

L'ORÉAL

STANDS FOR
HUMAN RIGHTS

HUMAN RIGHTS



Sept 26, 2022

HUMAN RIGHTS – CONTEXT

BUSINESS CASE

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CONTEXT

INTERNATIONAL STANDARDS IN A NUTSHELL



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UNITED NATIONS
GUIDING PRINCIPLES
ON **BUSINESS**
& HUMAN RIGHTS

CONTEXT

EVOLVING LEGAL LANDSCAPE ON MANDATORY HUMAN RIGHTS DUE DILIGENCE

DISCLOSURE OR DUE DILIGENCE IN SUPPLY CHAINS OBLIGATIONS



UK MODERN SLAVERY ACT (2015)

Obligation on companies to disclose forced labour risks and prevention



FRENCH DUTY OF VIGILANCE LAW (2017)

Obligation to disclose and set up reasonable due diligence on Human Rights violations



DUTCH CHILD LABOUR DUE DILIGENCE LAW (2020)

Obligation to disclose and set up reasonable due diligence on child labour



GERMAN LIEFERKETTENGESETZ

Mandatory value chains due diligence (2021)



EUROPEAN UNION

Corporate Sustainability Due Diligence Directive currently under discussion

FORCED LABOR LEGISLATION IMPORT BANS



US FORCED LABOUR ACT (rev. 2016)

If suspicion of forced labor, custom can block import. Burden of proof is on the company



CANADA MODERN SLAVERY ACT (2021)

Guidelines not published yet but likely to use US as a model (import ban)



AUSTRALIA

Customs Amendment Banning Goods Produced By Uyghur Forced Labour
Bill 2020 currently under discussion in Australian parliament



Commission sets out strategy to promote decent work worldwide and prepares instrument for ban on forced labour products

CONTEXT

HIGH REPUTATIONAL EXPOSURE

Finance

BlackRock to Press Companies on Human Rights and Nature

By Saijel Kishan and Annie Massa

March 18, 2021, 12:01 AM EDT

Updated on March 18, 2021, 8:26 AM EDT

- ▶ Asset manager to ask companies about communities, forests
- ▶ BlackRock says it may vote against directors who fail to act

The New York Times

Supply Chains Widely Tainted by Forced Labor in China, Panel Is Told

The Guardian
For 200 years

Mars, Nestlé and Hershey to face child slavery lawsuit in US

Chocolate companies are among the defendants named in a lawsuit brought by former child workers in Ivory Coast

FINANCIAL TIMES

Apple fights shareholder call for more transparency on forced labour

Issue is one of six petitions lodged by investors at SEC, as pressure builds on environmental and social governance

Le Monde

Industrie, défense, environnement, travail forcé : Ursula von der Leyen veut renforcer l'autonomie de l'UE

FINANCIAL TIMES

Rio Tinto PLC + Add to myFT

Rio Tinto CEO quits after backlash over Aboriginal site destruction

Jean-Sébastien Jacques and two senior executives to leave miner after investor pressure

ZEITUNG ONLINE

Lieferketten

Klimafreundlich, aber menschenfeindlich

EL MUNDO

ECONOMÍA

Al denuncia el comercio de artículos con aceite de palma producido por niños

APPLYING HUMAN RIGHTS COMMITMENTS, STRUCTURE AND RISK- MAPPING

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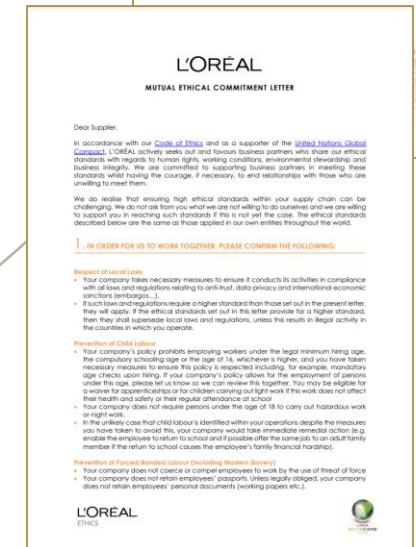
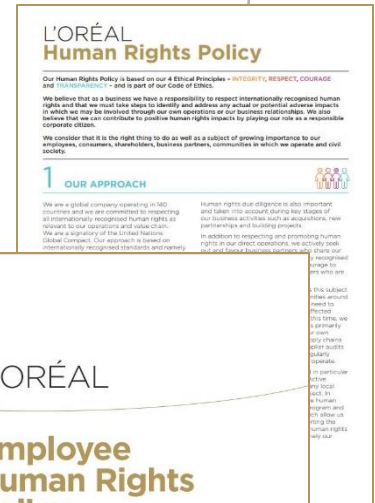
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APPLYING HUMAN RIGHTS L'ORÉAL'S POLICIES

L'ORÉAL is committed to respecting Human Rights throughout its operations and value chains:

- **Human Rights policy (2017)**
- **Employee Human Rights policy (2020)**
- **Mutual Ethical Commitment Letter (2021)**

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APPLYING HUMAN RIGHTS L'ORÉAL'S ORGANISATION

Organization

- **Corporate level:**
 - Human Rights Committee chaired by Executive Committee Member
 - Human Rights team
- **Country level:** network of Human Rights Correspondents in each market / HUB

What we do

- **Assessments / investigations to anticipate and prevent crisis:** working on sensitive issues in the field and/or supporting others
- **Stakeholder dialogue:** with civil society organizations to identify issues and support the group in finding solutions
- **Change practices:** implement Living Wage commitment for our employees and for our strategic suppliers' employees
- **Grow awareness and culture:** mainstream Human Rights in the company's functions



HUMAN RIGHTS EXTERNAL PARTNERSHIPS / COLLABORATIONS



- SHIFT
Harvard-based think-tank, experts in Business & Human Rights



Open
For
Business

- Open for Business
UK-based business alliance, specialized on LGBTQIA+ in the workplace

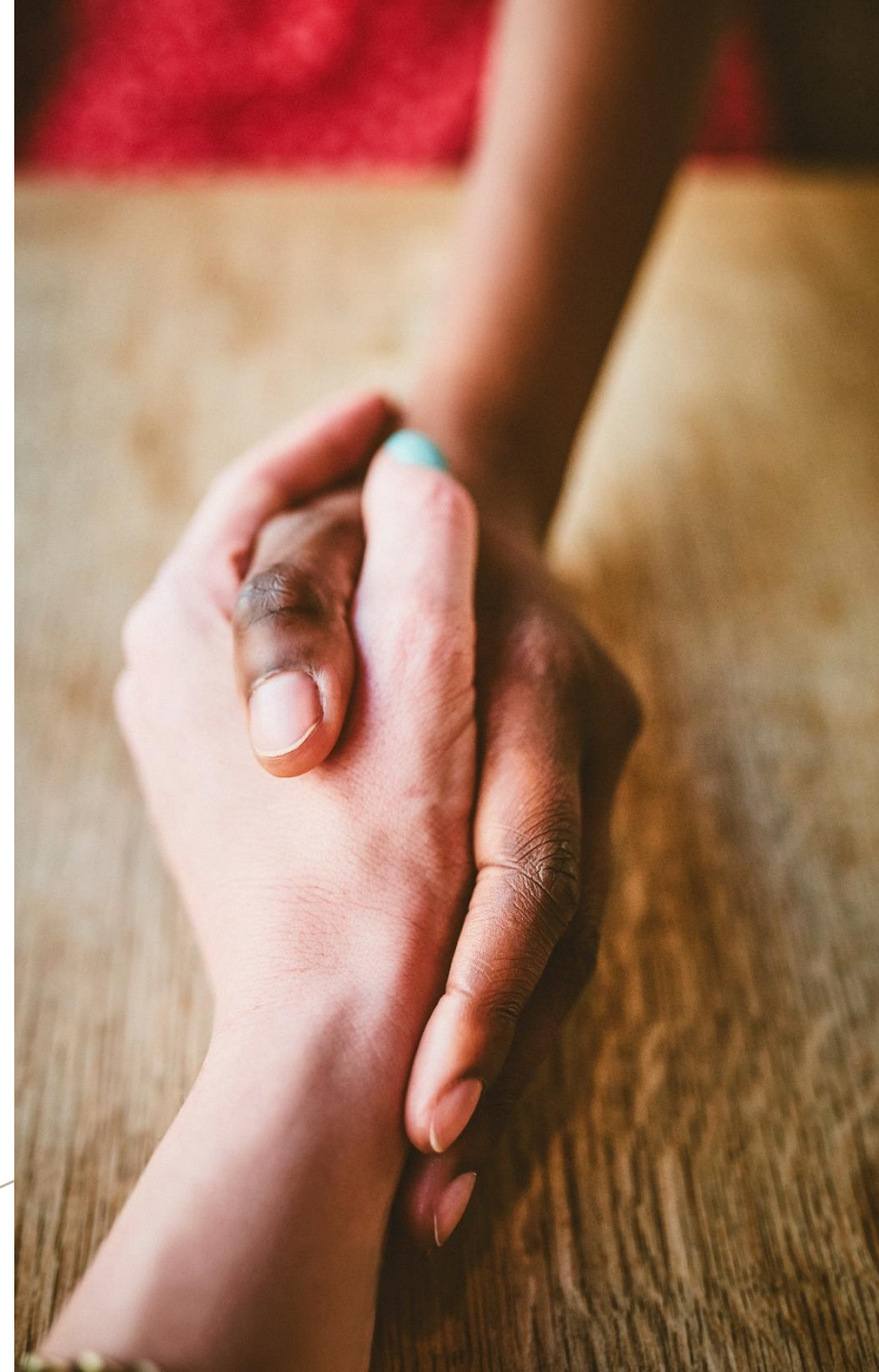


- Fair Wage Network
Geneva-based NGO, specialized on Living Wage



- Unstereotype alliance
UN body, specialized in fighting stereotypes in advertising

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APPLYING HUMAN RIGHTS IDENTIFYING THE MOST SALIENT HUMAN RIGHTS ISSUES ON PEOPLE (V. BUSINESS)

SEVERITY

SCALE

How **grave/serious** would the impact be?

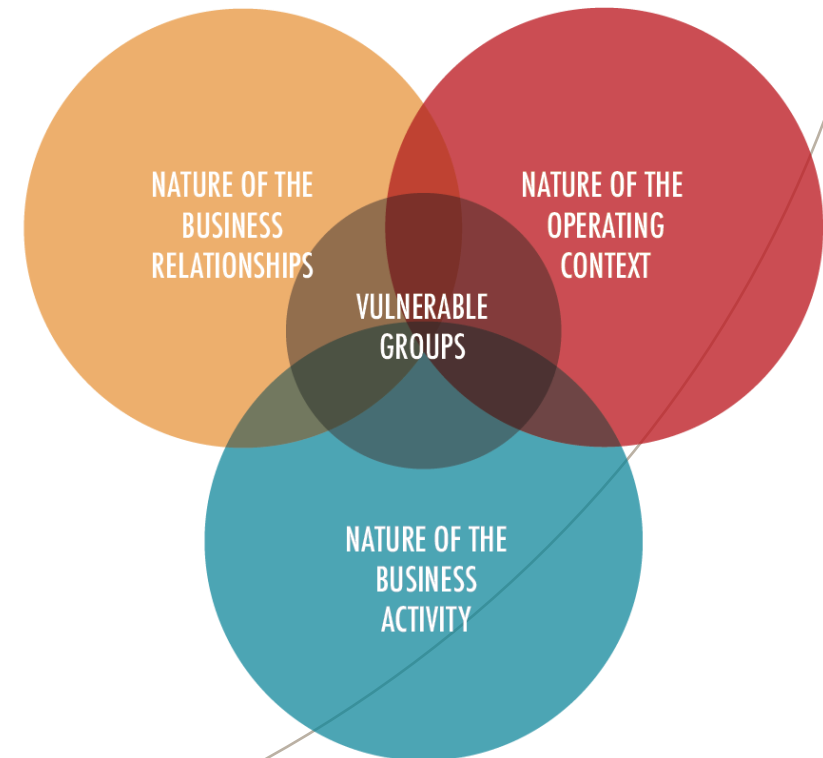
SCOPE

How **widespread** would the impact be?
How many people affected?

REMEDIABILITY

How hard would it be to **put it right**?

LIKELIHOOD



MOST SALIENT HUMAN RIGHTS RISKS IDENTIFICATION FOR L'ORÉAL

1/ CORPORATE LEVEL ASSESSMENT

Individual interviews with 20 corporate experts

Policy and document review at corporate level

Support from external experts: Shift

2/ MARKET LEVEL ASSESSMENT

Workshops in 27 markets



(26 remaining to follow in 2022)

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OVERALL: +200 L'ORÉAL EMPLOYEES INTERVIEWED

APPLYING HUMAN RIGHTS RISK MAPPING

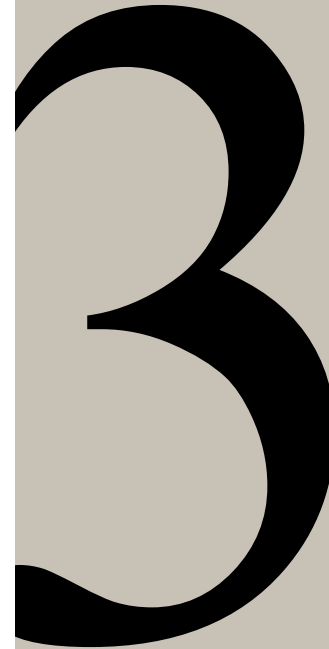
The following list of the main risks results from the 2017 risk analysis, complemented by the work to identify the detected salient risks in 2021:

- the Human Rights of **L'Oréal's employees** (discrimination because of gender, age, disability, gender identity, and sexual orientation);
- the Human Rights of **L'Oréal's suppliers' employees** (child labour, forced labour, discrimination because of gender, age, disability, gender identity and sexual orientation, and lack of a living wage);
- the Human Rights of **consumers** (failure in the quality and safety of products, and lack of protection of personal data); and
- the Human Rights of **communities** (stereotypes in advertising).

Another risk identified concerns the Human Rights of communities potentially impacted by the Group's activities (respect for the environment, right of access to water, consideration of Human Rights in the choice of raw materials, and in particular, the right of access of local populations to their land and respect for their traditional knowledge under the Nagoya Protocol).

HUMAN RIGHTS IN ACTION: LIVING WAGE EXAMPLE

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LIVING WAGE

What is a Living Wage ?

*The idea of a living wage is that **workers and their families should be able to afford a basic, but decent, lifestyle** that is considered **acceptable by society at its current level of economic development**. Workers and their families should be able to live above the poverty level and to participate in social and cultural life.*

what is considered an acceptable basic quality life is time- and place-specific

POWERFUL SIGNIFICANTLY IMPROVES LIVELIHOODS

EXAMPLES OF MINIMUM WAGE / LIVING WAGE DIFFERENCES

Minimum wage

Hard to get enough nutrition & calories; skipping meal is frequent.



FOOD

Living wage

Health and varied diet; at least three meals / day.



HEALTHCARE

Access to basic pain killers; limited access to menstruation products and health care.

Easy access to basic health care; ability to save for emergency health care.



EDUCATION

Difficult to educate one's children.

Opportunity to invest in education and train towards a higher position.

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Source: [FashionChecker](#), UN Global Compact.

C1 - Internal use



ACHIEVABLE

THANKS TO ITS COMMITMENTS, L'ORÉAL IS A FRONT-RUNNER ON THE MATTER

Employee Human Rights Policy

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FOR THE FUTURE

- **Employee Human Rights Policy (2020) – direct workforce commitment**

Article 9: We ensure that **all L'Oréal employees** receive at least the minimum wage required by local law or by applicable bargaining agreement and that they are paid a living wage covering their basic needs and calculated in line with best practices.

- **L'ORÉAL for the Future (2020) – strategic supplier commitment**

By **2030, 100% of our strategic suppliers' employees** will be paid at least a living wage covering their basic needs and those of their dependents, calculated in line with best practices.

A recognized operating partner to build and roll out our Living Wage Strategy

- Strong expertise and understanding of the needs and workings of a business
- An economically rigorous standard and methodology, considering multiple data sources
- A single database covering almost every country and updated yearly to account for inflation

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HUMAN RIGHTS KEY TAKE AWAYS

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APPLYING HUMAN RIGHTS KEY TAKE AWAYS

- 1) HUMAN RIGHTS IS ABOUT IDENTIFYING, PREVENTING AND MITIGATING BUSINESS NEGATIVE **IMPACTS ON HUMAN BEINGS.**
- 2) RESPECTING INTERNATIONAL HUMAN RIGHTS GOES **BEYOND RESPECTING LOCAL LAW.**
- 3) WE OFTEN CANNOT SOLVE HUMAN RIGHTS ISSUES ALONE AND WE NEED TO **WORK WITH OTHER** STAKEHOLDERS (UN AGENCIES, GOVERNMENTS, OTHER COMPANIES, CIVIL SOCIETY, SUPPLIERS, ETC.)
- 4) HUMAN RIGHTS RISKS SHOULD BE SCRUTINIZED IN OUR **ENTIRE VALUE CHAINS**, BASED ON A RISK APPROACH TO PEOPLE



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THANK YOU