political and philosophical opinions
 - religious beliefs
 - union activity
 - ethnic, social, cultural or national origin
- This prohibition against discrimination applies not only to recruitment, but also to all decisions relating to training, promotion, continued employment and working conditions in general, as well as our relationships with our suppliers, clients, business partners and third parties

Ethical?

16.1 - What exactly does L'ORÉAL mean by "discrimination"? Is it the same as the definition given by the law in my country, or is it different?

The first rule is that L'ORÉAL respects national laws and therefore any employee violating the discrimination laws in their country may be sanctioned. But there may be countries where the law on discrimination does not prohibit certain behaviours which the Company finds unacceptable. For example, L'ORÉAL is opposed not only to direct discrimination, but also to indirect discrimination. Direct discrimination means any action taken with regard to jobs, training, promotions, continued employment or any other aspect of working life which means those affected do not enjoy equal treatment or opportunities. Indirect discrimination is any action which, while apparently neutral, puts anyone with a particular gender, age, disability or other characteristic at a disadvantage compared to others.

16.2 - HR suggested I integrate a disabled person into my team. I know that diversity is important to L'ORÉAL, but I am afraid that this person will often be on sick leave to the point where it could disrupt the rest of the team, and I would be obliged to give him special treatment, which will create jealousy on the part of other team members.

These are preconceived notions. Experience shows that the presence of disabled persons does not materially change work relations. For disabled candidates as with anyone, recruiting is based on skills. The only difference is that the compatibility of the job position is systematically checked. Some adaptation measures may be necessary but it is in fact rarely the case.

16.3 - A member of my team just turned 50. I wanted to organise a small party to celebrate, but she did not want to, saying that L'ORÉAL does not offer any professional future for seniors and that she does not want to draw attention to her age. What should I say to her?

Reassure your colleague and ask her to meet with her Human Resources Manager to talk about her career plan. L'ORÉAL is committed to offering everyone a dynamic career, regardless of age, and allows everyone to contribute to the development of their career.

16.4 - One of my colleagues did not select a supplier who, in my opinion, seemed to meet all our expectations. Given comments made by this colleague, I suspect that it is due to the supplier's nationality and ethnic origins. What should I do?

Any discrimination based on skin colour, nationality or ethnic origin is unacceptable to L'ORÉAL. It denies the respect that each of us deserves. Try to talk about it with your Diversity Correspondent, and otherwise, you should raise the matter with your manager or Purchasing Manager.

16.5 - I do not feel comfortable when I hear jokes in poor taste about some of my colleagues who are homosexual. What should I do? Should I speak with HR?

Homophobia is completely unacceptable. Each of us has the right to be respected by others. We want an open and inclusive working environment. If you encounter this type of problem, try to make those making the jokes understand that their behaviour is not acceptable. If not, talk to your manager, your Human Resources Manager, your Diversity Correspondent or your Ethics Correspondent.

16.6 - I like to wrap up the working week with a Friday evening team meeting so that we can discuss any issues that came up during the week. I know that this creates difficulties for two members of my team who, for religious reasons, prefer to leave early on Fridays. Is this indirect discrimination?

It could be indirect discrimination if you do not have a legitimate need to hold the meeting on Friday evenings, or if there are more appropriate ways to meet your needs. You appear to have a legitimate need for the meeting (monitoring your team's progress and being available for their questions) - but do you really have to hold it on a Friday evening? Could you not obtain the same result by holding the meeting earlier in the day - or first thing Monday morning?

16.7 - I keep hearing that diversity is important for the Group. Does that mean I should only hire or promote women or people from ethnic minorities?

No, this is not what is expected. At L'ORÉAL, we hire on the basis of merit, and therefore you should select the best candidate for the job. But remember that diversity is not just limited to women and ethnic minorities. It includes other groups who are often discriminated against, such as disabled people, older people, and so on.

16.8 - If I share the same religious convictions as some of my colleagues, can I invite them to a prayer group?

You can invite employees sharing the same faith. However, we ask that everyone respect the beliefs of others. This means refraining from proselytizing (i.e. attempting to convert others).

16.9 - I am about to go on maternity leave and am concerned about what will happen when I come back and my future career opportunities. Who should I ask for advice?

L'ORÉAL's policy is to support employees during their maternity leave. In addition to paid maternity leave, L'ORÉAL guarantees the reintegration of employees at the end of their maternity leave, in their former position or at an equivalent position in terms of status and salary. You should discuss the matter with your Human Resources Manager before you go on maternity leave.

OpenTalk

Who to contact: If you have a concern about diversity, don't keep it to yourself. Speak to **your manager, your Human Resources Manager, your Diversity Correspondent or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").

HARASSMENT & BULLYING

Each of us has the right to respect and human dignity. At L'ORÉAL, that principle is fundamental to the way we work. Any behaviour or action likely to infringe this right, and in particular any form of harassment or bullying, is not acceptable.

We must

- + Support and promote L'ORÉAL's commitment to a workplace free from all bullying and harassment
- + Be courteous: treat our fellow workers and business partners the way we would like them to treat us

We must not

- Knowingly hurt or harass or set a person up to make a mistake

Ethical?

17.1 - What exactly does L'ORÉAL mean by "harassment" and "bullying"? I don't think we have a law on this in my country.

The first rule is that L'ORÉAL respects local law and therefore any employee violating the harassment laws in their country may be sanctioned. But there may be countries where L'ORÉAL considers that the law on harassment does not prohibit certain behaviours which the Company finds unacceptable. Depending on the circumstances, certain behaviours may be considered inappropriate, such as:

- Actions intended to cause hurt or upset
- Deliberately setting a person up to make a mistake
- Humiliation or intimidation
- Physical or social isolation (the so-called "silent treatment")

Harassment can also exist between colleagues. There may be no law on this particular subject in your country. You will, however, probably find that these types of behaviour are legally prohibited, even if it is not referred to as harassment or bullying.

17.2 - My manager can be highly intimidating. I know she's pushing us hard to deliver quality work, but at times she can really humiliate people, and it's affecting the morale of the whole team. Is there anything I can do about it?

Your manager is expected to challenge and drive her team to deliver the quality of work we expect at L'ORÉAL. This may mean that she will criticise or comment on team members' performance. However, a manager is also expected to treat team members with respect and act with due sensitivity. If you feel that you are not being treated in a professional manner, you should try and speak to your manager. You can also consult your Human Resources Manager. A good working environment can only occur with the support and involvement of us all - managers and staff alike.

OpenTalk

Who to contact: If you have a concern about harassment and bullying, don't keep it to yourself. Speak to **your manager, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").



SEXUAL HARASSMENT

Each of us has the right to respect and human dignity. At L'ORÉAL, that principle is fundamental to the way we work. Any behaviour or action likely to infringe this right, and in particular any form of sexual harassment, is not acceptable.

We must

- + Support and promote L'ORÉAL's commitment to a workplace free from all sexual harassment
- + Abstain from any sexual harassment both internally and externally with regards third-parties with whom we are in professional contact

We must not

- Continue any behaviour which we have been told is unwanted

Ethical?

18.1 - What exactly does L'ORÉAL mean by "sexual harassment"? Is it the same as the definition given by the law in my country, or is it different?

The first rule is that L'ORÉAL respects local law and therefore any employee violating the sexual harassment laws in their country may be sanctioned. But there may be countries where L'ORÉAL considers that the law on sexual harassment does not prohibit certain behaviours which the Company finds unacceptable. Depending on the circumstances, certain behaviours may, because of their gravity or frequency, be considered inappropriate such as:

- Unwelcome or inappropriate physical contact, emails, jokes, looks and other gestures, comments, invitations or requests of a sexual nature
 - Distributions or displaying of documents, posters, objects, etc. of a sexual nature
 - Conditioning job advancement or any other benefit of employment on sexual or romantic activity
- Sexual harassment can affect both men and women. It can occur at a L'ORÉAL work location or at any other venue where we conduct business.

18.2 - During a team party, one of my colleagues found that our manager was acting inappropriately toward her in terms of body language and comments. She's afraid to speak out, though, as she doesn't want to come over as a prude, or jeopardise her professional career. What should I do about it?

You should encourage your colleague to speak with the manager directly if she feels comfortable about doing so. If not, she can also raise the matter with the Human Resources Manager. If your colleague does not take action, then you should report what she has told you to HR – even if you don't have all the facts or haven't observed the harassment yourself. It is critical to stop offensive behaviour before things get out of hand.

18.3 - I have a meeting with a client and he's always touching me and making comments about my figure and how he'd buy more from us if I went to dinner with him. It's a client, not another L'ORÉAL employee so I'm not sure L'ORÉAL will do anything about it.

You should speak to your manager or your Human Resources Manager. L'ORÉAL's policy is to ensure that their employees are not subject to sexual harassment including from business partners.

OpenTalk

Who to contact: If you have a concern about sexual harassment, don't keep it to yourself. Speak to **your manager, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").



RESPECTING OUR COMMITMENTS **AS A RESPONSIBLE CORPORATE CITIZEN**

**“We play our part in creating
a world of beauty and fairness.”**

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POLITICAL ACTIVITIES & LOBBYING

L'ORÉAL does not contribute to political parties, politicians or related institutions. However, L'ORÉAL, as a leader in the cosmetics industry, believes it is its duty to be proactive and take part in the public decision-making process in the countries in which it operates.

L'ORÉAL respects its employees' right to participate as individuals in the political process – so long as they make sure that, in doing so, they do not represent the Company.

We must

- + If we participate in personal political activities, clearly specify that we do not represent L'ORÉAL in any way.
- + Inform our manager if our participation in political activities could prevent us from fulfilling our duties at L'ORÉAL or create confusion between our personal political views and those of L'ORÉAL (see the chapter on "Conflicts of Interests")
- + Strictly respect L'ORÉAL's rules regarding gifts and entertainment and bribery prevention (see the chapter on "Bribery and Facilitation Payments")

We must not

- Use Company funds and resources (including Company time, phones, paper, e-mail and other Company assets) to carry out or support our personal political activities
- Use the workplace as a political tribune
- Lead to believe that L'ORÉAL supports our personal political activities
- Enter into discussions with representatives of public authorities or political parties with regards local or international regulations without the express authorisation of our Country/Entity Manager and subject to being registered on the lobbyists register if one exists

Ethical?

19.1 - I do some volunteer work for a local candidate whose policies are very much in line with L'ORÉAL's values. May I use the copy machine to run off a few flyers?

No. Do not use Company time or resources of any kind to support political activities.

19.2 - My manager has asked me if I'd like to make a donation to his daughter's mayoral campaign. Is this appropriate?

No. Even if your manager isn't pressuring you, any such request, however innocent, is inappropriate and could be coercive.

19.3 - I want to run for political office in my city. On my posters, I intend to mention the fact that I work for L'ORÉAL.

This is not appropriate since it could be seen as L'ORÉAL implicitly supporting your candidacy.

19.4 - What exactly is lobbying? When we hear about it in the media, it does not always have a good reputation.

Lobbying is an activity that involves contributing to the public decision-making process relating to regulations likely to affect our activities so that the public decision-maker can understand how these regulations could affect us. If we think that such regulations could be detrimental, we make this known and try to limit its effects. L'ORÉAL regularly communicates on its positions and the public authorities and institutions with which and via which it takes part in this debate, with the strictest respect for all relevant applicable laws.

19.5 - Should employees voice their political opinions and commitments in the workplace?

L'ORÉAL respects its employees' right to participate as individuals in the political process, but the workplace is not the right place to discuss politics.

OpenTalk

Who to contact: If you have a concern about political activities or lobbying, don't keep it to yourself. Speak to **your manager, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").

ENVIRONMENTAL STEWARDSHIP

L'ORÉAL respects the environment, and seeks to minimise its environmental impact. We aim to communicate openly about our achievements in this area, as well as our challenges.

Many of the activities involved in bringing our products to market have a direct impact on the environment. It is everyone's responsibility to seek to reduce that impact wherever possible. Every small step counts.

We must

- + Implement L'ORÉAL's commitment to environmentally-friendly processes
- + Favour the use of renewable raw materials and the development of environmentally-friendly packaging
- + Consider how our behaviour in all aspects of our work impacts on the environment, so that we can reduce that impact wherever possible: we can, for example, contribute by cutting out unnecessary travel, saving water and energy and avoiding generating waste. Where waste is unavoidable, we must ensure materials are recycled or disposed of in a responsible fashion. Even small gestures, such as separating food waste in Company eating areas, can make a difference
- + Take all necessary actions to prevent and stop violations of L'ORÉAL's environmental policy
- + Report immediately all spills or unusual emissions to the air or water to our manager or our Health and Safety Manager

We must not

- Ignore Company rules on environmental stewardship

Ethical?

20.1 - The pollution control device on a critical piece of manufacturing equipment is faulty. I've just learnt it will take three days to obtain parts and make a repair. Can we really afford to halt production when we have a huge backlog of orders to fulfil?

We have no choice. Our commitment to environmental good practice takes precedence over short-term profits or production schedules. The machine must not be run without the required pollution controls. You must notify your management to help you work out a solution.

20.2 - As long as we comply with local law, why do we have to follow L'ORÉAL's environmental standards if it puts us at a competitive disadvantage?

L'ORÉAL's commitment to the environment goes beyond simple legal compliance. If you feel that there are competitive business issues at stake, you should discuss these with your manager.

FOR MORE INFORMATION:

on L'ORÉAL's policy on environmental stewardship, please read the "Targets 2020: Sharing Beauty with All".

OpenTalk

Who to contact: If you have a concern about environmental stewardship, don't keep it to yourself. Speak to **your manager, your Health and Safety Manager, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").



CONTRIBUTION TO THE COMMUNITY

L'ORÉAL is a responsible stakeholder in society, a good neighbour and a concerned citizen committed to the communities in which we do business. We encourage employees to play an active role in the community.

We must

- + Understand that philanthropy is a long-term commitment. All actions, regardless of size, must be engaged in with a clear plan of how to develop the partnership over time

We must not

- Engage L'ORÉAL in actions that do not reflect our Ethical Principles and Group philanthropy strategy
- Oblige employees or business partners to donate gifts or funds to philanthropic projects supported by L'ORÉAL

⊕ FOR MORE INFORMATION:

on L'ORÉAL's contribution to the community, please read the "Targets 2020: Sharing Beauty with All".

OpenTalk

Who to contact: If you have a concern about contributing to the community, don't keep it to yourself. Speak to **your manager, your Human Resources Manager or your Ethics Correspondent**; they will be able to help and support you (see also the chapter on "I Have a Concern: Open Talk").

Ethical?

21.1 - A philanthropy programme that I am involved with in my local community has asked if L'ORÉAL can provide free products to support their cause. I'm aware that there is a large quantity of shampoo and bath gel that is going to be destroyed because it is in the old packaging. I could arrange to have them picked up without anyone knowing. Can I give it to them?

L'ORÉAL wants to support you in your philanthropic efforts, if they are in line with the Company's strategy. You should notify your manager, who can see if this particular charitable cause is in line with L'ORÉAL's strategy, and propose it to the person responsible for philanthropy in your country.

21.2 - The hospital at which I volunteer each week is asking everyone to help recruit new volunteers, and would like me to get L'ORÉAL more involved. I know that several of my colleagues might be interested. Should I speak with them directly?

If this hospital represents an opportunity in line with L'ORÉAL's overall philanthropy strategy, you should speak to your manager to see if it would be possible to engage the Company in a partnership with the hospital. L'ORÉAL strives to "go beyond the cheque", and to develop partnerships which combine cash and in-kind donations, but also employee contributions, and especially sharing the expertise we have to help others. You could be the corporate sponsor for this project, and develop a meaningful long-term programme together.

THE MANAGER'S ROLE

As a Manager, you have an added responsibility because:

- **you set an example and promote ethical conduct**
- **you are a decision-maker faced with more complex and difficult issues**
- **your team will come to you for advice and help**

How to set an example

Beyond your daily behaviour, which must be exemplary, there are some simple gestures you can make to show the importance that you give to ethics at L'ORÉAL, and namely:

- Display the L'ORÉAL SPIRIT in your office
- Always have the Code of Ethics at hand
- Never ask or even suggest to your team that they disregard the Code of Ethics
- Take time to explain the Code of Ethics to new employees
- Find times during the year (and not only on Ethics Day) to discuss ethical issues
- Regularly reflect on the ethical dilemmas that could arise in your work
- Explain in detail the ethical competencies such as "Act/Lead with Human Sensitivity" and "Obtain Results with Integrity" during annual staff appraisals
- As soon as you have the opportunity, recognise and value an employee's particularly ethical and courageous behaviour

Your staff may also hesitate to come talk to you about their ethical concerns and questions. You can put them at ease by regularly telling them that you are available to listen to their concerns and reminding them that an employee who, in good faith, shares his or her concerns shall not be subject to retaliation.

How to include ethics in your decision-making process

When you have to make a decision, refer to the questions found in the "How to Use This Code" section. Remember that just because you have the right to do something does not mean it is in line with the Group's Ethical Principles.

If you made a decision for ethical reasons, and subject to our rules of confidentiality, share it with your team so that they can benefit from your knowledge and follow your example.

How to answer your team's questions

Make sure you are aware of the Group's various ethical policies. It is your responsibility to ensure your team knows about them. Also, take the time to listen to your employees: it is rarely easy for them to bring up these types of questions.

If you do not know how to answer their questions, you must direct them to the person who is best able to provide advice. Ethical issues are rarely simple, but they should not be avoided.

Which is more important for me as a Manager: meeting my obligations on financial or business goals, or those set out in the Code of Ethics?

The two are perfectly compatible – and directly connected. Doing the right things for the right reasons is always good business. The Company's interests are never served by unethical or unlawful business practices.

Do Ethical Principles apply to all levels of management, right to the very top?

Ethical Principles apply to everyone. The greater one's responsibilities, the more one should have exemplary behaviour. A double standard would be unacceptable and contrary to L'ORÉAL's ethics.

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SVP & Chief Ethics Officer
L'ORÉAL

Headquarters:

41, rue Martre
92117 CLICHY CEDEX
France

Registered Office:

14, rue Royale
75008 PARIS
France

*<http://ethics.loreal.wans>
www.lorealetics.com*

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