

# 2017 methodological note

**This document reports the methodology used by L'Oréal for the 2017's indicators reporting. It describes for every area, the scope of consolidation, the indicators and the method used for data collection. This note concerns the Chapter 3 of the 2017 L'Oréal's Group Registration Document, as well as the 2017 *Sharing Beauty With All* Progress report.**

## Social data

### **Scope of consolidation**

The workforce indicated, and the breakdowns in this respect, correspond to the total workforce<sup>(1)</sup>. The employees of the French companies Retail Excellence 4, Atelier Cologne and Saint Gervais Mont Blanc, with a total of 511 employees are included in the total headcount. The different distributions of these workforces are calculated in proportion to the distribution of French employees. These employees are excluded from all other data.

### **Indicators**

The indicators chosen are those used in the management of employees and of the social aspects of the Company. They reflect the results of the Human Resources policy.

### **Data**

Four methods are used to collect data for the defined scope:

- most of the data are collected using the dedicated "Country Reporting" intranet system, available in all countries in which there is a L'Oréal subsidiary. The system covers several topics - workforce, training, absenteeism, labour relations, the *L'Oréal Share & Care* programme, remuneration, diversity, recruitment and profit sharing:
  - at the beginning of each year, the local Human Resources Directors provide the required data for the previous year,
  - when the data are compiled, each country must validate a charter committing to the accuracy of all the data provided;
- other data are collected by each department concerned (*i.e.* Training, Recruitment) using dedicated systems which follow the same operational and dissemination approach;

- if information is not consolidated for the entire Cosmetics Division scope, it can be extrapolated from the available results for the entities connected to the local Information Systems (IS), provided that the scope covered by such entities is representative;

- lastly, the specific data relating to "managers" and other specific populations (expatriates, key positions, etc.) are gathered from the "CAROL" online career monitoring system, deployed in all Cosmetic Divisions subsidiaries.

The number of employees trained is calculated on the basis of all types of training format and length. The number of employees trained who received less than 1 hour's training is not significant.

Concerning the *Share & Care* indicator relating to healthcare coverage, the best practices in the countries are regularly evaluated in each country in which the Group is present.

A process of continuous improvement of these systems has been put in place. The systems are reviewed each year, taking into account the Statutory Auditors' recommendations and monitoring objectives for subsequent years: updating the indicators to be monitored, improving their definition, and enhancing the communication, monitoring and control process.

1. The subsidiaries in Venezuela were deconsolidated as of 31 December 2015. Certain recent acquisitions/subsidiaries (Atelier Cologne USA, Côte d'Ivoire, Bangladesh, Luxembourg), whose information systems are not yet connected to the Group's systems, are excluded from the scope of the reporting. They represent 0.04% of the Group's employees. The objective is to integrate them into the reporting for 2018.