

L'ORÉAL

“Zero Deforestation” Commitment

Within the scope of its **SHARING BEAUTY WITH ALL** Sustainability Commitment, L'ORÉAL commits to source 100% renewable raw materials from sustainable sources by 2020 and confirms its ambition to “Zero Deforestation”.

To make sure that none of its products were linked to deforestation, and conscious that some agricultural commodities may lead to deforestation, L'ORÉAL has been implementing specific action plans as regards to the sustainable sourcing of palm oil, soya oil and wood fiber based products since 2007.

Wood Fiber based products (Paper, Board and timber)

L'ORÉAL uses paper and board for its packaging and POS.

In 2007 L'ORÉAL explicitly imposed that all of its suppliers of wood fiber-based products for packaging applications only use wood fibers from forests that are managed sustainably and that provide appropriate traceability. The wood fibers must come from forests that are certified. All forests L'OREAL is supplied from are either FSC or PEFC (and other certifications recognized by PEFC) certified. The process the Group has put in place ensures that all stages of its supply chain (forest-pulping-board-printing) use only certified material

In 2012 L'ORÉAL achieved 97% certified board for packaging and extended this policy to POS.

The goal is to have 100% certified board and paper for packaging and POS by 2020.

Soya Oil

L'ORÉAL uses low volumes of soya oil as an emollient in skincare products.

With regard to soy procurement, L'ORÉAL does not use outside certification but implements its own internal Community Fair Trade programme which enables it to purchase its major reference from small soy oil producers in Brazil.

The Group obtains this organic soy from agricultural producers in Capanema in Brazil, who use traditional and ancestral multi-crop methods to plant, cultivate and harvest the soybeans, which are thus organic. By virtue of this Community Fair Trade programme, Capanema farmers obtain just and fair income from their soybeans and can therefore maintain their traditional lifestyle.

From second semester 2013, 100% of this major reference of soybean oil procurements were certified as sustainable: produced by organic farming not contributing to deforestation and obtained from fair trade sources.

The goal is now to use 100% of soya oil from sustainable sourcing and to work actively with suppliers to improve traceability to point of origin, to address sustainability of soy-based derivatives so that 100% are sustainably sourced by 2020.

Palm Oil

L'ORÉAL mainly uses palm oil in skincare & haircare products because of its emollient properties. L'ORÉAL also uses palm oil derivatives, which are chemically processed compounds, including certain surface active agents which provide the detergent and foaming qualities of shampoos and whose supply channels are very complex

At the end of 2012, 100% of L'ORÉAL's palm oil purchases were made according to RSPO standard and procedures whose aim is to guarantee the preservation of forests biodiversity. Since 2010, direct purchases of palm oil have been based on total traceability certified by RSPO SG (Roundtable on Sustainable Palm Oil, Segregated Model).

Since 2012, palm oil derivatives have also been certified as sustainable by the RSPO, the Book&Claim model having been considered as a workable interim solution while waiting for a critical mass of certified materials being accessible on the market.

Next step

While reiterating its support to RSPO as one of the key standard that will support its goal to achieve Zero- Deforestation by 2020, but also considering that:

- palm-related deforestation is not slowing, companies urgently have to strengthen the involvement of their supply chain into a more sustainable and traceable palm sourcing
- complexity of derivatives supply chains is a constraint towards indirect access to physically sustainable sources of palm,

L'ORÉAL has decided to go one step further and to work with its suppliers on new and more ambitious solutions to achieve its "Zero deforestation" ambition while taking into account local communities.

L'ORÉAL will require from its suppliers that all supplies are traceable back through the supply chain to each of the company plantation or to suppliers' fields or mills.

L'ORÉAL will promote and support the most innovative and progressive suppliers, especially those who will overpass the challenges associated with the complexity of palm derivatives supply chains.

L'ORÉAL commits to ultimately work with suppliers whose responsible practices can guarantee:

1. Full compliance with the laws in the country where they operate, and especially anti-corruption legislations and land tenure rights.
2. A comprehensive and formal free prior and informed consent from indigenous people and local communities potentially impacted by new plantations development:
 - a. with a specific focus on respect for workers rights as defined by ILO
 - b. and bringing a special attention to Palm Oil Small Holders by engaging partnerships with communities aiming at improving environmental, social and economic outcomes of their palm plantations
3. The conservation and restoration of High Conservation Value and High Carbon stocks Areas when expanding palm plantations
4. The renouncement to peat clearance for new plantations and the adoption of a responsible maintenance system of peatlands in existing plantation.

Milestone:

From today, L'ORÉAL will preferably work with suppliers who comply with the previous 4 points and who can demonstrate that palm supplies are free from deforestation notably by increasing traceability back to the plantations or supplier's mills.

In the meantime L'ORÉAL will continue to actively support RSPO certification process with the objective of progressively accessing to physically segregated sustainable palm derivatives (SG or MB model).

By 2015, 100% palm oil and major palm derivatives should come from known sources.

By 2020 the latest: 100% of palm supply will be free from deforestation.

Measurement and reporting

L'ORÉAL will provide publicly available information annually about its progress within the Scope of its **SHARING BEAUTY WITH ALL** Sustainability Commitment with dedicated KPIs on palm oil, soya oil and wood fiber based products.