

September
2013

L'ORÉAL

**United Nations Global Compact
Communication On Progress (“COP”) 2012**

Advanced Level

About this document

L'Oréal has been a signatory of the United Nations Global Compact since 2003 and is a member of the French network of the Global Compact (Global Compact France).

L'Oréal is committed to supporting the ten principles of the UN Global Compact relating to Human Rights, labor standards, the environment and the fight against corruption as well as reporting and communicating annually to its stakeholders on progress made to implement these principles.

L'Oréal is reporting according to the UN Global Compact "Advanced Level" and describes how it meets the 21 criteria of this Level in the following areas:

- Implementation of the Ten principles into Strategies & Operations
- Robust Human Rights Management Policies & Procedures
- Robust Labour Management Policies & Procedures
- Robust Environmental Management Policies & Procedures
- Robust Anti-Corruption Management Policies & Procedures
- Taking Action in Support of Broader UN Goals and Issues
- Corporate Sustainability Governance and Leadership

It reflects our self assessment on how we have met the UN Global Compact Advanced Level criteria. We consider that a criterion is met when we communicated its implementation or planned implementation of one or more of the commonly accepted best practices suggested under each criterion.

All information in L'Oréal's 2012 COP is compiled from our 2012 Annual Report (Annual Registration document), 2012 Sustainable Development Report, 2012 GRI Report, 2012 L'Oréal Fondation d'Entreprise Activity Report and Corporate website.

L'Oréal's COP is available on L'Oréal's Corporate website (www.loreal.com)

STATEMENT OF CONTINUED SUPPORT

For several years now, we have been engaged in a drive to profoundly adapt L'Oréal to the accelerated change of the world we live in. Transforming the company also means redefining its position and its role in relation to the social, economic and environmental issues it faces.

This is why, for the past 10 years, we have been supporting and implementing the Principles of the United Nations Global Compact, a commitment renewed in 2012. In particular, we have made social responsibility a priority by integrating the principles of sustainable development into our business model, in order to build growth that is sustainable, responsible and inclusive.

First of all, sustainable growth. To achieve this goal, we can count on the buoyancy of our profession and our market. Beauty is an essential, eternal and universal need. It is therefore a structurally dynamic market and so it will remain in the future. We also believe in our universalisation strategy, which embodies our mission - to offer women and men all over the world the best in beauty, in terms of quality, efficacy and safety, while respecting their differences - and provides an objective that motivates the whole company: to conquer a billion new consumers over the next 10 years. With this strategy and a powerful and efficient economic model, we are targeting solid growth that creates value.

We are also committed to building responsible growth. In this regard, our first goal is to be one of the most exemplary companies on the key issue of ethics. The second challenge is that of sustainable innovation, production and consumption. For many years now, we have been striving to control our impact on the ecosystem throughout the life cycle of our products.

We have set ourselves extremely ambitious targets for the reduction of our environmental footprint. Pursuing these objectives, with the ongoing support of our suppliers, allows us to progress continuously. For instance, L'Oréal has reduced its CO₂ emissions by 38.8% since 2005, even though the Group's growth has risen substantially over this period. L'Oréal and its subsidiaries throughout the world are also committed to making sure that the social and economic performance of the Group go hand in hand. This collective goal is now part of a worldwide reporting system which allows us to better define action plans for the future and to measure our progress year by year.

Lastly, we want our growth to be both inclusive and generous, as we are aware that the healthy state of our Group is inseparably linked with that of our stakeholders. Through the programmes of the L'Oréal Foundation, our philanthropic initiatives and our "Solidarity Sourcing" project, which encourages social inclusion through purchasing, we are strengthening our commitment to sharing our success with the communities around us every day.

This strategy of sustainable, responsible and inclusive growth is also a powerful tool for competitiveness and creativity, not only for L'Oréal but also for our entire ecosystem.

Thanks to our progress in all aspects of corporate social responsibility, our Group received in 2012 several awards from extra-financial rating agencies. These awards are a tribute to our achievements and motivate us to maintain our effort.

I am proud of what we have already achieved, aware of what still needs to be done and ambitious to make the company even more responsible and community-spirited.

Jean-Paul Agon,

Chairman and Chief Executive Officer



SUMMARY

IMPLEMENTING THE TEN PRINCIPLES P5

CRITERION 1: The COP describes mainstreaming into corporate functions and business units

CRITERION 2: The COP describes value chain implementation

ROBUST HUMAN RIGHTS MANAGEMENT POLICIES & PROCEDURES P7

CRITERION 3: The COP describes robust commitments, strategies or policies in the area of human rights

CRITERION 4: The COP describes effective management systems to integrate the human rights principles

CRITERION 5: The COP describes effective monitoring and evaluation mechanisms of human rights integration

ROBUST LABOUR MANAGEMENT POLICIES & PROCEDURES P8

CRITERION 6: The COP describes robust commitments, strategies or policies in the area of labour

CRITERION 7: The COP describes effective management systems to integrate the labour principles

CRITERION 8: The COP describes effective monitoring and evaluation mechanisms of labour principles integration

ROBUST ENVIRONMENTAL MANAGEMENT POLICIES & PROCEDURES P11

CRITERION 9: The COP describes robust commitments, strategies or policies in the area of environmental stewardship

CRITERION 10: The COP describes effective management systems to integrate the environmental principles

CRITERION 11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship

ROBUST ANTI-CORRUPTION MANAGEMENT POLICIES & PROCEDURES P14

CRITERION 12: The COP describes robust commitments, strategies or policies in the area of anti-corruption

CRITERION 13: The COP describes effective management systems to integrate the anti-corruption principles

CRITERION 14: The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption

TAKING ACTION IN SUPPORT OF BROADER UN GOALS AND ISSUES P17

CRITERION 15: The COP describes core business contributions to UN goals and issues

CRITERION 16: The COP describes strategic social investments and philanthropy

CRITERION 17: The COP describes advocacy and public policy engagement

CRITERION 18: The COP describes partnerships and collective action

CORPORATE SUSTAINABILITY GOVERNANCE AND LEADERSHIP P21

CRITERION 19: The COP describes CEO commitment and leadership

CRITERION 20: The COP describes Board adoption and oversight

CRITERION 21: The COP describes stakeholder engagement

IMPLEMENTING THE TEN PRINCIPLES

CRITERION 1 The COP describes mainstreaming into corporate functions and business units

INDICATORS	ANSWERS
<p>Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc) ensuring no function conflicts with company's sustainability commitments and objectives</p>	<p>The Senior Vice President & Chief Ethics Officer is the United Nations Global Compact contact, reports to the Chairman and CEO and participates in the Group's Corporate Responsibility Steering Committee.</p> <p>The Executive Vice President Communication, Sustainability and Public Affairs is a member of the Group's Executive Committee.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 GRI Report, 4.9
<p>Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy</p>	<p>The L'ORÉAL Spirit</p> <p>"For several years now, we have been engaged in a drive to profoundly adapt L'Oréal to the accelerated change of the world we live in. Transforming the company also means redefining its position and its role in relation to the social, economic and environmental issues it faces." <i>Statement of Jean-Paul Agon, Chairman and Chief Executive Officer.</i></p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 Sustainable Development Report page 2 • 2012 GRI Reports, 1.1 , 4.11
<p>Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary</p>	<p>Country Managers are responsible for implementing the Group's Ethics policy in their country.</p> <ul style="list-style-type: none"> • 2012 GRI Report, 4.8 • 2012 Annual Report (Registration Document 6.3.4 ; 6.3.5)
<p>Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs</p>	<p>"For several years now, we have been engaged in a drive to profoundly adapt L'Oréal to the accelerated change of the world we live in. Transforming the company also means redefining its position and its role in relation to the social, economic and environmental issues it faces." <i>Statement of Jean-Paul Agon, Chairman and Chief Executive Officer.</i></p> <ul style="list-style-type: none"> • 2012 Sustainable Development Report page 2 • 2012 GRI Reports, 1.1, 4.11
<p>Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts</p>	<p>The CSR and Sustainability Department serves as an interface between all the different corporate functions and manages non-financial reporting.</p> <p>An Operational CSR Steering Committee, made up of representatives from the relevant corporate functions, meet regularly to exchange and maximize performance.</p> <ul style="list-style-type: none"> • 2012 GRI Report, 3.11

<p>Other established or emerging best practices</p>	<p>L'ORÉAL was recognised for the third year running as one of the "World's Most Ethical Companies" by the Ethisphere Institute, with regard to ethical business practices.</p> <p>In November 2012, Vigéo, Europe's leading social responsibility rating agency, designated L'ORÉAL as France's leading company in corporate social responsibility. In this same ranking, L'ORÉAL is in 4th place in Europe and ranks 5th in the World (out of 120 companies).</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 GRI Report, 3.11 • 2012 Annual Report (Registration Document 6)
---	---

CRITERION 2 The COP describes value chain implementation

INDICATORS	ANSWERS
<p>Analyze each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts</p>	<p>For an upstream example, see Solidarity Sourcing For a downstream example, see Product Responsibility</p> <ul style="list-style-type: none"> • Sustainable Development Report 2012 pages 2, 36 • 2012 GRI Reports, 4.11, PR1
<p>Communicate policies and expectations to suppliers and other relevant business partners</p>	<p>All suppliers and subcontractors are required to comply with the Group's General Terms of Purchase and Payment, which include respect for the core Conventions of the International Labour Organization and for local legislation, particularly in terms of the minimum wage, working time, health and safety.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.3.3.)
<p>Implement monitoring and assurance mechanisms (e.g. audits/screenings) for compliance within the company's sphere of influence</p>	<p>Since 2002, L'ORÉAL Buy & Care program ensures through external audits that its suppliers comply with the core Conventions of the International Labour Organization and for local legislation, particularly in terms of the minimum wage, working time, health and safety.</p> <ul style="list-style-type: none"> • 2012 GRI Report, HR2 • 2012 Annual Report (Registration Document 1.6.6 ; 6.3.3)

<p>Undertake awareness-raising, training and other types of capacity building with suppliers and other business partners</p>	<p>A "Welcome on Board" supplier referencing process ensures that suppliers understand L'ORÉAL expectations</p> <ul style="list-style-type: none">• 2012 Annual Report (Registration Document 6.3.3)• 2012 GRI Report, HR2 <p>In 2012, 133 suppliers responded positively to an invitation from L'ORÉAL to also join the Carbon Disclosure Project.</p> <ul style="list-style-type: none">• 2012 GRI Report, EC2• 2012 Annual Report (Registration Document 6.3.3)
<p>Other established or emerging best practices</p>	<p>In 2012, L'ORÉAL organized its first "World Suppliers' Day" to share the Group's vision and strategy with L'Oréal's most strategic suppliers.</p> <ul style="list-style-type: none">• 2012 Annual Report (Registration Document 1.6.4)

ROBUST HUMAN RIGHTS MANAGEMENT POLICIES & PROCEDURES

CRITERION 3 The COP describes robust commitments, strategies or policies in the area of human rights

INDICATORS	ANSWERS
<p>Commitment to comply with all applicable laws and respect internationally recognized human rights, wherever the company operates (e.g., the Universal Declaration of Human Rights, Guiding Principles on Human Rights)</p>	<p>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.</p> <p>L'ORÉAL became a signatory of the United Nations Global Compact in 2003, and undertakes to respect and promote Human Rights. This includes, in particular, the Fundamental Conventions of the International Labour Organization. This means in particular respecting freedom of association and the recognition of the right to collective bargaining, contributing to the elimination of all forms of forced or compulsory labour, contributing to the effective abolition of child labour and eliminating all forms of discrimination in respect of employment and occupation.</p> <ul style="list-style-type: none"> • The L'Oréal Spirit • The L'Oréal Code of Business Ethics • Ethics section on loreal.com • 2012 Annual Report (Registration Document 6.1.2.7 ; 6.3.5)
<p>Integrated or stand-alone statement of policy expressing commitment to respect and support human rights approved at the most senior level of the company</p>	<p>The Code of Business Ethics is signed by the Chairman and Chief Executive Officer as well as the members of the Group's Executive Committee.</p> <ul style="list-style-type: none"> • The L'Oréal Code of Business Ethics • Ethics section on loreal.com
<p>Statement of policy stipulating human rights expectations of personnel, business partners and other parties directly linked to operations, products or services</p>	<p>L'ORÉAL's commitments on human rights are set out in the L'Oréal Spirit.</p> <p>Several chapters of the Code of Business Ethics are devoted to the practical implementation of respect for Human Rights: health, safety and security, diversity, bullying and sexual harassment, respect for privacy, contribution to the community, and supplier selection and fair treatment of suppliers.</p> <p>L'ORÉAL's policy on child labour is also set out in its « Suppliers and Sub-contractors and Child Labour ».</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.3.5) • Ethics section on loreal.com • The L'Oréal Code of Business Ethics • The L'Oréal's Spirit
<p>Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties</p>	<p>The L'ORÉAL Spirit and the Code of Business Ethics is publically available on loreal.com</p> <ul style="list-style-type: none"> • Ethics section on loreal.com

<p>Statement of policy publicly available and communicated internally and externally to all personnel, business partners and other relevant parties</p>	<p>The L'ORÉAL Spirit and the Code of Business Ethics is publically available on loreal.com</p> <ul style="list-style-type: none">• Ethics section on loreal.com
<p>Other established or emerging best practices</p>	<p>In countries where freedom of association and collective negotiating rights are restricted or non-existent, L'Oréal ensures that there are other channels of dialogue with employees, enabling them to express any concerns they may have.</p> <p>L'ORÉAL has set a minimum hiring age of 16 which is higher than that required by the International Labour Organization.</p> <ul style="list-style-type: none">• 2012 Annual Report (Registration Document 6.1.2.3)• 2012 GRI Reports, LA Management Approach, LA4, HR5, HR6

CRITERION 4 The COP describes effective management systems to integrate the human rights principles

INDICATORS	ANSWERS
<p>Process to ensure that internationally recognized human rights are respected</p>	<p>L'ORÉAL ensures that Human Rights are respected via continued communication, training, due diligence, risk assessment and monitoring.</p> <ul style="list-style-type: none"> • 2012 GRI Report HR • Annual Report (Registration Document 6.1.2.7 ; 6.3.3)
<p>On-going due diligence process that includes an assessment of actual and potential human rights impacts.</p>	<p>An ethical risks assessment and analysis tool enables the Country Managers to assess their possible local ethical risks (including in the field of Human Rights), and to take the necessary corrective action.</p> <p>Risk assessment in our supply chain is carried out by the Purchasing Department and namely via supplier audits.</p> <ul style="list-style-type: none"> • 2012 GRI Reports, HR2, HR10 • Annual Report (Registration Document 6.3.5)
<p>Internal awareness-raising and training on human rights for management and employees</p>	<p>Staff are namely trained on Human Rights through the Group's ethics training courses.</p> <p>In 2012, 92% of the Group's Country entities included subjects related to Human Rights in their local training programmes and 89% communicated on these subjects.</p> <p>L'ORÉAL organizes an Ethics Day in order to ensure on-going internal communication. In 2012, the theme was 'The Way We Work', and each Country Manager discussed ethics - including Human Rights - with their employees. Approximately 22,000 employees participated worldwide in Ethics Day 2012.</p> <ul style="list-style-type: none"> • 2012 GRI Report, HR3 • Annual Report (Registration Document 6.3.5)
<p>Operational-level grievance mechanisms for those potentially impacted by the company's</p>	<p>Concerns and questions can be reported in accordance with L'ORÉAL's Open Talk policy.</p> <p>In addition, employees can use the L'ORÉAL Ethics Open Talk website which provides a secure mechanism for raising concerns directly with the Chief Ethics Officer.</p> <ul style="list-style-type: none"> • 2012 GRI Report, HR11 • Ethics section on loreal.com

<p>Allocation of responsibilities and accountability for addressing human rights impacts</p>	<p>L'ORÉAL's Chairman and Chief Executive Officer has given the Chief Ethics Officer the mission of overseeing the respect of Human Rights.</p> <p>Country Managers are in charge of implementing the Human Rights policy in their countries. The Chief Ethics Officer systematically meets with each new Country Manager in order to raise their awareness on Human Rights issues.</p> <p>L'ORÉAL ensures that Human Rights are observed with regards to its employees thanks to the actions taken by the Human Resources functions and at its suppliers and subcontractors premises thanks to the actions taken by the Purchasing functions.</p> <ul style="list-style-type: none"> • 2012 GRI Report, HR Management Approach • 2012 Annual Report (Registration Document 6.1.2.7 ; 6.3.3 ; 6.3.5)
<p>Internal decision-making, budget and oversight for effective responses to human rights impacts</p>	<p>See above</p>
<p>Processes to provide for or cooperate in the remediation of adverse human rights impacts that the company has caused or contributed to</p>	<p>Any incidents of non-compliance give rise to remedial actions, follow-up audits, and in the most serious cases the discontinuation of commercial relations, or the non-approval of a new supplier.</p> <ul style="list-style-type: none"> • 2012 GRI Report, HR2
<p>Process and programs in place to support human rights through: core business; strategic philanthropic/social investment; public policy engagement/advocacy; partnerships and/or other forms of collective action</p>	<p>In 2012, 15 000 individuals benefited from the Solidarity Sourcing Programme. Thanks to this programme, new categories of suppliers can now have access to the purchasing process of a major international group such as L'ORÉAL. These include companies specialised in employing the disabled and the disadvantaged, small and mid-sized businesses, minority-owned companies and producers practicing fair trade.</p> <p>L'ORÉAL created the "For Women in Science" programme with UNESCO in 1998. This programme aims to encourage, recognise and accompany women scientists throughout their entire career, through awards and research fellowships in 198 countries.</p> <p>For more information, see criterions 16-18.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.3.2 ; 6.3.3) • 2012 Sustainable Development Report pages 36, 43 and 47
<p>Other established or emerging best practices</p>	<p>100% of the master agreements signed with suppliers / subcontractors contain a social clause, setting out the above commitments to comply with the basic principles of the International Labour Organization and with local legislation.</p> <ul style="list-style-type: none"> • 2012 GRI Report, HR2

CRITERION 5 The COP describes effective monitoring and evaluation mechanisms of human rights integration

INDICATORS	ANSWERS
<p>System to monitor the effectiveness of human rights policies and implementation with quantitative and qualitative metrics, including in the supply chain</p>	<p>Country Reporting Ethics, L'ORÉAL's annual ethics reporting system monitors all the themes covered in our Code of Business Ethics, including Human Rights.</p> <p>Since 2002, L'ORÉAL Buy & Care program ensures through external audits that its suppliers comply with applicable laws, Human Rights and labour principles.</p> <ul style="list-style-type: none"> • 2012 GRI Reports, HR2, HR10 • 2012 Annual Report (Registration Document 6.3.3; 6.3.5)
<p>Monitoring drawn from internal and external feedback, including affected stakeholders</p>	<p>L'Oréal regularly runs employee surveys. The 2011-2012 survey included questions on respect and diversity.</p> <p>A comparison of the topics identified as important to stakeholders and L'Oréal led to an updated list of some thirty common topics. Human rights were classified as a top subject.</p> <ul style="list-style-type: none"> • 2012 GRI Report, 3.5
<p>Leadership review of monitoring and improvement results</p>	<p>The Chief Ethics Officer reports regularly to the Chairman and Chief Executive Officer. He informs the Board of Directors and Executive Committee.</p> <ul style="list-style-type: none"> • 2012 GRI Report, HR Management Approach
<p>Process to deal with incidents the company has caused or contributed to for internal and external stakeholders</p>	<p>All concerns are thoroughly investigated and appropriate action is taken in case of non-compliance with L'ORÉAL's Human Rights principles.</p> <p>L'ORÉAL's Open Talk policy enables employees to raise concerns they may have with the Chief Ethics Officer, including those relating to Human Rights, namely via a secure website.</p> <p>All concerns are examined in detail and appropriate measures are taken, where applicable, in the event of non-compliance with the Human Rights policy. When a non-compliance is found, our suppliers are asked to implement an action plan, which is monitored via a follow up audit.</p> <ul style="list-style-type: none"> • 2012 GRI Reports, HR2, HR11 • Ethics section on loreal.com

<p>Grievance mechanisms that are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue</p>	<p>Concerns and questions can be reported in accordance with L'ORÉAL's Open Talk policy.</p> <p>In addition, employees can use the L'ORÉAL Ethics Open Talk website which provides a secure mechanism for raising concerns directly with the Chief Ethics Officer.</p> <ul style="list-style-type: none"> • 2012 GRI Report, HR11 • Ethics section on loreal.com
<p>Outcomes of integration of the human rights principles</p>	<p>In 2012, 1,120 audits (as against 793 in 2011) were carried out, taking the total since 2006 to 4,400.</p> <p>Country Reporting Ethics, an annual reporting system on ethical issues, covers all the subjects addressed within the Code of Business Ethics.</p> <ul style="list-style-type: none"> • 2012 GRI Reports, HR2, HR10 • 2012 Annual Report (Registration Document 6.3.3) <p>No risks of severe Human Rights impacts have been identified</p> <p>No main incident involving the company has been identified</p> <p>All concerns are examined in detail and appropriate measures are taken, where applicable, in the event of non-compliance with the Human Rights policy.</p> <ul style="list-style-type: none"> • 2012 GRI Reports, HR2, HR11
<p>Other established or emerging best practices</p>	<p>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 Office of the Chief Ethics Officer. The answers to this questionnaire are intended to identify, within the internal control systems existing in the target company, whether the risks of non-compliance with Human Rights (abolition of child labour and forced labour, etc.) have been taken into account.</p> <ul style="list-style-type: none"> • 2012 GRI Report, HR1

ROBUST LABOUR MANAGEMENT POLICIES & PROCEDURES

CRITERION 6 The COP describes robust commitments, strategies or policies in the area of labour

INDICATORS	ANSWERS
Reference to principles of relevant International labour standards (ILO Conventions) and other normative international instruments in company policies	<p>All suppliers and subcontractors are required to comply with the Group's General Terms of Purchase and Payment, which include respect for the Fundamental Conventions of the International Labour Organization and local legislation, particularly in terms of the minimum wage, working time, health and security.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.3.3) • 2012 GRI Report, HR2
Reflection on the relevance of the labour principles for the company	<p>L'ORÉAL has always put the human dimension and individual performance at the centre of the Company as part of a long-term vision. The development of men and women is one of the key elements in the group's economic and social performance.</p> <ul style="list-style-type: none"> • 2012 GRI Report, LA Management Approach • 2012 Annual Report (Registration Document 6.1.1) • 2012 Sustainable Development Report page 38
Written company policy to obey national labour law, respect principles of the relevant international labour standards in company operations worldwide, and engage in dialogue with representative organization of the workers (international, sectoral, national).	<p>The L'ORÉAL Code of Business Ethics Responsible restructuring Human Resources policy "The Way We Buy" a practical and ethical guide on the relationships between suppliers and all employees involved in purchasing decisions.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 GRI Report, LA Management Approach • 2012 Annual Report (Registration Document 6.1.1 ; 6.1.2.3 ; 6.3.4)
Inclusion of reference to the principles contained in the relevant international labour standards in contracts with suppliers and other relevant business partners	<p>100% of the master agreements signed with suppliers / subcontractors contain a social clause, setting out in more detail the above commitments to comply with the Fundamental Conventions of the International Labour Organization and with local legislation.</p> <ul style="list-style-type: none"> • 2012 GRI Reports, HR1, HR2 • 2012 Annual Report (Registration Document 6.3.3)

<p>Specific commitments and Human Resources policies, in line with national development priorities or decent work priorities in the country of operation</p>	<p>L'ORÉAL is committed to help end the exploitation of children in the workplace and the use of forced labour.</p> <p>L'ORÉAL has set a minimum hiring age of 16.</p> <p>Employees who are between 16 and 18 years old are subject to specific measures and in particular: no night work, no overtime, no work involving the use of hazardous substances or tools, no carrying of heavy loads, the implementation of a reinforced training program, appointment of an internal 'tutor' and inclusion on a special register. In 2012, 434 employees aged 16 to 18 years old worked in the Group's entities.</p> <p>L'ORÉAL has set an active policy with regard to diversity as a factor of progress, innovation and creation of social link with global priorities of gender, social origin and disabilities.</p> <ul style="list-style-type: none"> • Human Resources section on loreal.com • 2012 GRI Reports, LA Management Approach, LA11, HR6 • 2012 Sustainable Development Report pages 38 and 40
<p>Structural engagement with a global union, possibly via a Global Framework Agreement</p>	<p>An agreement signed in 1996 between L'Oréal and the French and European trades unions (FECCIA and EMCEF) led to the creation of the European Works Council (EWC). To date this structure covers around 30,000 employees in 26 countries within the European Economic Area, including the 16 countries with over 145 employees each.</p> <ul style="list-style-type: none"> • 2012 GRI Reports, HR5, LA4 • 2012 Annual Report (Registration Document 6.1.2.3)
<p>Other established or emerging best practices</p>	<p>Stress prevention and management programme.</p> <ul style="list-style-type: none"> • 2012 GRI Report, LA6

CRITERION 7 The COP describes effective management systems to integrate the labour principles

INDICATORS	ANSWERS
<p>Risk and impact assessments in the area of labour</p>	<p>Employee survey Social dialogue EHS culture audits</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.1.2.4 ; 6.2) • 2012 GRI Reports, LA Management Approach, LA4, LA6
<p>Dialogue mechanism with trade unions to regularly discuss and review company progress in addressing labour standards</p>	<p>L'ORÉAL has set up an active dialogue between management and employees and their representatives at worldwide level.</p> <p>In countries where freedom of association and collective negotiating rights are restricted or non-existent, L'ORÉAL ensures that there are other channels of dialogue with employees, enabling them to express any concerns they may have.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.1.1 ; 6.1.2.3) • 2012 GRI Reports, LA Management Approach, LA4, HR5

<p>Allocation of responsibilities and accountability within the organization</p>	<p>The General Director Social Relations Group is responsible and accountable for the integration of labour principles within the organization.</p>
<p>Internal awareness-raising and training on the labour principles for management and employees</p>	<p>The Ethics training for new employees covers the labour principles as set out in L'ORÉAL's Code of Business Ethics.</p> <p>There is also more detailed training for certain employees (HR, Purchasing).</p> <p>In 2012, 12,443 employees took part in Diversity Workshops in 28 countries. The target 2013 is to train 14,500 employees on Diversity.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • Diversity section on loreal.com • 2012 GRI Reports, HR4, LA11
<p>Active engagement with suppliers to address labour-related challenges</p>	<p>Since 2002, L'ORÉAL Buy & Care program ensures through external audits that its suppliers comply with the Fundamental Conventions of the International Labour Organization and local legislation, particularly in terms of the minimum wage, working time, health and security.</p> <ul style="list-style-type: none"> • 2012 GRI Report, HR2 • 2012 Annual Report (Registration Document 1.6.6 ; 6.3.3)
<p>Grievance mechanisms, communication channels and other procedures (e.g., whistleblower mechanisms) available for workers to report concerns, make suggestions or seek advice, designed and operated in agreement with the representative organization of workers</p>	<p>Concerns and questions can be reported in accordance with L'ORÉAL's Open Talk policy.</p> <p>In addition, employees can use the L'ORÉAL Ethics Open Talk website which provides a secure mechanism for raising concerns directly with the Chief Ethics Officer.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 GRI Report, HR11
<p>Other established or emerging best practices</p>	<p>In 2012, in conjunction with the AFMD (French association of diversity managers), L'ORÉAL launched the first Encyclopaedia of Diversity in France.</p> <ul style="list-style-type: none"> • 2012 GRI Report, 4.9

CRITERION 8 The COP describes effective monitoring and evaluation mechanisms of labour principles integration

INDICATORS	ANSWERS
<p>System to track and measure performance based on standardized performance metrics</p>	<p>HR reporting system covers all aspects of L'ORÉAL's Human Resources policy.</p> <p>L'ORÉAL's Ethics reporting system also covers certain items such as child labour and forced labour.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com
<p>Dialogues with the representative organization of workers to regularly review progress made and jointly identify priorities for the future</p>	<p>In 2012, 33 agreements were signed in France and 69 elsewhere in the world. In total the number of agreements in effect as of 31st December 2012 was 298.</p> <ul style="list-style-type: none"> • 2012 GRI Reports, HR5, LA4 • 2012 Annual Report (Registration Document 6.1.2.3)
<p>Audits or other steps to monitor and improve the working conditions of companies in the supply chain, in line with principles of international labour standards</p>	<p>In 2012, 1,120 audits were carried out, making the total 4,400 since 2006.</p> <p>Suppliers/Subcontractors and Child Labour Policy</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 GRI Reports, HR2, HR10 • 2012 Annual Report (Registration Document 6.3.3)
<p>Process to positively engage with the suppliers to address the challenges (i.e., partnership approach instead of corrective approach) through schemes to improve workplace practices</p>	<p>A "Welcome on Board" supplier referencing process makes sure that suppliers understand L'ORÉAL expectations</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.3.3) • 2012 GRI Report, HR2 <p>In 2012, L'ORÉAL organized its first "World Suppliers' Day" to share the Group's vision and strategy with L'ORÉAL's most strategic suppliers. Regional "Supplier Days" are also organized (e.g Asia Pacific Suppliers).</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 1.6.4) • 2012 Annual Report page 23
<p>Outcomes of integration of the Labour principles</p>	<p>Suppliers Social Audits :</p> <ul style="list-style-type: none"> - 2 % of the incidents of non-compliance recorded related to freedom of association. - 3 % related to forced labour. - 5 % related to child labour (contracts, employment status of employees aged 16-18, medical check-ups not carried out, etc.). <ul style="list-style-type: none"> • 2012 GRI Reports, HR5, HR6, HR7
<p>Other established or emerging best practices</p>	<p>The social audits are carried out by independent external service-providers on behalf of L'ORÉAL and initial audits are financed by L'ORÉAL.</p> <ul style="list-style-type: none"> • 2012 GRI Reports, HR2, HR10 • 2012 Annual Report (Registration Document 6.3.3)

ROBUST ENVIRONNEMENTAL MANAGEMENT POLICIES & PROCEDURES

CRITERION 9 The COP describes robust commitments, strategies or policies in the area of environmental stewardship

INDICATORS	ANSWERS
Reference to relevant international conventions and other international instruments (e.g. Rio Declaration on Environment and Development)	<p>To protect and promote biodiversity, since 2005 L'ORÉAL's approach has been in accordance with the objectives of the Convention of Biological Diversity.</p> <ul style="list-style-type: none"> • 2012 GRI Reports, 4.14, Environment Management Approach, EC2
Reflection on the relevance of environmental stewardship for the company	<p>L'ORÉAL is mindful of its impact on the natural environment, including biodiversity, and constantly seeks to reduce it.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 Sustainable Development Report page 2 • 2012 GRI Report, Environment Management Approach
Written company policy on environmental stewardship	<p>L'ORÉAL's Code of Business Ethics L'ORÉAL's EHS policy L'ORÉAL's Packaging and Environment Policy</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • Sustainable Development section on loreal.com • 2012 Annual Report (Registration Document 6.1.2.4 ; 6.2) • 2012 Sustainable Development Report pages 8-14 • 2012 GRI Report, EN26
Inclusion of minimum environmental standards in contracts with suppliers and other relevant business partners	<p>L'ORÉAL has been a member of the Carbon Disclosure Project (CDP) since 2003 and of the CDP supply chain leadership collaboration project since 2007. L'Oréal is rated 94 over 100 by CDP which is the highest Disclosure Rating within the sector for 2012.</p> <ul style="list-style-type: none"> • 2012 GRI Reports, 4.14, EN18, EC2
Specific commitments and goals for specified years	<p>As part of its 10-year environmental strategy (2005 - 2015), L'ORÉAL has set three clear targets for its plants and distribution centers: to reduce by 50% greenhouse gas emissions (in absolute value), water consumption per finished product unit and waste production per finished product unit.</p> <ul style="list-style-type: none"> • 2012 Sustainable Development Report pages 2, 3 and 17 • 2012 GRI Report, EC2 • 2012 Annual Report, Registration Document (1.6.7 ; 6.2.2)
Other established or emerging best practices	<p>In July 2012 in Brazil, L'ORÉAL committed itself to a partnership with the German development cooperation agency GIZ, its supplier Beraca and the NGO Caritas. One of the objectives of this project is to preserve natural resources in the Amazon by strengthening the capacity of Amazonian vegetable oil supply channels.</p> <p>In 2012, L'ORÉAL's commitment to green chemistry was recognized by the international scientific community.</p> <ul style="list-style-type: none"> • 2012 GRI Report, EN14 • 2012 Sustainable Development Report page 12

CRITERION 10 The COP describes effective management systems to integrate the environmental principles

INDICATORS	ANSWERS
<p>Environmental risk and impact assessments</p>	<p>L'ORÉAL's worldwide EHS audit program assesses progress and compliance with our policies and standards, and audits are also carried out at supplier sites.</p> <p>In 2012, the Board's Audit Committee examined the Group's industrial and environmental risks.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 1.8.3.4 ; 6.2) • 2012 GRI Report, 4.9
<p>Assessments of lifecycle impact of products, ensuring environmentally sound management policies</p>	<p>L'ORÉAL has committed to a sustainable innovation approach to control its impact on the ecosystem throughout the lifecycle of its product.</p> <ul style="list-style-type: none"> • 2012 Sustainable Report pages 6-10
<p>Allocation of responsibilities and accountability within the organization</p>	<p>The Group Environment, Health and Safety Director is responsible and accountable within the organization for integrating environmental principles.</p> <p>The teams are committed daily to the reduction of L'ORÉAL's environmental footprint.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.2) • 2012 GRI Report, Environment Management Approach • Carbon Disclosure Project
<p>Internal awareness-raising and training on environmental stewardship for management and employees</p>	<p>In 2012, training sessions in EHS policy were provided to managers and EHS specialists in Europe, Latin America, North America, Asia, Africa and Middle East who all have operational functions in this area.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.2)
<p>Grievance mechanisms, communication channels and other procedures (e.g. whistleblower mechanisms) for reporting concerns or seeking advice regarding environmental impacts</p>	<p>The first point of contact for employees is their Environment, Health and Safety manager.</p> <p>Concerns and questions can be reported in accordance with L'ORÉAL's Open Talk policy.</p> <p>In addition, employees can use the L'ORÉAL Ethics Open Talk website which provides a secure mechanism for raising concerns directly with the Group Director of Ethics.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 GRI Report, HR11

<p>Other established or emerging best practices</p>	<p>The remuneration of factory managers and distribution centre managers is partly linked to their performances in the field of health, safety and the environment.</p> <p>La Roche-Posay was rewarded by the 2012 Eco-Emballage Point Vert trophy for packaging reduction and innovation.</p> <p>By late 2012 all L'ORÉAL's palm oil was purchased in accordance with sustainable procedures, the aim of which is to ensure the preservation of biodiversity.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.2) • 2012 GRI Report, EN26 • 2012 Sustainable Development Report pages 10 and 22
---	---

CRITERION 11 The COP describes effective monitoring and evaluation mechanisms for environmental stewardship

INDICATORS	ANSWERS
<p>System to track and measure performance based on standardized performance metrics</p>	<p>L'ORÉAL applies the ISO 14001 environmental management standard.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 2.5.2.4 ; 6.2.1) • 2012 GRI Report, Environment Management Approach
<p>Leadership review of monitoring and improvement results</p>	<p>Environmental results are presented to the Strategy and Sustainable Development Committee of the Board.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 2.2)
<p>Process to deal with incidents</p>	<p>All concerns are thoroughly investigated and appropriate action is taken in case of non-compliance with L'ORÉAL's environmental principles. EHS KPIs are reported monthly for all sites worldwide.</p> <p>There is a special reporting procedure for serious incidents as well as a worldwide alert communication protocol to send urgent EHS information to all sites if necessary.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com
<p>Audits or other steps to monitor and improve the environmental performance of companies in the supply chain</p>	<p>In 2012, 133 suppliers agreed to join the CDP after receiving L'ORÉAL's invitation.</p> <p>L'Oreal has also asked suppliers to join the CDP Water Disclosure Project.</p> <ul style="list-style-type: none"> • 2012 Sustainable Development Report page 47 • 2012 Annual Report (Registration Document 6.2.4 ; 6.3.3) • 2012 GRI Report, EC2

Outcomes of integration of the environmental principles	<p>In 2012, L'ORÉAL paid two environmental fines amounting to less than € 1,300 in total.</p> <ul style="list-style-type: none">• 2012 GRI Report, EN28
Other established or emerging best practices	<p>L'ORÉAL saved nearly 500 tons in packaging materials in 2012.</p> <p>L'ORÉAL was once again recognized by the Forest Footprint Disclosure Project as a leader in its sector in 2012.</p> <ul style="list-style-type: none">• 2012 GRI Report, EC2

ROBUST ANTI-CORRUPTION MANAGEMENT POLICIES & PROCEDURES

CRITERION 12 The COP describes robust commitments, strategies or policies in the area of anti-corruption

INDICATORS	ANSWERS
Support by the organization's leadership for anti-corruption	<p>L'ORÉAL's Chairman and Chief Executive Officer renews L'ORÉAL's commitment to the United Nations Global Compact every year which includes anti-corruption.</p> <ul style="list-style-type: none"> • 2012 GRI Report, Society Management Approach • 2012 Annual Report (Registration Document 6.3.4)
Publicly stated formal policy of zero-tolerance of corruption	<p>The L'ORÉAL Code of Business Ethics publicly states a zero-tolerance approach to corruption. The anti-corruption policy contained in the Code of Business Ethics applies to all employees, officers and directors of the Group and its subsidiaries worldwide.</p> <p>A new Corruption Prevention Policy and Employee Guide will be released in 2013.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 GRI Report, Society Management Approach • 2012 Annual Report (Registration Document 6.3.4) • The L'Oréal Code of Business Ethics • The L'Oréal Spirit
Commitment to be in compliance with all relevant anti-corruption laws, including the implementation of procedures to know the law and monitor changes	<p>The L'ORÉAL's Code of Business Ethics publicly states a commitment to respect the laws of the countries in which it operates.</p> <p>The Group Legal Department and local internal or external legal advisors helps L'Oréal's business units to keep abreast of changes in the local law.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 Annual Report (Registration Document 6.3.4) • 2012 GRI Report, Society Management Approach
Statement of support for international and regional legal frameworks, such as the UN Convention against Corruption	<p>L'ORÉAL is a signatory of the United Nations Global Compact, and abides by the United Nations Anti-Corruption Convention of October 31st, 2003.</p> <p>L'ORÉAL is a member of the International Chamber of Commerce Anti-Corruption Commission and of Transparency International France.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 Annual Report (Registration Document 6.3.4) • 2012 GRI Reports, 4.12, Society Management Approach

<p>Detailed policies for high-risk areas of corruption</p>	<p>The L'ORÉAL's Code of Business Ethics covers issues such as bribery and facilitation payments, conflicts of interests, accuracy in financial records, selection of supplier as well as gifts and entertainment. Other policies also address these issues. For example a practical guide to ethics when dealing with suppliers, "The Way We Buy" is given to all employees in contact with suppliers.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 GRI Report, Society Management Approach • 2012 Annual Report (Registration Document 6.3.4)
<p>Policy on anti-corruption regarding business partners</p>	<p>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.</p> <p>L'ORÉAL reserves the right to put an end to any relationship with business partners who fail to comply with anti-corruption laws.</p> <p>A new anti-corruption clause will be mandatory for intermediaries operating in high risk countries in 2013.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.3.4) • 2012 GRI Report, SO4
<p>Other established or emerging best practices</p>	<p>The Chief Ethics Officer systematically meets each new Country Manager namely in order to raise their awareness of corruption issues.</p> <p>In 2012, 69% of the entities communicated locally on this topic and 60% included this subject in their local training programmes.</p> <p>In 2012, during Ethics Day employees were able to ask their Country Manager questions on L'ORÉAL values and ethical principles including on the prevention of corruption.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.3.4) • 2012 GRI Reports, Society Management Approach, SO3

CRITERION 13 The COP describes effective management systems to integrate the anti-corruption principle

INDICATORS	ANSWERS
<p>Carrying out risk assessment of potential areas of corruption</p>	<p>The risk of corruption is included in the Group-level risk assessment.</p> <p>At a local level, a practical self-assessment tool enables Country Managers to evaluate and analyse their possible ethical risks, including corruption risks.</p> <p>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 Office of the Chief Ethics Officer. 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.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.3.4) • 2012 GRI Report, SO2
<p>Human Resources procedures supporting the anti-corruption commitment or policy, including communication to and training for all employees</p>	<p>L'ORÉAL's anti-corruption commitment is supported by Human Resources procedures via the ethical competency "Obtains results with integrity", which is included in the annual appraisal system for all our employees.</p> <p>There is regular communication on Ethics at L'Oréal which covers anticorruption commitments. Bribery and facilitation payments, gifts and entertainment and conflicts of interests are addressed in ethics training courses.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 GRI Reports, 4.8, Society Management Approach, SO2 • 2012 Annual Report (Registration Document 6.3.4)
<p>Internal checks and balances to ensure consistency with the anti-corruption commitment</p>	<p>The Company's Internal Control system provides for internal checks and balances over operational activities in particular with regards to separation of tasks in our main IT system.</p> <p>Country Reporting Ethics, L'ORÉAL's annual ethics reporting system, helps monitor the group's ethical performance on this subject. Each Country receives a report which allows them to see how they compare to other entities with regards the implementation and monitoring of ethical issues, including anti-corruption.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 GRI Report, SO2 • 2012 Annual Report (Registration Document 2.5.2.1 ; 6.3.4)
<p>Actions taken to encourage business partners to implement anti-corruption commitments</p>	<p>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.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.3.4) • 2012 GRI Report, SO4

<p>Management responsibility and accountability for implementation of the anti-corruption commitment or policy</p>	<p>Country Managers implement the L'ORÉAL Corruption Prevention policy in their Country.</p> <p>The Risk Management and Compliance Department reports to the Executive Vice President of Administrative & Finance.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.3.4) • 2012 GRI Report, Society Management Approach
<p>Communications (whistleblowing) channels and follow-up mechanisms for reporting concerns or seeking advice</p>	<p>Concerns and questions can be reported without fear of retaliation in line with L'ORÉAL's Open Talk policy and namely through the L'ORÉAL Ethics Open Talk website which provides a secure mechanism for raising concerns directly with the Chief Ethics Officer.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 Annual Report (Registration Document 6.3.4) • 2012 GRI Report, SO4
<p>Internal accounting and auditing procedures related to anticorruption</p>	<p>The Company's Internal Audit teams are particularly vigilant on this subject and corruption risks are systematically covered during internal audit missions.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 GRI Report, SO2 • 2012 Annual Report (Registration Document 6.3.4)
<p>Other established or emerging best practices</p>	<p>Corruption risks are systematically reviewed during internal audit assignments notably through individual interviews with regards to Ethics. These interviews include questions specifically concerning corruption, and are conducted separately with the Country Manager and the Administration and Finance Manager. They give rise to an individual report reviewed and signed by these latter persons. Since 2009, 137 of these interviews have been carried out.</p> <ul style="list-style-type: none"> • 2012 GRI Report, SO2

CRITERION 14 The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption

INDICATORS	ANSWERS
<p>Leadership review of monitoring and improvement results</p>	<p>The Chief Ethics Officer provides periodic reports to the Chairman and CEO, to the Board and to the Group's Executive Committee.</p> <ul style="list-style-type: none"> • 2012 GRI Report, SO2 • 2012 Annual Report (Registration Document 2.5.2.3 ; 6.3.4)
<p>Process to deal with incidents</p>	<p>All concerns are thoroughly investigated and appropriate action is taken in case of non-compliance with L'ORÉAL's anti-corruption principles.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 Annual Report (Registration Document 6.3.4) • 2012 GRI Report, SO4
<p>Public legal cases regarding corruption</p>	<p>In 2012, the decision was made to refrain from working with 2 suppliers following allegations of attempted corruption of the external auditors tasked with carrying out social audits.</p> <ul style="list-style-type: none"> • 2012 GRI Report, SO2
<p>Outcomes of integration of the anti-corruption principle</p>	<p>In 2012, the decision was made to refrain from working with 2 suppliers following allegations of attempted corruption of the external auditors tasked with carrying out social audits.</p> <ul style="list-style-type: none"> • 2012 GRI Report, SO2

TAKING ACTION IN SUPPORT OF BROADER UN GOALS AND ISSUES

CRITERION 15 The COP describes core business contributions to UN goals and issues

INDICATORS	ANSWERS
Align core business strategy with one or more relevant UN goals/issues	<p>The L'ORÉAL Spirit</p> <p>"For several years now, we have been engaged in a drive to profoundly adapt L'ORÉAL to the accelerated change of the world we live in. Transforming the company also means redefining its position and its role in relation to the social, economic and environmental issues it faces. This is why, for the past 10 years, we have been supporting and implementing the Principles of the United Nations Global Compact, a commitment renewed in 2012." <i>Statement of Jean-Paul Agon, Chairman and Chief Executive Officer.</i></p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 Sustainable Development Report page 2 • 2012 GRI Report, 1.1
Develop relevant products and services or design business models that contribute to UN goals/issues	<p>Examples of products or business models contributing to the UN goals and issues include namely Alternative Testing Methods, Green Chemistry, Formula Biodegradability, Packaging Eco-Design, Solidarity Sourcing and The Body Shop's Community Fair Trade programme</p> <ul style="list-style-type: none"> • 2012 Sustainable Development Report pages 6-12 • 2012 Annual Report (Registration Document 6.2.3) • 2012 GRI Reports, 4.11, EC6, EN11, EN26, SO1
Adopt and modify operating procedures to maximize contribution to UN goals/issues	<p>The L'ORÉAL Spirit</p> <p>The L'ORÉAL Code of Business Ethics</p> <p>The Buy & Care Programme</p> <p>All employees are evaluated according to two ethical competencies: "Acts/ Leads with Human Sensitivity" and "Obtains results with integrity".</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 Annual Report (Registration Document 1.6.6 ; 2.5.2.1 ; 6.3.3) • 2012 GRI Reports, 4.8, HR2
Other established or emerging best practices	<p>L'ORÉAL holds an annual Ethics Day. In 2012, each Country Manager discussed ethics with their employees during the Ethics Day. Around 22,000 employees took part in this dialogue and over 2,600 questions were asked worldwide, including human rights, corruption and labour principles.</p> <p>In Morocco since 2011, 6 women's cooperatives are supported by the L'ORÉAL Group and working conditions, remuneration or access to healthcare and education have been improved for nearly 300 women. This "sustainable argan programme" was initiated in 2008 by L'ORÉAL, BASF and the NGO YAMANA.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.2.3 ; 6.3.5) • 2012 GRI Reports, 3.5, 4.8

CRITERION 16 The COP describes strategic social investments and philanthropy

INDICATORS	ANSWERS
<p>Pursue social investments and philanthropic contributions that tie in with the core competencies or operating context of the company as an integrated part of its sustainability strategy</p>	<p>In 2012, the L'ORÉAL Group invested €31.3 million in Philanthropy projects through:</p> <ul style="list-style-type: none"> • The L'ORÉAL Foundation, that developed in France programs in keeping with the company values, particularly in the fields of Science and Beauty : For Women in Science, Beauty for a Better Life, Hairdressers against Aids, Opération Sourire, Beauty from the Heart... • The L'ORÉAL corporate divisions, that implement locally the L'ORÉAL Foundation programs and also participate in local community Programs • The L'ORÉAL Brands that support general interest initiatives in line with their identity and values. Ex.: Acqua for Life (Giorgio Armani), MySkin-Check (La Roche-Posay), Water Lovers (Biotherm)... <p>In 2012, 15 000 individuals benefited from the Solidarity Sourcing Programme. Thanks to this programme, new categories of suppliers can now have access to the purchasing process of a major international group such as L'ORÉAL. These include companies specialised in employing the disabled and the disadvantaged, small and mid-sized businesses, minority-owned companies and producers practising fair trade.</p> <ul style="list-style-type: none"> • 2012 Sustainable Development Report pages 36, 43-45 and 47 • 2012 Annual Report (Registration Document 6.3.2 ; 6.3.3) • L'Oréal Fondation d'Entreprise website
<p>Coordinate efforts with other organizations and initiatives to amplify - and not negate or unnecessarily duplicate - the efforts of other contributors</p>	<p>To involve staff in its community spirit and commitment to solidarity, L'ORÉAL decided to introduce a "Citizen Day". In 2012 20,100 employees took part in Citizen Day. All L'ORÉAL employees worldwide have the chance to carry out voluntary work with associations on public-interest projects and initiatives benefitting the communities around them.</p> <ul style="list-style-type: none"> • 2012 Sustainable Development Report pages 38 and 47 • 2012 GRI Reports, 4.14, SO1
<p>Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups</p>	<p>A micro-distributors initiative was launched in Brazil in 2010 to develop the entrepreneurial fibre of women from poor districts of Rio. In 2012, they generated average sales of 10,000 reals per month, giving them a salary of about 2,000 reals (1 Brazilian real is worth roughly half of one American dollar), nearly 4 times the average income of a family in the favelas.</p> <ul style="list-style-type: none"> • 2012 Sustainable Development Report page 37
<p>Other established or emerging best practices</p>	<p>To extend the impact of the Solidarity Sourcing Programme, L'ORÉAL has moved to convince traditional suppliers to deploy a similar approach. The first global Suppliers' Day organised by the Group in June 2012 brought together 100 strategic suppliers to encourage them to adopt this approach.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 1.6.4) • 2012 Sustainable Development Report page 36

CRITERION 17 The COP describes advocacy and public policy engagement

INDICATORS	ANSWERS
<p>Publicly advocate the importance of action in relation to one or more UN goals/issues</p>	<p>The Body Shop is a founding member of the Ethical Trading Initiative (ETI). The ETI is an alliance of companies, non-governmental organisations (NGO's) and trade unions who work in partnership to improve the working lives of poor and vulnerable people across the globe.</p> <ul style="list-style-type: none"> • 2012 GRI Report, SO1 • 2012 Annual Report (Registration Document 6.3.3)
<p>Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues</p>	<p>The L'ORÉAL Foundation invited "For Women In Science" Laureates to participate at the RIO+20 UN summit.</p> <p>The L'ORÉAL Foundation also participated in a debate organized by UN Women on violence against women, and in particular acid-throwing attacks.</p> <p>L'ORÉAL demonstrated its commitment to understanding and protecting biodiversity by taking part in two summits in 2012:</p> <ul style="list-style-type: none"> • the Biodiversity Summit organized by the UN in Hyderabad, India, in October 2012, where L'ORÉAL and the Institute for Sustainable Development and International Relations (IDDRI) organized a roundtable on the sustainable use of biodiversity as a source of innovation • the Rio +20 Earth Summit held in Rio de Janeiro, Brazil, in June 2012, where L'ORÉAL organized a round table on the responsible use of biodiversity. <ul style="list-style-type: none"> • 2012 GRI Report, 4.14
<p>Other established or emerging best practices</p>	<p>L'ORÉAL is committed to the inclusion of disabled persons. In order to foster this, L'ORÉAL organizes internally the "Disability initiatives Trophies" to highlight and reward best practices.</p> <p>A computerized scorecard was developed in 2012 to help management and Human Resources better identify their diversity priorities and action plan.</p> <ul style="list-style-type: none"> • 2012 Sustainable Development Report page 42 • Diversity section on loreal.com

CRITERION 18 The COP describes partnerships and collective action

INDICATORS	ANSWERS
<p>Develop and implement partnership projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy</p>	<p>Many partnership projects are organized either with public organizations for example UNESCO or with private organizations, industry peers or suppliers at a Corporate, Brand or local level.</p> <p>Examples include "Beauty from the Heart", UNESCO "For Women in Science", Hairdressers against AIDS, Opération Sourire, Médecins du Monde, Giorgio Armani/Green Cross International Accessible Drinking Water project, Garnier/Carrefour Environmental labelling, FSC Packaging, EDF/ Vichy Manufacturing Energy reduction project, the Carbon Disclosure Project, the "Look good Feel Betteré network.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.3.2) • 2012 Sustainable Development Report pages 43-44 and 47
<p>Join industry peers, UN entities and/or other stakeholders in initiatives contributing to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives extending the company's positive impact on its value chain</p>	<p>L'ORÉAL joined The Carbon Disclosure Project in 2003.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.3.3) • 2012 GRI Report, EN18 <p>L'ORÉAL is working on the establishment of partnership with the International Labour Organisation with a focus on Disability.</p> <ul style="list-style-type: none"> • Diversity section on loreal.com
<p>Other established or emerging best practices</p>	<p>In 2012, the Organisation for Economic Cooperation and Development (OECD) technically approved an alternative testing method developed in partnership with L'ORÉAL.</p> <p>12 European subsidiaries have obtained the European Label for Gender Equality.</p> <p>L'ORÉAL Mexico received the "Gender Equality Label" in 2012 awarded by the World Bank</p> <ul style="list-style-type: none"> • 2012 Sustainable Development Report pages 4 and 12 • 2012 Annual Report (Registration Document 6.1.2.6) • Diversity section on loreal.com

CORPORATE SUSTAINABILITY GOVERNANCE AND LEADERSHIP

CRITERION 19 The COP describes CEO commitment and leadership

INDICATORS	ANSWERS
CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact	<p>"For several years now, we have been engaged in a drive to profoundly adapt L'ORÉAL to the accelerated change of the world we live in. Transforming the company also means redefining its position and its role in relation to the social, economic and environmental issues it faces. This is why, for the past 10 years, we have been supporting and implementing the Principles of the United Nations Global Compact, a commitment renewed in 2012." <i>Statement of Jean-Paul Agon, Chairman and Chief Executive Officer.</i></p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 Sustainable Development Report page 2 • 2012 GRI Reports, 1.1, 4.11
CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards	<p>L'ORÉAL participates in "The World Business Council for Sustainable Development", an international organization of CEOs that deals exclusively with issues of business and sustainability.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.3.2) • 2012 GRI Report, 4.13
CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation	<p>The Chief Ethics Officer reports to the Chairman and CEO.</p> <p>The Strategy and Sustainable Development Committee is chaired by the Chairman and CEO.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 2.2) • Ethics section on loreal.com
Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team	<ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 2.3.2) • 2012 GRI Report, 4.5

CRITERION 20 The COP describes Board adoption and oversight

INDICATORS	ANSWERS
<p>Board of Directors (or equivalent) assumes responsibility and oversight for long-term corporate sustainability strategy and performance</p>	<p>The Board's work focused on business activities, strategy and the company's environmental, social and societal responsibility commitments.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 2.2.2 ; 3.4.3) • 2012 GRI Reports, 4.1, 4.9
<p>Board establishes, where permissible, a committee or assigns an individual board member with responsibility for corporate sustainability.</p>	<p>Strategy and Sustainable Development Committee.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 2.2 ; 3.4.3)
<p>Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress)</p>	<p>In 2012 the Strategy and Sustainable Development Committee, chaired by the Chairman and Chief Executive Officer, reviewed the Sustainable Development Report.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 2.2.2.1.2) • 2012 GRI Report, 4.9

CRITERION 21 The COP describes advocacy and public policy engagement

INDICATORS	ANSWERS
<p>Publicly recognize responsibility for the company's impacts on internal and external stakeholders</p>	<p>L'ORÉAL has for several years engaged in dialogue with its stakeholders, i.e. those «impacting on» or «impacted by» its activity, demonstrating its readiness to listen to and gain a deeper understanding of their needs.</p> <ul style="list-style-type: none"> • 2012 GRI Report, 4.16
<p>Define sustainability strategies, goals and policies in consultation with key stakeholders</p>	<p>L'ORÉAL has regular discussions with organizations and associations interested by its development and activities, namely via its "Stakeholders Forums". In total, 150 NGOs attended these meetings dealing with every aspect of L'Oréal's corporate social responsibility (CSR) policy, thereby offering a way for us to improve and enrich our strategy and our future actions.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.3.2) • 2012 Sustainable Report page 4 • 2012 GRI Report, 4.16

<p>Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance</p>	<p>The Stakeholders Forums namely aim to collect feedback from stakeholders on L'Oréal's strategy regarding sustainability to nurture the Group's strategic thinking.</p> <p>75 Business Reviews were held with suppliers and included dialogue on supplier and L'ORÉAL strategies and performance in five areas: quality, innovation, competitiveness, delivery/supply chain and CSR.</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 6.3.2) • 2012 Sustainable Report page 4 • 2012 GRI Report, 4.16
<p>Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect 'whistle-blowers'</p>	<p>Concerns and questions can be reported without fear of retaliation in line with L'ORÉAL's Open Talk policy and namely through the L'ORÉAL Ethics Open Talk website which provides a secure mechanism for raising concerns directly with the Chief Ethics Officer.</p> <ul style="list-style-type: none"> • Ethics section on loreal.com • 2012 Annual Report (Registration Document 6.3.4) • 2012 GRI Report, SO4
<p>Other established or emerging best practices</p>	<p>On Ethics Day in 2012, each Country Manager discussed ethics with his/her employees. Around 22,000 employees took part in this dialogue and over 2,600 questions were asked worldwide.</p> <p>L'ORÉAL joined Cosmetics Europe - the Personal Care Association (formerly Colipa), the trade association of the cosmetic, toiletry and perfumery industry, the body almost systematically called upon, quoted, referred to or involved as the industry spokesman in dealing with stakeholders, and also a number of other trade associations at European level: MEDEF, AFEP and AIM. In South America, L'ORÉAL is a member of CASIC and CONARS (on matters to do with self-regulation and responsible advertising).</p> <ul style="list-style-type: none"> • 2012 Annual Report (Registration Document 2.5.2.1 ; 6.3.5) • 2012 GRI Reports, 4.13, 4.16