

## OUR VALUES AND ETHICAL PRINCIPLES

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### OUR VALUES

**Our values are embedded in L'Oréal's genetic code. They continue to this day to express themselves in the daily actions of all our teams across the globe. Here is a close-up on the Group's six founding values.**

If for over a century L'Oréal has been devoted to just one business - beauty - it is above all because of our **Passion** for it. Passion for what cosmetics can bring to women and men: well-being, self-confidence, an openness towards others. Passion also for a business which is intrinsically linked to humanity and culture. Because creating beauty products means seeking to understand others, knowing how to listen to them, apprehending their traditions, anticipating their needs... Without this passion, the L'Oréal adventure would never have been possible.

**Innovation** is also one of our founding values. We always have in mind the fact that our company was founded by a scientist. Innovation is essential because beauty is an endless quest that constantly requires a higher level of performance. At L'Oréal, it is vital. Always wanting to push back the limits of knowledge means discovering new ways to create products that are truly different and surprising. To always stay one step ahead.

Because there is no innovation without daring, without taking initiatives, L'Oréal has always given priority to the individual rather than to organisations. **Entrepreneurial spirit**, a synonym for autonomy, challenge, and adventure, has always been encouraged and embodied in a specific management style. Today it is still the driving force behind a Group built above all on a belief of the importance of each individual and their talents.

Another value that has been guiding us since the Group's foundation over a century ago is **Open-mindedness**. Listening to consumers and understanding their culture, being open to others and benefiting from their differences are absolute priorities in order to respond to the infinite diversity of beauty aspirations around the world. They are inseparable from our business and our mission.

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These four values are inextricably related to our fifth value, the **quest for Excellence**. A value that permeates every aspect of our business, in every country and that is expressed in a state of mind and a constant pursuit for perfection. We all share this desire to surpass ourselves to be able provide the best for our customers.

Finally, whether the Group is innovating or showing its entrepreneurial spirit, it has always done so with a sense for **Responsibility**. L'Oréal's first invention, the "safe hair dye" was already an expression of this fundamental concern for effective, safe and innocuous products. But our sense of responsibility goes far beyond that. As a world leader in beauty, we have, more than others, the duty to preserve the beauty of the planet and to contribute to the well-being of our employees and of the communities in which we are present.

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## OUR ETHICAL PRINCIPLES

Our principles are **Integrity, Respect, Courage and Transparency**.

These principles shape our culture, underpin our reputation, and must be known and recognised by all L'OREAL employees.

Why are our Ethical Principles important?

A company with strong ethical principles is a strong company.

A company with strong ethical principles is a company you can trust, and trust is the biggest competitive advantage a company can have.

When we behave in a way that's guided by our Ethical Principles, we benefit from:

- high levels of consumer and client satisfaction
- proud and motivated employees
- highly engaged suppliers
- increased shareholder loyalty
- a good name in the community.

But the **L'ORÉAL Ethical Principles** are not just words, to be put aside in difficult times.

The **L'ORÉAL Ethical Principles** are alive and allow us to build trust through our actions every day.

### **Integrity**

Acting with integrity is vital to building and maintaining trust and good relationships.

Integrity in our relationship with our consumers means ensuring that our advertising is based on proven performance and scientific data.

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Integrity in our relationship with our business partners means adhering to good corporate governance practices to avoid any real or perceived conflict of interests.

Integrity in the way we do business means respecting the laws of the countries in which we operate, fighting against corruption, maintaining high standards in accounting and reporting, and protecting and making the most effective use of company assets.

L'ORÉAL's interests are never served by illegal or unethical practices.

## **Respect**

What we do has an impact on many people's lives.

Showing respect does not mean being "nice" or simply giving people what they want. It means making choices which take into account not only our interests but also the interest of those who are affected by our actions.

We show respect to our consumers by recognising that they are all different and avoiding stereotypes, by trying to respond to their different needs and also by delivering innovative, highly efficient products manufactured to the most demanding standards of quality and safety.

L'ORÉAL's respect for employees means offering a working environment where personal talent and merit is recognised, diversity valued, privacy respected and the balance between professional and personal life is taken into account.

Employees and entities at L'ORÉAL are expected to work together in a respectful and open manner, giving credit for other people's ideas and recognising the contribution of others. Disparagement of colleagues or the spreading of rumours are contrary to L'ORÉAL's value of respect.

We must also demonstrate respect for society in general by supporting and implementing the 10 Principles of the United Nations Global Compact in the area of Human Rights, Labour, the Environment and anti- Corruption.

## **Courage**

**Courage is the beating heart of our Ethical Principles.**

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We recognise that acting ethically is not always easy. It sometimes means challenging the status quo, it means being willing to challenge our own actions, it means standing up for our ideas even if we're not heard the first time. It sometimes means spending the time and money needed to get it right.

In practice, we can demonstrate courage by:

- facing up to difficult questions
- listening to others who may challenge us
- building a culture of openness and generosity so that all employees feel free to come forward with their questions, ideas and concerns

Ethical questions are rarely easy but must be addressed.

## **Transparency**

Last but not least, is transparency, sincerity.

We must always be truthful and be able to justify our actions and decisions.