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At L’ORÉAL, we believe that everyone aspires to beauty. Our mission is to help men and women around the world realise that aspiration, and express their individual personalities to the full. This is what gives meaning and value to our business, and to the working lives of our employees. We are proud of our work.

**AS A BUSINESS**

Our strategy for leadership is based on continuous investment in rigorous scientific research and development. This enables our brands to deliver products which are innovative, highly effective, practical and pleasant to use, and which are manufactured to the most demanding standards of quality and safety. We aim for excellence, and constantly challenge ourselves and our methods. We place great value on honesty and clarity: our consumer advertising is based on proven performance and scientific data. We are committed to building strong and lasting relationships with our customers and our suppliers, founded on trust and mutual benefit. 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.

**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.
L’ORÉAL has been built around fundamental values which have guided us throughout the life of our company, and continue to do so today. Our values have shaped our culture, and they underpin our reputation.

For many years, we have passed them on through word of mouth. But now that we are so many, present in an ever-growing number of countries, we believe the time is right to bring our values together in a single document: one which can both inspire us and bring us closer together.

We live in rapidly changing times. It is no longer enough simply to share common convictions. We need in addition to be able to express clearly, through a new document, how we are living up to our responsibilities in practice.

It brings our values to life and it shows how they inspire and inform the decisions we make in our day-to-day work.

We all have a responsibility to follow these rules of conduct which drive L’ORÉAL’s integrity and ethical standards. We are counting on each and every one of you to respect them and to pass them on.

We believe that our commitment to live up to these powerful values, and to demonstrate our high ethical standards in all that we do, will ensure more than ever that L’ORÉAL is seen as an exemplary organisation: one which inspires trust and respect.

SIR LINDSAY OWEN-JONES  
Chairman

JEAN-PAUL AGON  
Chief Executive Officer
We are committed to bringing the L’ORÉAL SPIRIT to life in our day-to-day work. This is crucially important to the Company’s continued success.

That is why we have produced this code. Its aim is to help everyone understand what is expected of us as L’ORÉAL employees. It applies to us all, wherever we operate and whatever our role – whether we are junior staff or company directors.

Each of us and everyone in the Company, as ambassadors of L’ORÉAL and as members of our community, makes a personal commitment to follow this code – both in letter and in spirit.

You should always remember that:  
- The values and guiding principles set out in this document are not optional: you must respect them
- You set the example: L’ORÉAL’s reputation is what you make it
- You will be judged not only on what you do, but the way you do it
- Ethical questions are rarely easy, but must be addressed

We advise you not to keep such questions to yourself: disclose them and seek advice.

Integrity and respect are paramount to the way we work.
HOW TO USE THIS CODE

THE WAY WE WORK does not replace any existing policies, and you should continue to refer to whatever rules and standards have been set in your workplace. Instead, this code aims to provide a framework for these policies, so that it is easier for you to understand the rationale behind them.

But, just as importantly, it is also a tool to help you deal with any questions or dilemmas you may have concerning the way we work.

Of course, no document can anticipate and address every situation that may arise, particularly since many ethical dilemmas take place in “grey areas”, where the solution is not readily apparent. So whenever you are faced with what you feel is an awkward ethical decision, always ask yourself the following questions:

1. Is it in line with the L’ORÉAL SPIRIT and THE WAY WE WORK?
2. Is it legal?
3. How do my actions affect our various stakeholders and how would they react if they learnt about my actions?
4. If I am not sure, have I asked for help?

We recognise that some situations are not easy. When in doubt, the golden rule is to disclose the matter and to discuss it openly.

Technical subjects are best directed to internal experts such as Finance, Human Resources, Health and Safety, Legal and Tax, Purchasing and others.

Q: Does this document apply to me?
A: All of us at L’ORÉAL can be faced with an ethical dilemma during our daily work: how we behave towards colleagues and respond to their behaviour; how we deal with difficult or awkward requests from customers or suppliers; how we resolve questions about the use of company property. Each of these has an ethical dimension. This code provides useful, practical guidance on these and many other common dilemmas which we all face from time to time.

The L’ORÉAL SPIRIT and THE WAY WE WORK are addressed to all employees of the L’ORÉAL Group and its subsidiaries worldwide. They also concern all Officers and Directors of the L’ORÉAL Group and its subsidiaries.

The Code of Business Ethics is currently available in 41 languages. The UK English version of this code is the reference document.

The Company recognises that THE WAY WE WORK is not exhaustive and that it may change from time to time. The Company reserves the right to change, modify or correct THE WAY WE WORK at any time, with or without notice, and the right to take whatever action it deems appropriate in any employment situation.
RESPECT FOR INDIVIDUALS

We expect all employees and entities to work together in a respectful and open manner. In this way, we will maintain a culture of loyalty, trust and solidarity throughout our business. We should all aim to give credit to other people’s ideas, and recognise the contributions of others.

Teamwork is to be encouraged and successes, as well as failures, should be shared. We should listen with generosity and share information as needed, subject to the Group’s rules on confidentiality. Finally, disparagement of colleagues is contrary to L’ORÉAL’s values.

RESPECT FOR LOCAL CUSTOMS

THE WAY WE WORK has been drafted with the help of L’ORÉAL employees across the world. We believe that its core messages will be applicable throughout our operations.

We should ensure that, wherever possible, we conduct our activities in a manner 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, then where local law requires a higher standard than that set out in the code, local law should always apply. If, by contrast, the code provides for a higher standard, then it should supersede local law – unless this results in illegal activity.

RESPECT FOR THE LAW

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

As a basic rule, we as a business and as individuals in the performance of our duties, must always respect the laws of the countries in which L’ORÉAL operates.

L’ORÉAL is particularly attached to the spirit and the letter of laws governing:

- Human rights: prohibition of child labour and forced labour; discrimination; working time and remuneration; employees’ collective representation
- Quality, health and safety standards
- The environment
- Corruption and bribery
- Taxation and the accurate communication of financial information
- Fair competition

L’ORÉAL seeks to share these principles with its business partners and to ensure, as far as possible, that such partners also respect these laws and regulations.
L’ORÉAL encourages a culture of openness where employees can raise their genuine concerns.

All employees are expected to take personal responsibility for ensuring that our conduct complies with the L’ORÉAL SPIRIT and THE WAY WE WORK.

We encourage all employees to air their views, defend their opinions and signal unacceptable behaviours or demands.

We recognise that employees may have concerns about certain practices and need advice and guidance to help resolve them.

It is our policy that any concerns raised in good faith about misconduct on the part of the Company or any of its employees or business partners are thoroughly investigated, and that appropriate actions are taken to deal with the outcome of that investigation. “Good faith” means that you have provided information that you believe to be honest and accurate at the time, even if you are later proven to be mistaken.

We will provide feedback 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.

We will ensure a fair process in case of an investigation and, in particular, respect the principles of due process and the presumption of innocence.

All information given in the course of an investigation will be communicated on a “need-to-know” basis, and any employee raising such concerns in good faith will be protected against retaliation. Full cooperation is expected during such investigations.

The normal route for raising such issues is via your management. If for any reason you feel uncomfortable with this route, you should raise the issue with your Human Resources Manager. There may also be additional resources available in your country, such as staff representatives, grievance procedures or a helpline.

In your country, it is the Country Manager who is ultimately responsible for ensuring the respect of the L’ORÉAL SPIRIT and THE WAY WE WORK.

If you have raised the issue locally and you are still not satisfied with the answer you were given by local management, or in the exceptional case that it is inappropriate to raise the issue locally, you may contact the Group Director of Ethics of L’ORÉAL as follows:

website: www.lorealethics.com
letter: Group Director of Ethics, L’ORÉAL, 41, rue Martre, 92117 CLICHY, FRANCE

Please note that while we do not prohibit anonymous reports, we do not encourage them. We believe we offer sufficient guarantees to make it unnecessary for an employee reporting a concern in good faith to conceal his or her identity. It is also difficult to investigate a matter thoroughly if it is reported anonymously.
We aim for excellence, and constantly challenge ourselves and our methods”

The L'ORÉAL SPIRIT
Product safety and quality is paramount at all times.

It is the superior performance, quality and safety of our products which demonstrates our dedication and respect for our consumers, which earns us their trust, underpins the reputation of our brands and ensures that L’ORÉAL remains the leader in our field.

We are committed to marketing products that have proven efficacy and safety, guaranteed by rigorous testing.

Every L’ORÉAL employee throughout the world must be committed to the achievement of total product quality from conception to distribution, and even after the product has been put on the market.

All of us involved in the development, manufacturing, marketing, distribution and sales of our products are expected to:

- Comply with all legislative and regulatory requirements on product development and labelling
- Encourage a free and open exchange of views on product safety so that no safety issue is ignored
- Ensure that the highest standards of hygiene and strict quality controls are applied at each stage of the production process
- Ensure all adverse reactions by consumers are reported to the Department of Post Marketing Surveillance
- Respond promptly to any concerns about possible product safety, tolerance and quality control issues

Q: I work on the production line, and I’ve noticed some defective finished goods, showing that one 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?

A: 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.

Q: We have received a report from a supplier stating that contamination may have occurred in a recent shipment of ingredients. The products containing the ingredients 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?

A: 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. 

Remember: If you’re facing an issue around product safety and quality, don’t keep it to yourself. You’ll get help and support from discussing it with your management, your Quality Control Manager or your Human Resources Manager (see also the chapter on “Open Talk”).
Accuracy in Financial and Business Records

Accuracy is paramount for a successful business. This is an essential part of running our business legally, honestly and efficiently. We all have a duty to make sure that all our records, financial or otherwise, are accurate. In particular, it is crucial to being able to provide transparent, regular and reliable information to our shareholders.

We are all expected to:

- Play our part in ensuring that accurate financial and business records are maintained at all times
- Maintain records securely and follow any guidelines on record retention
- Cooperate with our internal and external auditors
- Refuse all cash transactions. If there is no other possibility, cash transactions must be expressly authorised, properly recorded and documented
- Make sure we do not sell, transfer or dispose of any L’ORÉAL assets without proper authorisation and documentation

Q: 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.

A: 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.

Q: 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 acceptable? What should I do?

A: 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, and prostitution) are concealed, or made to look legitimate. So you should always inform your management before accepting payment, and take all possible steps to satisfy yourself that this is a bona fide transaction. Among the danger signs 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.

Remember: If you’re facing an issue around financial accuracy, don’t keep it to yourself. You’ll get help and support from discussing it with your management, your Financial Director or your Human Resources Manager (see also the chapter on “Open Talk”).

Q: 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?

A: 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.
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 damage the operational and financial performance of L’ORÉAL.

We are all expected to:

- As a general rule, avoid personal use of company assets. 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.
- 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.
- Avoid inappropriate use of computer systems, corporate e-mail accounts and the internet.
- Recognise that all company assets and documents belong to L’ORÉAL.

Q: 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?
A: In general, you may be able to use the computer during non-working hours to type personal documents, so long as this is occasional, reasonable and does not interfere with your job responsibilities.

Q: I keep receiving “joke of the day” emails 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?
A: Use your common sense with regard to this. Remember that not everyone has the same sense of humour, and you should think twice before forwarding such “jokes”. In particular, you should bear in mind that the Company’s e-mail and internet access systems must not be used to access, store, send or publish any material which is inconsistent with the L’ORÉAL SPIRIT – notably including respect for individuals. This includes, of course, pornographic or sexually explicit images, political or religious content, or anything which promotes violence, hatred or intolerance.

Q: At work, we can buy products from the Company shop at discount prices. I also sometimes get given free products from my friends in Marketing. I have given some of these products to my aunt and she suggested that we could sell them on the internet. Is this OK?
A: No, you cannot sell the products. Employees have access to free or discounted products because we feel that it is important for all L’ORÉAL employees, whatever their functions, to be able to know and enjoy our products. It is part of being proud of our work. This means that the products are for your personal use. You can also offer them as a gift to your family and friends, but this should be exceptional.

Remember: If you’re facing an issue around the use of company assets, don’t keep it to yourself. You’ll get help and support from discussing it with your management or your Human Resources Manager (see also the chapter on “Open Talk”).
CONFIDENTIAL INFORMATION

Unauthorised disclosure of confidential information may be detrimental to L’ORÉAL. We must all ensure that all information not known to the general public is kept strictly confidential. Those of us who have access to confidential information belonging to business partners are under a similar obligation to protect it from disclosure.

We are all expected to:

- Limit disclosure of confidential information to people with a legitimate “need to know” that serves L’ORÉAL’s interests
- Secure all confidential customer and supplier records, both paper and electronic
- Prevent disclosure of confidential information to third parties outside L’ORÉAL (including family members of employees)
- Avoid discussing or working with confidential information in a public area where conversations can be overheard or data compromised
- Make sure that we are not disclosing a previous employer’s confidential information
- Return all confidential information (including all copies of original material) upon leaving L’ORÉAL

Q: 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?

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

Q: 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?

A: We all need to take the necessary measures to protect the confidentiality of information, even within the workplace: for example, by following the “clean desk” policy, locking files away, changing passwords regularly and exercising caution when using speakerphones. You 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.

Remember: If you’re facing an issue around confidentiality, take the appropriate steps to resolve it. You’ll get help and support from discussing it with your management, the Legal Department or your Human Resources Manager (see also the chapter on “Open Talk”).
Q: 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 n°1 cosmetics company”! Should I have a word with him about this?

A: Weblogs (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. In most cases, it would not be appropriate to identify themselves as L’ORÉAL employees on such a blog. 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.

Q: 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?

A: 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.

Q: Sometimes the internet seems to be full of misinformation about L’ORÉAL. Isn’t it my responsibility to correct it?

A: No. If there’s erroneous information circulating in public, you should let your manager or someone in Public Relations 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.

Remember: If you’re facing an issue around representing the company, don’t keep it to yourself. You’ll get help and support from discussing it with your management, your Public Relations Manager or your Human Resources Manager (see also the chapter on “Open Talk”).
GIFTS AND ENTERTAINMENT

Exchanging gifts and entertainment can help build understanding and improve working relationships, but they can also cause a conflict of interest between personal interest and professional duty.

When receiving gifts or entertainment, the “golden rule” is full disclosure.

When giving gifts or entertainment, the “golden rule” is reasonableness and how this would be perceived by the wider public.

We are all expected to:

- Never accept gifts or entertainment from any supplier unless they are clearly symbolic in value
- Never give or accept cash gifts
- Ensure that all gifts and entertainment offered are appropriate and in line with L’ORÉAL’s values
- 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 we have received

Q: May I offer a L’ORÉAL customer tickets to a concert that I cannot attend?

A: 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.

Q: 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. I thought that was a good idea – until I discovered it was a lapdancing club! I feel really uncomfortable about offering this type of entertainment. Am I being over-sensitive?

A: 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.

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

A: No, you cannot accept the discount unless it is on offer to all L’ORÉAL employees.
Q: 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?

A: 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 interest is inappropriate and should be avoided by politely declining the offer, making clear why you’re doing so.

Q: 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?

A: 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. In this case, you should thank the supplier for his generosity, but politely decline the gift. 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.

Remember: If you’re facing an issue around gifts and entertainment, find out your Country’s policy and don’t keep it to yourself. You’ll get help and support by discussing it with your management, your Purchasing Manager, or your Human Resources Manager (see also the chapter on “Open Talk”).
BRIBERY AND FACILITATION PAYMENTS

We believe that corruption is unacceptable. Such behaviour is not in line with the L’ORÉAL SPIRIT, does not benefit the communities in which we operate, and represents a cost for the Company. Bribery is a form of corruption, and is illegal in most countries, particularly where public officials are involved. Some countries even ban “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. Most are, in effect, a form of bribery.

We are all expected to:

- Never make, offer or promise cash or services (including gifts and entertainment) to government personnel, other officials and those who influence them
- Never knowingly make such payments through third parties - which means carefully selecting and monitoring contractors, agents and business partners
- Ensure that, if we find ourselves in a situation where such payment would be unavoidable, we inform our Country Manager immediately, and fully document the request

Q: I’ve been told I should hire a local “consultant” to help get all the necessary permits which we need from a foreign government. The 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?
A: Yes. If you suspect that any agent is acting improperly, you should not pay any such retainer until you have determined that no improper payments have been or are being made. Investigating such matters may be culturally difficult in some countries, but any agents doing business with multinational companies should understand the necessity of these measures.

Q: 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?
A: The Company does not provide gratuities to officials to ensure execution of official duties. If the payment is not a legitimate installation fee, you should not pay it.

Remember: If you’re facing an issue around bribery and facilitation payments, don’t keep it to yourself. You’ll get help and support from discussing it with your management, your Purchasing Manager or your Human Resources Manager (see also the chapter on “Open Talk”).
“We aim to make L’ORÉAL a great place in which to work. We know that our employees are our greatest assets”

The L’ORÉAL SPIRIT
All of us who work with and for L’ORÉAL have a right to a healthy, safe and secure working environment.

We are all expected to:

- Comply with the Company’s rules on health and safety at work
- 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 to management any behaviour, installations or items likely to compromise the safety of our working environment, as well as all accidents, however minor

Q: 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?

A: 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.

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

A: You should never bypass, disconnect or disable any safety device or monitoring equipment without the proper prior approval of a safety representative. Safety is an absolute commitment that should not be compromised by production schedules or for any other reason.

Q: As a sales representative, I often drive after dark with product samples 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?

A: You should try to avoid putting yourself in this situation, but on occasion it may be unavoidable. If you feel your security is at risk, you should contact your Human Resources Manager to discuss possible solutions.

Q: 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, do we need to be concerned?

A: Report to management any behaviour which could compromise the safety of our working environment or put anyone at risk.

Remember: If you’re facing an issue around health and safety, don’t keep it to yourself. You’ll get help and support from discussing it with your Health and Safety Manager, your Human Resources Manager or your Site Manager (see also the chapter on “Open Talk”).
At L’ORÉAL, we believe in the value of difference, and see it as a great asset in our work. The diverse background of our workforce fosters creativity, and gives us a better understanding of our customers.

L’ORÉAL is also committed to facilitating the professional integration of those who require special attention: young adults, persons from disadvantaged backgrounds and those with special physical needs.

We are all expected to:

- Ensure we do not discriminate on the basis of:
  - Gender
  - Disability
  - Family situation
  - Sexual orientation
  - Age
  - Political and philosophical opinions
  - Religious beliefs
  - Union activity
  - Racial, social, cultural or national origins

This applies not only to recruitment, but also to all decisions relating to training, promotion, continued employment and working conditions in general.

- Support and promote L’ORÉAL’s commitment to a diverse workforce

- Ensure that our suppliers, customers and business partners are aware of L’ORÉAL’s diversity policy

Q: 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?

A: The first rule is that L’ORÉAL respects local laws and therefore any employee violating the discrimination laws in their country may be sanctioned. But there may be countries where L’ORÉAL considers that 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.

Q: A colleague in my department often makes jokes about people’s ethnic background and religion. He says he’s just having a laugh – but I find his comments insulting and demeaning. I don’t want to be seen as a killjoy, though, or as someone who is oversensitive and humourless, and I am afraid to confront him. What should I do?

A: Jokes or slurs against people because of the colour of their skin, their country of birth, their religion or even their accent are not acceptable for us at L’ORÉAL. They deny the respect that each of us deserves. Tell your colleague that you find his “jokes” offensive. If they do not stop, you should raise the matter with your management or Human Resources Manager.
Q: 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 – unless, of course, there is work still to be finished. Is this indirect discrimination?

A: 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 obtain the same result by holding the meeting earlier in the day – or first thing Monday morning?

Q: 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?

A: 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 ethnic minorities and women. It includes other groups who are often discriminated against, such as the disabled, older people, and so on.

Remember: If you’re facing an issue around diversity, don’t keep it to yourself. You’ll get help and support from discussing it with your management or your Human Resources Manager (see also the chapter on “Open Talk”).
HARASSMENT AND 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. At L’ORÉAL, we challenge facts and ideas, not individuals.

We are all expected to:

- Abstain from any harassment or bullying
- Support and promote L’ORÉAL’s commitment to a workplace free from all bullying and harassment
- Be courteous: treat our fellow workers the way we would like them to treat us

Q: What exactly does L’ORÉAL mean by “harassment” and “bullying”? I don’t think we have a law on this in my country.

A: 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 behaviour 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”)

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.

Q: 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?

A: 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.

Remember: If you’re facing an issue around harassment or bullying, don’t keep it to yourself. You’ll get help and support from discussing it with your management or your Human Resources Manager (see also the chapter on “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 are all expected to:

- Abstain from any sexual harassment
- Immediately stop any behaviour which we have been told is unwanted
- Support and promote L’ORÉAL’s commitment to a workplace free from all sexual harassment

Q: 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?

A: 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 physical contact, looks and other gestures, comments, invitations or requests
- Distributing or displaying offensive material, including inappropriate pictures or cartoons

Q: A colleague of mine works with several men who regularly make sexually charged remarks about women. The comments are often coarse, rude and belittling. She doesn’t think they realise what they are doing, but she finds their behaviour upsetting and demeaning. She’s afraid to speak out, though, as she doesn’t want to come over as a prude – or attract similar remarks directed at her personally. What should I do about it?

A: You should encourage your colleague to speak with the men directly if she feels comfortable about doing so. She can also raise the matter with her management or Human Resources Manager. If your colleague does not take action, then you should report what she has told you – even if you don’t have all the facts or haven’t observed the harassment yourself. It is critical to stop offensive behaviour before it becomes severe.

Remember: If you’re facing an issue around sexual harassment, don’t keep it to yourself. You’ll get help and support from discussing it with your management or your Human Resources Manager (see also the chapter on “Open Talk”).
We all have a right to privacy.

L’ORÉAL is committed to respecting the confidentiality of employees’ personal information (such as their personal records, photos and home address). Only such data as is necessary for the effective operation of L’ORÉAL is acquired and retained by the Company.

If we are authorised to have access to personal employee data, we are expected to:

- Ensure we provide such information to authorised persons only, on a “need-to-know” basis
- Ensure we never provide such information to anyone outside L’ORÉAL, unless legally required to do so – or with the employee’s specific authorisation
- Make sure such information is stored securely
- Refrain from holding this information longer than is necessary to meet the legal or business reason for which it was acquired
- Seek advice before transferring such personal data outside its country of origin

All of us are expected to:

- Refrain from accessing and storing personal employee data, unless we have the appropriate authorisation and a clear business need for that information
- Respect the right to privacy of our colleagues

Q: 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?

A: No. The Human Resources department’s response is totally appropriate – all employee personal data has to remain strictly confidential. They can’t start making exceptions.

Q: 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 which 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?

A: You should not approach your colleague. Instead, you should inform your manager and/or the Human Resources Department that you overheard this conversation. In order to respect your colleague’s privacy, you should not, of course, share the information you have with anyone.

*Remember:* If you’re facing an issue around privacy, take the appropriate steps to resolve it. You’ll get help and support from discussing it with your management, your Data Protection Manager or your Human Resources Manager (see also the chapter on “Open Talk”).
CONFLICTS OF INTEREST

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 key to dealing with any potential conflict is full disclosure. That allows everything to be properly investigated. As a result, it may well be that something which appeared at first sight to be a problem is, in fact, not the least bit harmful to the Company. But it is only through full disclosure of all the facts that everyone concerned can know this for sure – and be able to state it with confidence to others.

We are all expected to:

- Disclose to management if there is a potential conflict of interest which might influence or appear to influence our judgment and actions (for example, where a family member is employed by a supplier)
- Refrain from holding 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

Q: 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 interest here. Do these policies only apply to immediate family – or would they cover this, too?

A: 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 is made to ensure that salary and performance evaluation are handled by an independent person, and that these situations are monitored on an ongoing basis to ensure objectivity and fairness to all.

Q: 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 interest here?

A: Even though your involvement could only be financial, there may be a conflict of interest 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 or Human Resources Manager and discuss the matter openly.

Q: 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?

A: 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 interest 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.
Q: During my spare time, I am Vice-President of the National Consumer Association. I’ve held the post 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?

A: 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 with 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, it would be wise also to make full disclosure to your colleagues in the Association, to explain the conflict of interest for them as well and to withdraw from any involvement with that particular lobbying campaign.

Q: 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. So what should I do?

A: This could create the appearance of a conflict of interest. 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 continue to avoid discussing business and take steps to ensure that confidential or proprietary information of both companies is protected.

Q: A member of my team has been dating his secretary for a couple of months. They were pretty discreet about it at work but people still found out. I’m not supposed to know about it officially. It has started off all sorts of rumours, and it’s fair to say some of the other secretaries aren’t at all happy about it. 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?

A: 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 an interest in their professional relationship. The situation you describe is not appropriate because there is a conflict of interest. A manager cannot be expected to judge his subordinate objectively if he is romantically involved. You should consult 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 effectively but with sensitivity. Depending on the facts and circumstances, there may also be a sexual harassment issue.

Remember: If you’re facing an issue around conflicts of interest, don’t keep it to yourself. You’ll get help and support from discussing it with your management or your Human Resources Manager (see also the chapter on “Open Talk”).
THE WAY WE WORK
AS A RESPONSIBLE CORPORATE CITIZEN

“We play our part in creating a world of beauty and fairness”
The L’ORÉAL SPIRIT
POLITICAL ACTIVITIES

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.

Any of us who take part in political activities are expected to:

- Make it clear that we are not representing L’ORÉAL in any way
- Avoid all use of Company resources (including Company time, phones, paper, email and other assets) to carry out or support our personal political activities

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

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

Q: My manager has asked me if I’d like to make a donation to his daughter’s mayoral campaign. Is this appropriate?

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

Remember: If you’re facing an issue around political activities, don’t keep it to yourself. You’ll get help and support from discussing it with your management, your Public Relations Manager or your Human Resources Manager (see also the chapter on “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 are all expected to:

- Support the philanthropic projects promoted by the L’ORÉAL Group, participating in those which are of interest to us and to which our individual profile brings an added value
- Ensure that we only engage L’ORÉAL in actions which reflect our corporate philanthropy strategy, and reflect our corporate values
- Understand that philanthropy is a long-term commitment, and that all actions, regardless of size, must be engaged in with a clear plan of how to develop the partnership over time

Q: A philanthropy program 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?

A: 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.

Q: 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?

A: 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, employee contributions, and especially sharing the expertise we have in so many domains to help others. You could be the corporate sponsor for this project, and develop a meaningful long-term programme together.

Remember: If you’re facing an issue around contribution to the community, don’t keep it to yourself. You’ll get help and support from discussing it with your management or your Human Resources Manager (see also the chapter on “Open Talk”).
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 are all expected to:

- 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: for example, 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 management or our Health and Safety Manager

Q: 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?

A: 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 should notify your management to help you work out a solution.

Q: 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?

A: 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.

Remember: If you’re facing an issue around the environment, don’t keep it to yourself. You’ll get help and support from discussing it with your management, your Health and Safety Manager or your Human Resources Manager (see also the chapter on “Open Talk”).
THE WAY WE WORK
ADDITIONAL GUIDANCE FOR MANAGERS

“We do business with integrity”
The L’ORÉAL SPIRIT
THE MANAGER’S ROLE

As a Manager, you have an added responsibility because:

- You set the 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

And as a Manager, you will also deal with subjects which are generally only encountered at a managerial level, namely:

- Advertising and marketing
- Insider trading
- Suppliers selection and fair treatment of suppliers
- Fair competition
- Tax

Q: Which is more important for me as a Manager: meeting my obligations on financial or business goals, or those of the L’ORÉAL SPIRIT and THE WAY WE WORK?

A: The two are completely compatible – and directly connected. Doing the right things for the right reasons is always good business. The Company’s interests are never served by unlawful or unethical business practices.
ADVERTISING AND MARKETING

L’ORÉAL’s advertising and marketing is based on our products’ intrinsic characteristics and performance. This principle is essential to winning and keeping the loyalty of our consumers.

All of us involved in the marketing and promotion of our products are expected to:

- Ensure that all advertising and promotional material is based on proven performance and scientific data
- Give a fair and truthful description and visual representation of our products and their effects
- Endavour to ensure that the purpose and correct usage of our products is readily understandable by consumers
- Be sensitive to the possible reaction of religious, ethnic, cultural or social groups to our advertising
- Ensure that we do not undertake product placement with any outlets (TV or radio programmes, magazines or digital media) whose strategy for attracting an audience relies on exploiting extreme violence, pornography or encouraging offensive behaviour or hatred toward others. Such strategies are contrary to L’ORÉAL principles
- Take great care to ensure our actions are consistent with the L’ORÉAL SPIRIT if we are envisaging advertising to children and young people

Q: My colleague has shown me a marketing proposal for a body lotion which 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 unhealthily thin physique. She said I was being over-sensitive and that the artwork had already been approved. What can I do about it?

A: Our advertising and promotion is designed to have the maximum impact possible on our desired audience, so we must own our 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. This does not mean that you cannot be creative, but you need to make sure that the advertising message will not be mis-interpreted as encouraging unhealthy or damaging behaviour.

Q: I’m just devising a marketing programme for a new product. The R&D department responsible 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 is the right thing to do?

A: Overselling our products by making inflated or exaggerated claims for them is dishonest, and creates distrust among our customer base. If the product does not eliminate wrinkles, then you should not claim that it does.

Remember: If you’re facing an issue around advertising and marketing, don’t keep it to yourself. You’ll get help and support from discussing it with your management, your Scientific Manager, your Technico-Regulatory Manager or your Human Resources Manager (see also the chapter on “Open Talk”).
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 risk of being seen as engaging in “insider trading” when making investment decisions.

We are all expected to:

- Be aware that using confidential information to make investments could fall within the scope of insider trading laws
- Refrain from buying or selling shares in L’ORÉAL or any other company if we have inside information at that time
- Avoid disclosing such inside information to anyone outside the Company, including family members
- Avoid disclosing such inside information to anyone within the company, except on a “need-to-know” basis
- Protect inside information from accidental disclosure

Q: I’m not a legal expert. What exactly is “inside information”?
A: “Inside information” is a concept defined by law. In broad terms, it relates to non-publicly available information which a reasonable investor could consider important in making an investment decision. Such information can relate to L’ORÉAL but also to one of its customers or suppliers, or another company with which L’ORÉAL is in contact. You will find additional information in our Stock Market Ethics document.

Q: 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?
A: No. 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.

Q: 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?
A: No. It would be as if you were buying it yourself. Even if all you heard was a rumour, you would still be encouraging its spread, and that too is unethical.

Remember: If you’re facing an issue around insider trading, take the appropriate steps to resolve it. You’ll get help and support from discussing it with your management, your Legal Department or your Human Resources Manager (see also the chapter on “Open Talk”).
SUPPLIER SELECTION AND 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.

All of us dealing with suppliers are expected to:

- Select suppliers on the basis of open competitive bidding based on objective criteria for evaluating performance and quality of service; 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
- Ensure that the Company’s General Terms of Purchase and Payment, which includes L’ORÉAL ethical expectations, are understood and accepted by all suppliers wherever they operate
- Provide feedback to suppliers based on objective, transparent and consistent indicators
- Support suppliers in meeting L’ORÉAL’s expectations – but have the courage to end the relationship with those suppliers who persistently fail to meet them
- Pay suppliers on time and according to the agreed terms (providing that the supplier performs according to the terms of the contract)
- Make sure that the supplier is not overly dependent on L’ORÉAL business

- Refrain from asking suppliers to make unreasonable concessions in order to win or retain business with L’ORÉAL. In particular, avoid reciprocal dealing. (This involves stating or implying that a decision to buy goods or services is based on a reciprocal agreement for the supplier to purchase our own products or services.)
- Protect the supplier’s confidential information as if it were our own, in particular making sure that we respect their copyright and intellectual property

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 to gain favour.

Q: 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?

A: You can tell the first supplier that you have a better price offer elsewhere, but you should protect the identity of the second supplier. Otherwise, you would be giving the first supplier confidential information about his competitor, and that’s unethical.
Q: 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?

A: Yes. There is no reason not to help this supplier start his business. However, you should provide in the contract that he is expected to find other customers before a certain period of time and that, should he not do so, L’ORÉAL may consider changing suppliers. If he really is good, this should not be a problem.

Q: 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?

A: 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.

**Remember:** If you’re facing an issue around supplier selection or treatment, don’t keep it to yourself. You’ll get help and support from discussing it with your management, your Purchasing Manager or your Human Resources Manager (see also the chapter on “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 can lead to the appearance, real or perceived, of price fixing, territorial division or other types of manipulation or distortion of the free market.

We are all expected to:

- Avoid any contact with competitors where confidential information is discussed
- Avoid inducing customers or suppliers to breach contracts with competitors
- Refrain from knowingly taking action to cut off a competitor’s sources of supply
- Ensure that we do not establish exclusive dealing arrangements (i.e. contracts that require a company to buy or sell only to L’ORÉAL) without prior legal advice if L’ORÉAL could be considered to hold a dominant position in the market
- Ensure that we do not 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 if L’ORÉAL could be considered to hold a dominant position in the market
- Refrain from all disparaging remarks concerning competitors (including any false statements concerning their products or services)
- 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
- Collect competitive information through legitimate means only and always identify ourselves as a L’ORÉAL employee when collecting such information
- Never allow new recruits to L’ORÉAL to share confidential information about competitors for whom they used to work

Q: 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?

A: 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. 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.

Q: 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?

A: Do not accept the invitation, and immediately inform your Legal Department. We have an 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.
L’ORÉAL aims to be a good corporate citizen wherever it operates. A key element of this is respecting all relevant tax laws, ensuring that local tax obligations are correctly fulfilled (both documentation and deadlines), and paying in full all local and national taxes as required by those laws.

**We are all expected to:**

- Ensure that L’ORÉAL does not knowingly evade its tax obligations
- Play our part in keeping accurate and comprehensive books and records

Q: 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?

A: 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. Apart from the fact that such espionage is inappropriate, just ask yourself how it would look if it came out in the newspaper! 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.

Q: 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?

A: No. There is no time limit on protecting confidential information. Your recruit should have been hired on the basis of the research she would be able to do for us, not that conducted in the past for our competitor. It may even be appropriate to transfer her to a different department, where she won’t feel under any pressure to pass on confidential knowledge.

**Remember:** If you’re facing an issue around fair competition, don’t keep it to yourself. You’ll get help and support from discussing it with your management, your Finance Manager, your Legal Department or your Human Resources Manager (see also the chapter on “Open Talk”).

Q: I have been approached by a supplier who says he has a cast-iron way to save us money. He’s offering to re-route the paperwork for purchasing the Christmas 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?

A: 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.

**Remember:** If you’re facing an issue around tax, don’t keep it to yourself. You’ll get help and support from discussing it with your management, your Finance Manager, your Legal Department or your Human Resources Manager (see also the chapter on “Open Talk”).
L’ORÉAL is offsetting all the carbon emissions resulting from the creation, production and distribution of the Code of Business Ethics. This is our first “climate neutral” document.

We are doing so via Climate Care, one of the most reputable companies providing offsets.

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Group Director of Ethics
L’ORÉAL

Headquarters:
41, rue Martre
92117 CLICHY
France

Registered Office:
14, rue Royale
75008 PARIS
France

http://ethics.loreal.wans
www.loreaethics.com

Photographs:
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