

# Society

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# L'ORÉAL

# Disclosures on management approach .....

L'Oréal's societal commitments are described in the "L'Oréal Spirit" on the first page of L'Oréal's Code of Business Ethics available on the [www.loreal.com](http://www.loreal.com) website.

The paragraph "As a Business" provides a description of the commitments with regard to respect of the laws and the fight against corruption. The paragraph "As a Responsible Corporate Citizen" describes the commitments concerning the communities in which L'Oréal is present.

## Local Communities

The L'Oréal Group is a leading economic player in all the geographical zones where it is established. On this basis, L'Oréal contributes to local employment and thus participates in regional development. Within the framework of the "Sharing beauty with all" program, L'Oréal has made a commitment in favour of the surrounding communities, in particular to provide access to work for 100,000 people from communities in social or financial difficulty by 2020.

Due to its many industrial and administrative sites all over the world, the L'Oréal Group is strongly involved, in the vicinity of its sites, in the life of the surrounding local communities. A company committed to demonstrating good corporate citizenship, L'Oréal makes a contribution to many local projects. As a general rule, L'Oréal's establishments and its subsidiaries build good relations with the communities in the areas in which they operate, and make every effort to limit the impact of their activities on the environment and to provide exemplary working conditions for their employees. The internal competitions – Environment, Health & Safety – Civic Initiative Prizes recognise, by awarding a prize, the commitment, mobilisation and involvement of a site (factory, distribution centre or administrative site) with regard to the community in which it operates. Awards are presented for the best local initiatives conducted each year in partnership with local authorities, local residents and schools in the fields of solidarity, education or the environment. By these initiatives, L'Oréal is eager to demonstrate its good citizenship, and to show that it firmly respects the ethical values of the surrounding community.



FOR FURTHER INFORMATION, SEE THE 2013 REGISTRATION DOCUMENT, PAGE 221 - SECTION 6.4.1. "TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF ACTIVITIES".

## Anti-corruption

### COMMITMENT

L'Oréal is a signatory of the United Nations Global Compact, supports the fight against corruption, abides by the United Nations Anti-Corruption Convention of October 31<sup>st</sup>, 2003 and undertakes to respect all applicable laws, including anti-corruption laws.

This commitment is supported at the highest level of the Company by L'Oréal's Chairman and Chief Executive Officer who renews L'Oréal's commitment to the United Nations Global Compact every year.

L'Oréal is a member of the International Chamber of Commerce Anti-Corruption Commission and a member of Transparency International France.

### POLICY

L'Oréal's Code of Business Ethics publicly states a zero-tolerance policy on corruption. It applies to all employees, executive officers and directors, members of the Group's Executive and Management Committees and those of its subsidiaries worldwide.

This document has been translated into 35 languages and each employee receives a copy.

In 2013, a specific anti-corruption guide was rolled out throughout the Group. This guide, which underlines the need both to respect local practices and regulations and also comply with the Group's ethical commitment, addresses relations with each of L'Oréal's stakeholders and in particular public authorities and intermediaries.

This practical Guide is intended to specify the Group's standards and to assist employees to handle situations which they may encounter in the performance of their duties. It reaffirms L'Oréal's corruption prevention policy which was approved by the Chairman and Chief Executive Officer and the Executive Committee and presented to the Board of Directors. This policy posted online on L'Oréal's website ([www.loreal.com](http://www.loreal.com)) restates the following principles:

- the zero-tolerance policy on corruption;
- the prohibition on facilitation payments;
- the prohibition on all contributions to political parties or politicians with the aim of obtaining a commercial advantage;
- the prohibition on giving and accepting gifts and/or invitations that might influence or be perceived as influencing a business relationship;
- communication of the commitment to preventing corruption to our business partners;
- compliance with these commitments by intermediaries or agents representing L'Oréal, particularly in countries where there is a high corruption risk.

Other policies such as "The Way We Buy", a practical and ethical guide on the relationships between suppliers and all employees involved in purchasing decisions, also address these issues. This document currently exists in 12 languages.

### ► IMPLEMENTATION

The corruption prevention policy is revised periodically by the Executive Committee and presented to the Board of Directors.

The Director of the Risk Management and Compliance Department is in charge of developing the anti-corruption system.

Country Managers or, for Corporate or Zone staff, the members of the Group Executive Committee to whom they report, are responsible for the proper deployment of the corruption prevention programme and are guarantors of compliance with the anti-corruption policy.

Employees may, in particular, go to their management, their Legal Director, their Administrative & Financial Director, or their Ethics Correspondent if they have questions about the respect of this commitment.

To ensure that no concern regarding corruption prevention remains unanswered, employees and other stakeholders may contact the Chief Ethics Officer, to whom authority is delegated by the Chairman.

All concerns raised are thoroughly examined, so that appropriate measures can be taken, where applicable.

In a spirit of transparency and in order to exchange ideas, we regularly communicate, internally and externally, on the implementation of our anti-corruption policy and programme.

### ► *Public Policy*

Being an active member of professional associations in the countries where its industry is represented, L'Oréal plays an active role in the ongoing dialogue with the national or regional authorities in charge of the specific regulations governing the products in its industrial sector in order to prevent or accompany any risks that may result from changes in regulations.

As a leader in the cosmetics industry, L'Oréal considers that it has a duty to be proactive and to take part in discussions around the formulation of local regulations in the countries in which it operates.

It is for this reason that the Group is active within the organization Cosmetics Europe, the PCPC the US cosmetics industry association, Japan Cosmetics Industry Association (JCIA), CAFFCI-China Association of Fragrance Flavour and Cosmetic Industries, ISTMA - Indian Soap and Toiletries Mfrs Association, PERKOSMI (Persatuan Kosmetika Indonesia), Korea Cosmetic Association, The Cosmetic & Perfumery Association of Hong Kong, Taipei Cosmetic Industry Association and Vietnam Oil, Aromatherapy & Cosmetics Association in Asia, and CASIC and CONARS (in the field of self-regulation and responsible advertising) in South America.

L'Oréal's Directors of Public Affairs are in charge of these contacts in their respective geographic zones, accompanied in the working groups by scientific and regulatory experts on the subjects handled.

From 1976 to 2013, the basic legislative text relating to cosmetic products was Council Directive 76/768/EEC of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products (the "Cosmetics Directive").

The legal instrument chosen at the time by the European authorities, the directive, gradually proved to be insufficient to ensure the freedom of circulation of its products on the internal market. Indeed, a directive sets a certain number of precise objectives to be met, but Member States have a certain amount of leeway in the choice of the means enabling them to achieve this objective. On the other hand, a regulation has to be applied directly and uniformly in all Member States.

Regulation (EC) No 1223/2009 of 30 November 2009 on cosmetic products (the "Cosmetics Regulation"), all the provisions of which came into effect on July 11, 2013, was adopted in order to simplify the Cosmetics Directive and to put an end to the disparities in legislation related to the differences in transposition from one Member State to the next.

L'Oréal, like all cosmetics industry players (Cosmetics Europe, competitors, national associations) and a certain number of NGOs had replied to the call for contributions issued by the European Commission at the time of preparation of this regulation <sup>(1)</sup>.

The Group was associated with the official press statement by Cosmetics Europe <sup>(2)</sup> and is pleased with the adoption of this regulation, which imposes a harmonised legal framework on the entire territory of the European Union, a harmonisation that has been long desired by the cosmetics industry.

### ➤ FOR RESPONSIBLE ADVERTISING AND COMMUNICATION, IN ACCORDANCE WITH THE STRONG COMMITMENTS MADE THROUGH THE SELF-REGULATION CHARTER

L'Oréal recognizes the importance of responsible advertising and marketing communication as essential means of informing consumers on the characteristics and qualities of cosmetic products.

In this respect, L'Oréal, as a member of Cosmetics Europe, signed in 2012 the charter on responsible advertising and marketing communication of cosmetic products <sup>(3)</sup>.

The purpose of this charter is to set the cosmetics industry common ground towards responsible cosmetics advertising and marketing communication in Europe.

This charter was endorsed by Cosmetics Europe members, on the basis that it is a fair and honest representation of their commitment. Cosmetics Europe members encourage the respect of its principles.

This charter is completed by a framework including the European Commission list of common criteria and the Cosmetics Europe self-regulation guiding principles on responsible advertising and marketing communication.

This charter makes it possible to ensure that advertising and marketing communication:

- are in compliance with the relevant European and national regulations and the applicable self-regulatory framework;
- are sincere, truthful and not misleading advertising;
- enable consumers to make informed choices;
- are socially responsible.

L'Oréal is also a member of the French Union of Advertisers (*Union Des Annonceurs* or "UDA") and contributed to preparation of the charter on responsible communication. The Group reports on its actions in this field every year. Since 2012, L'Oréal has set up a training programme for employees in marketing to raise their awareness to good communication practices. At the end of 2013, 750 employees had received this training.

(1) Our Group is indeed mentioned on the European Commission website, alongside other stakeholders, as one of the organisations that responded to the public consultation relating to the new cosmetics regulation: [http://ec.europa.eu/consumers/sectors/cosmetics/documents/revision/index\\_en.htm](http://ec.europa.eu/consumers/sectors/cosmetics/documents/revision/index_en.htm)

(2) Press release of Cosmetics Europe, Cosmetics Europe welcomes application of EU Cosmetics Regulation, 11 July 2013: <https://www.cosmeticseurope.eu/downloads/6447.html>

(3) Cosmetics Europe charter for responsible advertising and marketing communication: [http://www.febea.fr/uploads/media/2012\\_10\\_02\\_-\\_FEBEA\\_-\\_RECOMMANDATION\\_CHARTE\\_PUBLCITE\\_01.pdf](http://www.febea.fr/uploads/media/2012_10_02_-_FEBEA_-_RECOMMANDATION_CHARTE_PUBLCITE_01.pdf)

## ➤ *Anti-competitive Behavior*

In the ordinary course of its business, the Group is involved in legal actions and is subject to tax assessments, customs controls and administrative audits. It is also the subject of proceedings initiated by national competition authorities, in particular in European countries .

In order to better prevent these risks, the Group's Legal Department has introduced a training session on competition law for the employees concerned. In 2011, it also distributed an ethical and legal guide on the conditions of fair competition, called "The way we compete".

A provision is set aside in the parent company and consolidated financial statements whenever the Group has an obligation towards another party and will have to face a probable outflow of economic resources whose cost can be reliably estimated.

## ➤ *Compliance*

The purpose of the Risk Management & Compliance department, created in 2013, is to identify, evaluate and prioritise risks, with all those concerned, and to update the risk maps.

It is aimed at promoting the optimal use of resources to minimise and control the impact of adverse events and maximise the realisation of opportunities.



FOR FURTHER INFORMATION, SEE SECTION 2.5.3. "THE PLAYERS", PARAGRAPH ON "THE RISK MANAGEMENT & COMPLIANCE DEPARTMENT" ON PAGE 79 OF THE 2013 REGISTRATION DOCUMENT.

## ➤ *Supplier Assessment for Impacts on Society*

The Group's suppliers' footprint on the environment and on society is part of L'Oréal's wider footprint.

In this respect, through its Sharing Beauty with All programme, the Group has made a commitment to having 100% of its strategic suppliers participate in its sustainable development programme intended for suppliers.

Suppliers will be assessed and selected on the basis of their social and environmental performance.

## ➤ *Grievance Mechanisms for Impacts on Society*

L'Oréal attaches crucial importance to the dialogue with its stakeholders.

Initiated in 2011, this dialogue is conducted in the form of discussion forums across the globe, enabling representatives of civil society, NGOs or associations to talk and discuss their expectations with the Group's internal experts.

In 2013, an online platform was set up for stakeholders allowing organisations to continue their exchanges following the Stakeholder Forums. Through this platform, L'Oréal is able to consider its sustainable development strategy in light of the main CSR issues defended by stakeholders.

This platform for dialogue allows those organisations who so wish to put questions to Group experts and get answers in real time. This offers a way of keeping in touch with expectations and is part of an ongoing initiative of listening and improvement.

Furthermore, L'Oréal has also included a page on the [loreal.com](http://loreal.com) website which permits anyone who wishes to ask questions relating to sustainable development:

[www.loreal.com](http://www.loreal.com), section "Contact Us", "Environment and Sustainable Development".

# L/ocal communities

## SO<sub>1</sub> *Percentage of operations with implemented local community engagement, impact assessments, and development programs*

### › SOLIDARITY SOURCING

All over the world, L'Oréal purchases goods and services: raw materials, packaging, promotional and POS advertising materials, real estate, travel services, IT equipment, packing items, etc. Through its "L'Oréal Buy & Care" programme, the Group has endeavoured for several years to develop its responsible purchases and create sustainable relations with its suppliers, based on respect for the environment, social development and economic progress.

L'Oréal has decided to go further. Because a company's purchasing power is an economic development and societal impact factor, L'Oréal has decided to make its purchases a novel way of promoting social inclusion. The Group thus created a global solidarity purchasing programme in mid-2010: "Solidarity Sourcing".

Its aim is to help to give people from economically vulnerable communities durable access to employment and income.

In 2013, the global Solidarity Sourcing programme continued to be rolled out within the Group's different teams. Monitoring and reporting systems have been put in place via an intranet platform accessible to all employees. The various purchasing teams have now been given objectives with regard to this programme, particularly with respect to the number of beneficiaries. In 2013, the Programme offered access to work to 22,000 people all over the world (excluding The Body Shop purchases).

Since 2012, the internal auditors have included the Solidarity Sourcing programme in their audit scope with the aim of continuous improvement. Audits have thus been conducted in China, Switzerland and South Africa.

In 2013, over 110 suppliers were involved in the programme. The purchases concerned were made from the Group's traditional suppliers or suppliers within its Solidarity Sourcing programme who have deployed solidarity actions in their respective fields. Certain traditional suppliers have moreover applied this approach in their own supply chain.



FOR FURTHER INFORMATION CONCERNING SOLIDARITY SOURCING, SEE THE ARTICLE DEVOTED TO THIS PROGRAMME ON PAGE 41 OF THE 2013 SUSTAINABLE DEVELOPMENT REPORT.

### › FAIR TRADE

Since its acquisition by L'Oréal in 2006, The Body Shop has worked in close cooperation with some of the Group's other brands, which in 2013 used eight fair trade ingredients in their products including soya, babassu, aloe vera, and olive and sesame oil.

**Argan oil:** in Morocco since 2011, for purchases of argan oil, 6 women's cooperatives have received support from the L'Oréal Group and working conditions, pay or access to healthcare and education have been improved for nearly 300 women.

**Shea butter:** shea butter is part of the composition of nearly 1,200 of L'Oréal's skin care and personal hygiene products and makeup. It is currently among the top 10 plant raw materials it uses and purchase volumes of this ingredient never stop growing. For this emblematic raw material, L'Oréal has chosen to implement sustainable procurement with local communities.

This programme has been set up in Burkina Faso, one of the countries in West Africa with the most naturally growing shea trees and where the populations are among the most fragile in the world, particularly women in rural areas. It has a threefold objective: ensure fair revenue is generated, without any intermediaries, for the women who collect the shea nuts; create value locally, thanks to training courses; and have a favourable impact on the environment, by preserving shea trees.

**The Body Shop Community Fair Trade programme**

In 2013, The Body Shop collected the prestigious BITC International Responsible Business Award in recognition of its pioneering Community Fair Trade programme. Under this programme, The Body Shop buys ingredients, gifts and accessories supporting the lives of over 25,000 small-scale farmers and workers and benefiting over 320,000 people. These projects are rolled out in the wider supplier community and offer simple but life-changing benefits such as clean drinking water, educational materials, medical infrastructure and fair income.

The Community Fair Trade programme is certified by the Institute for Market Ecology (IMO) and is governed by the principles set out in the Community Fair Trade Charter (available at <http://thebodyshop.com/content/pdf/cft-charter.pdf>). These principles define how suppliers are selected, their commitments with respect to The Body Shop and the benefits they receive in return. The impact on the suppliers and their wider communities is assessed once a year using supplier self-assessments, every two years through on-site visits and every three years by audits carried out by the IMO, backed where appropriate by more in-depth impact assessments.

The Body Shop's commitment to Community Fair Trade has not stopped growing: over 93% of its products contain fairly-sourced ingredients, up from 85% on 2011.

**The Body Shop, founding member of the Ethical Trading Initiative**

The Body Shop is one of the founding members of the ETI (Ethical Trading Initiative), an alliance of companies, NGOs and trade unions that work together to improve the working conditions of poor, vulnerable people all over the world.

Through its membership of the ETI, The Body Shop has developed its Ethical Trade programme which requires its entire supply chain to undertake to work within the framework of its Supplier Code of Conduct. By involving its suppliers in its programme, The Body Shop measures working conditions in factories and actively looks for areas of sustainable improvement. Through its training sessions in factories, conferences with suppliers and field experts who handle specific issues, The Body Shop continues to be recognised by the ETI as one of its most active members.

The programme covers all the products sold in its network of shops throughout the world.

The Ethical Trade programme is the responsibility of each and every employee of The Body Shop and the teams are regularly trained in the different processes and the consequences that their procurement practices may have on working conditions in the supply chain.



FOR FURTHER INFORMATION CONCERNING ETHICAL TRADE, SEE THE [HTTP://WWW.ETHICALTRADE.ORG/WEBSITE](http://www.ethicaltrade.org/website).

**A GLOBAL ANNUAL SOLIDARITY DAY: CITIZEN DAY**

Held for the first time in 2009 at the time of L'Oréal's centenary, Citizen Day is the day every year when all L'Oréal's staff throughout the world are able to carry out voluntary work for associations, on public utility projects and projects providing support to their surrounding communities, while receiving their normal remuneration for the day from the company. Citizen Day enables the L'Oréal Group to involve all its teams in its citizenship initiatives, armed with the conviction that each and every one of its employees has the ability to play a role, and persuaded of the collective impact of the action taken together. The teams are offered a very wide choice of social or environmental actions conducted with hundreds of partner associations all over the globe, or developed with municipal and local authorities close to the Group's sites. This leads to a wealth of initiatives based around six main themes: young people, the fight against exclusion, the environment, the disabled, professional reinsertion and intergenerational solidarity. The programme includes: cleaning beaches, picking up waste, renovating schools, acting as blood donors, visiting orphanages and retirement homes, going to meet people who live on their own or are in a fragile situation and a lot of other initiatives. In 2013, over 20,000 people in 61 countries took part in the 5<sup>th</sup> edition of this event, which has become a real, federating occasion inside the Group and which means a lot to its employees.



FOR FURTHER INFORMATION ON CITIZEN DAY, SEE THE 2013 SUSTAINABLE DEVELOPMENT REPORT, PAGE 36.

# Anti-corruption

SO<sub>3</sub>

## *Total number and percentage of operations assessed for risks related to corruption and significant risks identified*

Corruption risk is included in the risk assessment at Group level: Country Managers have access to a tool which enables them to assess the potential ethical risks (including corruption) locally and to take the necessary measures to overcome them.

L'Oréal's commitment is backed up by its Human Resources procedures. Thus, the competency "Obtains results with integrity" is now included in the annual appraisal system for all employees.

Within the framework of L'Oréal's "Open Talk" policy, employees are encouraged to express any concerns they have and a dedicated website provides a secure mechanism for asking questions or raising concerns directly with the Group's Senior Vice President & Chief Ethics Officer who has access to all the documents and information concerning the Group's activities and can rely on the Group's teams and resources to conduct his assignment successfully.

Any concerns raised in good faith are examined in detail and appropriate measures are taken, where applicable. L'Oréal guarantees that no reprisals will be taken against employees who have reported their concerns in good faith.

The Group's Internal Control system provides for control procedures for operational activities and in particular with regard to separation of tasks.

L'Oréal's Internal Audit teams are particularly vigilant in this respect. Corruption risks are systematically reviewed during internal audit assignments, through individual interviews with regard to Ethics.

These interviews include questions specifically concerning corruption and are conducted separately with the Country Manager and the Administrative and Financial Director. They give rise to an individual report reviewed and signed by these latter persons.

Within the scope of the legal due diligence reviews carried out prior to acquisitions, the Group's Legal Department includes an "ethics questionnaire" prepared by the Ethics Department. The answers to this questionnaire are intended to identify, within the internal control system existing in the target company, whether corruption risk prevention has been taken into account.

L'Oréal wants to share its anti-corruption commitment with its business partners and the requirement of compliance with the law is included in the Group's General Terms of Purchase.

L'Oréal reserves the right to put an end to any relationships with business partners who fail to comply with anti-corruption laws.

A decision was made in 2013 not to work with 2 suppliers following allegations of attempted corruption by the external auditors responsible for the social audits.

## SO<sub>4</sub> *Communication and training on anti-corruption policies and procedures*

L'Oréal's Code of Business Ethics publicly states a zero-tolerance policy on corruption. It applies to all employees, executive officers and directors, members of the Group's Executive and Management Committees and those of its subsidiaries worldwide.

This document has been translated into 35 languages and each employee receives a copy.

In 2013, a specific anti-corruption guide was rolled out throughout the Group

This practical Guide is intended to specify the Group's standards and to assist employees to handle situations which they may encounter in the performance of their duties. It reaffirms L'Oréal's corruption prevention policy which was approved by the Chairman and Chief Executive Officer and the Executive Committee and presented to the Board of Directors. This policy posted online on L'Oréal's website ([www.loreal.com](http://www.loreal.com)).

L'Oréal wants to share its anti-corruption commitment with its business partners and compliance with the law is included in the Group's general terms of purchase. The communication of this commitment to partner L'Oréal is one of the principles of prevention policy above.

L'Oréal's commitment is supported by Human Resources procedures. Thus, a "Obtains results with integrity" competence is now included in the annual appraisal system for all our employees.

At Corporate level, the Ethics Department led 23 training sessions for 669 employees, representing 1,474 hours of training.

## SO<sub>5</sub> *Confirmed incidents of corruption and actions taken*

Within the framework of L'Oréal's "Open Talk" policy, employees are encouraged to express any concerns they have and a dedicated website provides a secure mechanism for asking questions or raising concerns directly with the Group's Senior Vice President & Chief Ethics Officer who has access to all the documents and information concerning the Group's activities and can rely on the Group's teams and resources to conduct his assignment successfully.

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L'Oréal reserves the right to put an end to any relationships with business partners who fail to comply with anti-corruption laws.

A decision was made in 2013 not to work with 2 suppliers following allegations of attempted corruption by the external auditors responsible for the social audits.

# P/ublic policy

## SO<sub>6</sub> *Total value of political contributions by country and recipient/beneficiary*

L'Oréal prohibits all contributions to political parties or politicians with the aim of obtaining a commercial advantage.

In 2013, L'Oréal USA paid the Political Action Committee of the Personal Care Product Council of the States of New York and California an amount of US\$5,000. This type of payment is authorised by local law and is made completely transparently.

# Anti-competitive behavior

## SO7 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes

The Group considers that there is currently no exceptional event nor any governmental procedure, legal or arbitration proceeding which has recently materially affected, or is seriously likely to materially affect, the financial situation, assets or operations of the Company and the L'Oréal Group.

See "Provisions for Liabilities and Charges" on page 147 of chapter 4 "2013 Consolidated financial statements" of the 2013 Registration Document.

€ millions	12.31.2013	12.31.2012	12.31.2011
<b>Non-current provisions for liabilities and charges</b>	<b>182.7</b>	<b>181.7</b>	<b>226.1</b>
Other non-current provisions <sup>(1)</sup>	182.7	181.7	226.1
<b>Current provisions for liabilities and charges</b>	<b>557.8</b>	<b>552.3</b>	<b>500.7</b>
Provisions for restructuring	100.1	129.4	93.6
Provisions for product returns	251.0	226.3	219.2
Other current provisions <sup>(1)(2)</sup>	206.6	196.6	187.9
<b>TOTAL</b>	<b>740.5</b>	<b>734.0</b>	<b>726.8</b>

<sup>(1)</sup> This item includes provisions for tax risks and litigation, industrial, environmental and commercial risks relating to operations (breach of contract), personnel-related costs and risks relating to investigations carried out by competition authorities.

<sup>(2)</sup> Investigations have been launched into the cosmetics sector by national competition authorities in several European countries.

Each of the proceedings is at a different stage:

- in Spain, the case was heard by the Court of First Instance and a fine handed down. L'Oréal has filed an appeal against this fine, which continues to be covered by a provision in its books;
- in Italy, the case was heard by the Court of First Instance and the resulting fine was paid in order to avoid any late-payment penalties. The appeal decision handed down in April 2012 reduced the fine by 25% but the case is still pending before the High Court;
- in France, the case regarding vertical pricing arrangements in the luxury perfume and cosmetics industry ended with the ruling of June 12, 2013 by France's highest civil court (the Cour de Cassation) upholding the decision issued in 2006 by the French Competition Council. The resulting financial penalties were already covered by a provision and have been paid by L'Oréal. A statement of objections was received from the antitrust authorities in 2013 concerning the consumer products sector in France. No provision has yet been booked in this respect. L'Oréal has challenged these objections and the case is currently under review;
- in Belgium, the proceedings are in progress;

The proceedings brought in Germany in 2008 in the bodycare and personal care sector are still in progress and an appeal has been lodged against the ruling of the Court of First Instance of March 14, 2013. Accordingly, the €9.7 million fine has not yet been paid.

The provisions relating to these litigations amount to €43.0 million at December 31, 2013 compared with €45.0 million at December 31, 2012 and €35.1 million at December 31, 2011.

# C *ompliance* .....

**SO<sub>8</sub>** *Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations*

Concerning the amount of the substantial fines for non-compliance with laws and regulations, see response SO7 in this sheet.

# S *upplier assessment for impacts on society* .....

**SO<sub>9</sub>** *Percentage of new suppliers that were screened using criteria for impact on society*

**SO<sub>10</sub>** *Significant actual and potential negative impacts on society in the supply chain and actions taken*

## **GLOBAL RESPONSE**

L'Oréal does not measure its suppliers' negative impacts on society. The Group has nevertheless implemented programmes to enable suppliers to have a positive impact on society. This is the case, for example, of the Solidarity Sourcing programme described in SO1.

# Grievance mechanisms for impacts on society.....

## **SO** **11** *Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms*

No grievances have been reported on the Stakeholder Platform; the exchanges essentially concerned L'Oréal's sustainable development strategy.