Greenhouse Gas emissions 2018

Since 2007, the Group has produced a Greenhouse Gas (GHG) emissions Balance for all its activities. This Carbon Balance is drawn up according to the internationally accepted rules of the GHG Protocol.

In 2017, work was carried out to improve all scopes of the GHG Assessment tool in order to refine its perimeters and input data and to align emission factors with those of SPOT *(Sustainable Product Optimisation Tool:* the Group's own tool for assessing the environmental and social footprint for its products). In 2018, work was carried out on Scope 3 of the GHG Assessment in order to improve its input data and emission factors.

In 2019, the Group updated its carbon footprint calculation for 2018 activity. The study shows that the highest impact in terms of GHG emissions occurs during the phase of consumer use, which involves the use of hot water. This represents 50% of the total emissions linked to the Group activity.

Direct GHG emissions (Scope 1)

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

The calculations are based on specific data:
• for each energy source (natural gas, fuel oil), L'Oréal multiplies energy consumption by the appropriate emission factor (recommended by the GHG Protocol);
• it also includes the GHG emissions related to cooling gas.

The total of these direct GHG emissions is 54,282 tons equivalent CO_2 (t CO_2e).

Energy indirect GHG emissions (Scope 2 Market-Based)

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

L'Oréal applies the Greenhouse Gas (GHG) Protocol. Calculations are based on specific data:
• for each energy source (steam, electricity, heat network), L'Oréal multiplies energy consumption by the appropriate emission factor;
• for electricity, the Group uses the emission factor of the local supplier, if available. Otherwise, the Group applies the latest factor supplied by the International Energy Agency,
• for steam and heat network, the Group uses the emission factor given by the suppliers.

The total of these indirect GHG emissions is 34,633 t CO_2e.

Improvement of our direct and indirect GHG emissions accounting

In the process of our Science-Based Targets commitments*, we have been working to go a step further in the knowledge of our Scope 3 upstream and downstream CO_2 emissions, through the respect of the GHG Protocol definitions. Within this frame, we are refining two categories that are included in our Scope 3 for the GHG annual assessment: long-term hire vehicles and branded retail stores, for which a shift from Scope 3 to Scope 1 and 2 could be a relevant possibility.

For 2018, total emissions are estimated to be 56,500 tons for long-term hire vehicles and 23,500 metric tons for branded retail stores (80,000 tons total, in the "upstream leased assets" category). Unlike direct (Scope 1) and indirect (Scope 2 Market-Based) GHG emissions previously mentioned, these emissions are not part of our monthly reporting so far. They are estimated annually through our global GHG annual assessment, based on the 2018 data consolidated at the Group's scale.

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

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

Total CO_2e emissions under the various headings of Scope 3 amount to 11,944 thousand metric tons of equivalent CO_2 and break down as follows:

Upstream
1. Purchased products and services: 3,338 kilotons (kt)
2. Capital goods: 513 kt
3. Fuel- and energy-related activities (not included in Scope 1 and Scope 2 emissions): 137 kt
4. Upstream transportation and distribution: 160 kt
5. Waste generated by the sites: 20 kt
6. Business travel: 157 kt
7. Employee commuting: 103 kt
8. Upstream leased assets: 100 kt

Downstream
9. Downstream transportation and distribution: 693 kt
10. Processing of sold products: 0 kt
11. Use of sold products: 5,979 kt
12. End-of-life treatment of sold products: 572 kt
13. Downstream leased assets: 0 kt
14. Franchises: 0 kt
15. Investments: 82 kt

Estimated CO_2 amounts are arrived at using emission factors incorporating all the Greenhouse Gases. The emission factors used are taken from databases (International Energy Agency, Ecoinvent, Association Bilan Carbone).

Concerning the use of products, some brands, such as Biolage, Biotherm, Garnier and Kiehl's, raise consumer awareness of eco-friendly ways of reducing hot water consumption or of sorting cosmetic product waste.

SHARING BEAUTY WITH ALL

THE FOUR PILLARS OF THE PROGRAM

L'Oréal's low carbon strategy is part of its sustainable commitment *Sharing Beauty With All,* launched in 2013. Completely integrated in L'Oréal's value chain, this program is based on four pillars:

- innovating sustainably, to reduce the environmental footprint of products and formulas;
- producing sustainably, to reduce the environmental footprint of plants and distribution centres, particularly their carbon footprint;
- living sustainably, to empower consumers to make sustainable choices;
- developing sustainably, by sharing growth with internal and external stakeholders (communities, suppliers and employees).

Find out more:
- www.loreal.com/loreal-sharing-beauty-with-all
- @LOrealCommitted