

Particulars

About Your Organisation

1.1 Member Name

L'Oreal

1.2 Membership Number

4-0021-07-000-00

1.3 Membership Sector

Consumer Goods Manufacturers

1.4 Membership Category

Ordinary

1.5 Country

France

2.0 Does your company or organisation produce, process, consume or sell any palm oil or any products containing derivatives of palm oil?

Yes

2.1 Please select all description(s) that describe the palm oil-related activities of your company or organisation. Multiple selections are allowed, and not limited to the primary sector of the member's RSPO membership. You will be required to complete the relevant ACOP section based on your selection(s).

- I own and operate oil palm estate(s) and/or palm oil mill(s)
- I represent a palm oil Independent Smallholder farmer Group
- I own and operate independent palm oil mills
- I own and operate independent palm kernel crushing plants - Processors and/or Traders
- I trade or broker palm oil, palm kernel oil or related products - Processors and/or Traders
- I am a refiner of palm oil or palm kernel oil - Processors and/or Traders
- I am a processor of intermediate (B2B) palm oil, palm kernel oil or related fractions/derivatives - Processors and/or Traders
- I am a B2B distributor or wholesaler of palm oil, palm kernel oil or related products - Processors and/or Traders
- I manufacture final consumer (B2C) products containing palm oil, palm kernel oil or related products. This includes products manufactured by 3rd party contractors - Consumer Goods Manufacturers
- I retail final consumer (B2C) products containing palm oil, palm kernel oil or related products - Retailers
- I operate food retail outlets that use palm oil, palm kernel oil or related products - Retailers
- I am a conservation and environmental NGO supporting the sustainable development of the palm oil industry
- I am a social and human development NGO supporting the sustainable development of the palm oil industry

Consumer Goods Manufacturers

1. Operational Profile

1.1 Please state your company's main activity within the palm oil supply chain.

- Food Good Manufacturer - own brand
- Food Good Manufacturer - third-party brand
- Home & Personal Care Good Manufacturer - own brand
- Home & Personal Care Good Manufacturer - third-party brand
- Ingredient Manufacturers
- Biofuels
- Other

Other

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2. Palm Oil and Certified Sustainable Palm Oil Consumption

Information in Section 2.0 - Palm Oil and Certified Sustainable Palm Oil Consumption - is a mandatory declaration in your ACOP. This includes volume data on palm oil, palm kernel oil and related products consumed, to enable the RSPO to accurately calculate uptake of individual members, sectors and RSPO members as a whole. ACOP reports without reported volume data will be considered as incomplete and will not be accepted. Incomplete ACOP reports may lead to suspension or termination of RSPO membership.

2.1 Please list down all operations and subsidiaries using palm oil, palm kernel oil and related products that are owned and/or managed by the member, including those under Group Membership

LOGOCOS Naturkosmetik GmbH & Co. KG
L'Oréal Deutschland GmbH
Novéal
AËSOP (SHANGHAI) COMMERCIAL AND TRADING CO., LTD
AËSOP (THAILAND) LIMITED

2.1.1 In which markets does your company sell goods with palm oil and oil palm products?

Europe ,North America ,China,India,Malaysia,Indonesia,Africa ,Latin America ,Rest of the World

DL.2.0 In order to facilitate ease of reporting and transparency, RSPO members operating within the palm oil demand supply chain can now choose to report palm oil and palm oil product volumes on:

an aggregate level (as in previous ACOP reporting cycles)

2.2 Total volume of RSPO-certified (IP, MB, SG and RSPO Credits/Book and Claim) and Non RSPO-certified palm oil, palm kernel oil and related products purchased for use in your company's own-brand and third-party brand products

Description	Tonnes
Total volume of crude palm oil (tonnes)	209.00
Total volume of crude palm kernel oil (tonnes)	0.00
Total volume of palm kernel expeller (tonnes)	0.00
Total volume of crude palm oil/palm kernel oil-based derivatives and fractions (tonnes)	92051.00
Total	92260.00

2.2.1 Please estimate the percentage of derivatives and fractions (reported in Question CG.2.2) derived from palm oil or from palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based derivatives.

Description	Percentage
Palm oil-based derivatives and fractions	40
Palm kernel oil-based derivatives and fractions	60

2.3 Please estimate the regional distribution of your company's uncertified and certified palm oil, palm kernel oil and related products sales (as declared in Question 2.2) in the following countries/regions.

Countries/Regions	Percentage
Europe	54
North America	23
Malaysia	0
Indonesia	4
China	8
India	1
Latin America	6
Africa	3
Rest of World	1

2.4 Volume of RSPO-certified palm oil, palm kernel oil and related products purchased for use in your company's own-brand and third-party brand products in the year:

Description	Crude/Refined Palm Oil (CSPO)	Crude/Refined Palm Kernel Oil (CSPKO)	Palm Kernel Expeller (CSPKE)	Certified Derivatives and Fractions
RSPO Credits from Mill / Crusher	0.00	0.00	0.00	0.00
RSPO Credits from Independent Smallholder	0.00	0.00	0.00	211.00
Mass Balance (MB)	0.00	0.00	0.00	91840.00
Segregated (SG)	209.00	0.00	0.00	0.00
Identity Preserved (IP)	0.00	0.00	0.00	0.00
Total	209.00	0.00	0.00	92051.00

2.4.1 Please estimate the percentage of RSPO-certified derivatives and fractions (reported in Question CG.2.4) derived from RSPO-certified palm oil or from RSPO-certified palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based

Description	Percentage
Certified Palm oil-based derivatives and fractions	40
Certified Palm kernel oil-based derivatives and fractions	60

2.5 According to the volume information you have provided in Question 2.2 and Question 2.4, your company's certified palm oil and palm oil products uptake is:

100.00%

2.5.1 Please provide additional information on your certified palm oil, palm kernel oil and related products uptake. This may include your usage of RSPO Credits to cover gaps in certified uptake, changes due to business environment, variations due to stock positions or efforts to support independent smallholders beyond volume commitments.

Since 2010, 100% of the palm oil purchased directly by L'Oréal has been certified sustainable according to the RSPO Segregated model.

Since 2012, 100% of the palm and palm kernel derivatives used by L'Oréal are RSPO certified and in 2023:

- 99.8% of L'Oréal derivatives volumes are RSPO certified via the Mass Balance model (against 99% in 2022). Among these RSPO MB-certified volumes, 31% (against 25% in 2022) are being produced by independent smallholders who are part of our L'Oréal-funded sustainable field projects. These projects have been assessed by a third party, Daemeter, in 2022 and 2023, as being NDPE-compliant.
 - 0.2% of the remaining volumes are covered by the RSPO Book and Claim model (RSPO credits from independent smallholders).
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2.6 Please estimate the regional sales volume distribution of your company's RSPO certified palm oil, palm kernel oil and related products (as declared in Question 2.4) in the following countries/regions:

Countries/Regions	Percentage
Europe	54
North America	23
Malaysia	0
Indonesia	4
China	8
India	1
Latin America	6
Africa	3
Rest of World	1

3. Timebound Plan

3.1 Which year did your company achieve (or expects to achieve) the RSPO supply chain certification?

2010

3.2 Which year did your company begin (or expects to begin) using RSPO-certified sustainable palm oil and palm oil products in own-brand products

2010

3.2.1 If the previous target year has not been met, please explain why.

-

3.3 Which year did your company begin (or expects to begin) using only RSPO-certified sustainable palm oil and palm oil products from any supply chain option in own-brand products.

2012

3.3.1 If the previous target year has not been met, please explain why.

-

3.4 Which year did your company begin (or expects to begin) using only RSPO-certified sustainable palm oil and palm oil products from physical supply chain options (Identity Preserved, Segregated and/or Mass Balance) in own-brand products.2020

3.4.1 If the previous target year has not been met, please explain why.

Since 2010, 100% of L'Oréal's palm oil is certified RSPO SG. The group has continuously increased its percentage of physically certified supply chain for palm derivatives with the target of reaching 100% RSPO MB by 2020 at the latest. In 2023, 99.8% of derivative volumes were RSPO MB certified. However, several challenges remain for palm derivatives. Indeed, the remaining gap to the target of 100% RSPO-certified palm by-products is due to the following issues:

- The supply of Mass Balance-certified grade is lower than demand, resulting in strong pressure on supplies for several palm and palm kernel derivatives.

- Unavailability of certified Mass Balance grade for some raw materials specialty purchased in small volumes.

In order to overcome these challenges, L'Oréal has contributed in 2019 to the creation of the Action for Sustainable Derivatives (ASD) initiative. Indeed, being a small actor of the palm industry, one of the levers to address these challenges is to work collectively with other players to increase the demand for RSPO certified materials and push the upstream players for more RSPO certification.

L'Oréal supported in 2021 a resolution at the 18th General Assembly of RSPO Members which was adopted, aiming at "Enhancing the robustness of the RSPO Mass Balance model to accelerate uptake of Certified Sustainable Palm Oil", along with peers, suppliers, WWF and ZSL.

Acknowledging the fact that 100% CSPO production can only be obtained through strong and robust certification schemes such as SG or IP, MB currently remains an important part of the volumes of CSPO sold on the market. With a final target of shifting the industry to physical certification as the most direct and efficient scheme to achieve control over the supply chain, this proposition aims to enhance the robustness of the MB model, both at the plantation and at the supply chain level, recognizing its role as an intermediary way to drive overall industry uptake of CSPO. As this resolution was adopted, a detailed study to investigate the inherent structural and business limitations in the current Mass Balance (MB) model was conducted in 2022. The aim is to obtain a set of recommendations to enhance the robustness and the accessibility of the Mass Balance model, including the expected minimum level of environmental and social safeguards required for the non-certified materials entering MB supply chains.

4. Trademark Use**4.1 Does your company use or plan to use the RSPO Trademark in own-brand products?**

No

4.3 Please explain why your company does not plan to use the RSPO Trademark in own-brand products

- Challenging reputation of palm oil
- Confusion among end-consumers
- Costs of changing labels
- Difficulty of applying for RSPO Trademark
- Lack of customer demand
- Limited label space
- Low consumer awareness
- Low usage of palm oil
- Risk of supply disruption
- Others

Others

L'Oréal is committed to inform and empower every L'Oréal consumer to make sustainable consumption choices by 2020. This objective has been reaffirmed within the L'Oréal's For the Future programme commitments by 2030, as the group considers it its responsibility to involve consumers in its transformation process. As PO/PKO-based derivatives are important ingredients for cosmetic products, it is important for L'Oréal and its brands to find the right way to communicate on the sustainable sourcing of bio-based raw materials contained in final products.

L'Oréal commitments on Sustainable palm oil are communicated publicly through several communications: Universal referential document of the group, annual reports on sustainability, our Forest policy, and within our products websites that aim to share transparently to consumers about ingredients in our formula. Palm oil benefits and challenges are detailed in a specific webpage: <https://inside-our-products.loreal.com/ingredients/palm-oil> that clearly mentions our commitment to source 100% RSPO to respond to sustainable sourcing. In 2024, L'Oréal will continue to measure and report its progress & challenges on its 2030 Forest Policy, and to actively engage with its stakeholders notably to share transparently the specific priority raw materials roadmaps developed to achieve the objectives of its 2030 Forest Policy.

Universal referential document of the group : https://www.loreal-finance.com/system/files/2024-03/LOREAL_2023_Universal_Registration_Document_en.pdf

Annual reports on sustainability : <https://www.loreal-finance.com/en/annual-report-2023/social-environmental-performance/>

Forest policy : <https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/3-commitments/for-the-people/respecting-human-rights/loreal-for-the-future--2030-forest-policy.pdf?rev=bceef25d7c794586a121053e0383b610#:~:text=In%202014%2C%20L'Or%C3%A9al%20launched,would%20be%20linked%20to%20deforestation;>

5. ACTIONS FOR NEXT REPORTING PERIOD**5.1 Please outline activities that your company will take in the coming year to promote the production or consumption of certified sustainable palm oil (CSPO)**

- Participation in RSPO Working Group or Task Forces
- Support Independent Smallholders (ISH)
- Contribute to the RSPO Smallholder Trainer Academy
- Financial contribution to the RSPO Smallholder Support Fund
- Direct investments in Smallholder Certification projects
- Involvement/direct investments in Jurisdictional/Landscape approach
- Direct/collective investments in conservation and restoration initiatives
- Financial contribution to support members with Remediation and Compensation (RaCP) process, direct/collective investments in conservation and restoration initiatives
- Allocating FTE to promote the production or consumption of certified sustainable oil palm products
- Specific policies and action plans by the member to promote CSPO production or consumption in the upstream or downstream supply chain, including target dates or broader policies that include such efforts
- No activities planned
- Others

Other

Background:

- In 2014, L'Oréal launched its Zero Deforestation policy, committing that by 2020 none of its products would be linked to deforestation.
- In 2019, L'Oréal contributed to the creation of the Action for Sustainable Derivatives (ASD) initiative to collectively address the challenges related to the palm oil derivatives sector.
- In 2021, L'Oréal has reaffirmed the Group's commitment to forest conservation and rehabilitation, as well as respect to Human Rights through the publication of its 2030 Forest Policy.

In 2024, L'Oréal will continue to implement its roadmap to drive responsible sourcing within its palm and palm derivatives supply chains through the following activities: transparency of its supply chain, risk assessment and monitoring, due diligence and supplier engagement, verified source and industry transformation.

1/ Transparency of the supply chain

Having a good visibility on all actors of the supply chain is key for implementing our due diligence. Since 2015, L'Oréal has been tracing back its supply chain with a transparency campaign, managed by third party Transitions dd, who now conducts this campaign within the ASD coalition for over 30 members. In 2023, 142 refineries, 72 crushers and 2036 mills were identified as potentially part of the L'Oréal supply chain. Each year, L'Oréal has been able to improve our traceability scores getting in 2023 to 98,3% of its volumes with traceability to the refinery, 96,1% traceability to mills, and 66% traceability to plantation (compared respectively to 97,6%, 96,1% and 48% in 2022). The level of RSPO certification has been improved as well: 23,6% mills are certified versus 22% the previous year.

In 2024, 74 direct suppliers providing 100% of L'Oréal 2023 volumes will be investigated. We expect to continue to improve our scores, notably the traceability to plantation with collecting plantation identification and geolocation. We will also improve our direct and indirect supplier engagement to encourage their involvement and support during the investigation, and thus allow us to gain more traceability across our supply chain.

2/ Risk monitoring and grievances

Grievance mechanism - Since 2016 L'Oréal implemented a close monitoring of the grievances observed in its supply chain. The "palm alert procedure" is activated as soon as informed by a potential breach to the policy even at upstream stages of the supply chain, far beyond first-tier suppliers. L'Oréal then immediately cascades information to its direct/indirect suppliers for them to investigate further along their supply chains, set up clear time-bound milestones to bring their concessions into compliance & take appropriate business decision, going up to business disengagement if progress is not met. Despite the existence of this grievance procedure developed at L'Oréal level, understanding and acting on grievances remains difficult. For this reason, since 2024, L'Oréal additionally uses the ASD grievance management system as a means of addressing collectively the most serious cases in the palm industry. When a grievance is raised as high priority at ASD level, L'Oréal is including it in its own grievance procedure, the Palm Alert Procedure. L'Oréal is actively contributing as a lead within the ASD Grievance Taskforce to support grievance response management guidance with the actions companies could take, individually and collectively, to properly respond to grievances. L'Oréal continues to participate to engage all ASD members by sharing regular updates on high priority grievances along with recommendations of action plans based on ASD Secretariat's analysis and external stakeholders' consultation, among them RAN, Mighty Earth, Proforest, Earthworm or Aidenvironment.

Proactively identifying deforestation:

As part of L'Oréal's strategy to identify risks along its value chain L'Oréal has reinforced in 2024 its partnership with The Tree Map (started in 2022) to adopt its own proactive and satellite-based deforestation monitoring tool: Nusantara Atlas (<https://nusantara-atlas.org/>) to identify deforestation in palm oil sourcing areas. This tool allows L'Oréal to track deforestation and locate mills and plantations that are not compliant with deforestation free requirements, based on satellite imagery and analysis of local expert teams. Initially deployed in Indonesia only, L'Oréal supported the development of the Nusantara Atlas tool in 2022 to expand the geographical scope to Malaysia and cover all its palm-based volumes. This tool allows L'Oréal to proactively address potential grievances linked to deforestation practices. In 2023, mills that have been identified as presenting a high risk of deforestation or development on peatland, have been integrated into an exclusion list which is shared with suppliers, requesting them to stop sourcing from these mills.

L'Oréal Exclusion Mill List:

In 2023, L'Oréal released for the first time an exclusion list of mills for its suppliers that asks direct suppliers to disengage from mills linked to deforestation or ongoing grievances. This list was built based on:

- A proactive deforestation analysis identifying the mills most at risk (using Nusantara Atlas).
- A list of mills connected to grievances in the palm sector potentially connected to L'Oréal's supply chain.

Discussions are underway with traders regarding the implementation of this exclusion list.

Investment in field projects:

As part of its strategy, L'Oréal has been funding and actively supporting field projects since 2015 (see more detail part 5: Implementation of Field projects) to support small-scale palm oil producers. These projects are inspired by the principles and criteria of the RSPO and contribute to the inclusion of small producers in international supply chains, while enabling them to make a decent living from their work. They also strengthen connections with production areas, encouraging the adoption of good agricultural practices and the implementation of NDPE policies. The projects financed by L'Oréal contribute to promoting the production of certified sustainable palm oil.

In addition to projects focusing on certification, conservation of natural ecosystems and the promotion of good agricultural practices, L'Oréal is engaged in human rights issues through the following initiatives :

Since 2022, L'Oréal is supporting the HER respect project led by BSR, together with 5 other ASD members with the objective to encourage « positive gender norms » at the level of two selected plantations in Indonesia and address gender-based violence. In 2024 a worker voice pilot survey dedicated to gender-based violence is being launched. It will allow to comprehensively assess the current circumstances faced by women in plantation and design an adapted remediation action plan.

Since 2019, L'Oréal has been supporting its supplier Wilmar & Business for Social Responsibility's (BSR) in the development of a Child Protection Policy and Implementation Manual dedicated to palm supply chain in Indonesia and Malaysia, with a series of training workshops for suppliers in Indonesia. To ensure suppliers are able to understand and implement the Child Protection Implementation Manual in a practical and sustainable manner, the next step will be to conduct a pilot to test and refine the manual's practical applicability, build supplier capacity to address child protection issues in selected palm oil estates in Indonesia and Malaysia, and subsequently share key lessons learned.

3/ Supplier evaluation and engagement

To ensure the sustainability of our supply chain, L'Oréal strongly believes in supplier evaluation and engagement. Several tools have been developed to support L'Oréal's commitment to sourcing sustainable palm oil and to evaluate both direct and indirect suppliers.

For direct suppliers, L'Oréal has been using the Sustainable Palm Index (SPI) since 2016. The tool considers the supplier's achievements in terms of knowledge and transparency of their own supply chain, sustainable procurement practices and compliance with L'Oréal's Forest Policy but recognizes also their commitment to progress. Suppliers are requested to provide means of proof for each criterion. The information disclosed is verified by an independent party. The ranking allows differentiating 4 levels of practices, in compliance with L'Oréal's expectations. The SPI is integrated into the suppliers' performance rating, to enable purchasing teams worldwide to align business decisions with supplier's commitments and practices. The SPI is a very efficient way to make our suppliers continuously improve their policies and practices. As a result, in 2023 (based on 2022 volumes) 90% of L'Oréal Suppliers were evaluated as "Satisfactory Practices" and "Best in Class practices", compared to 29% in 2016. The SPI supports the promotion of CSPO and sustainable practices at a larger scale in the sector: in 2023, 10 ASD members engaged 112 direct suppliers through the SPI.

In 2024, L'Oréal will deploy the Sustainable Palm Index (SPI) tool for the 9th consecutive year, with the goal to continuously progress on our final score. In order to do so, we will put in place specific action plans to support our suppliers in their journey towards sustainability through dialogue, training, webinars and bilateral discussions. This year, the SPI will also include more transversal and qualitative questions on human rights, water management, biodiversity and carbon to assess our suppliers on a broader scale.

Apart from the SPI, L'Oréal also uses indirect supplier evaluation tools to engage with its direct suppliers and make sure that its value chain remains aligned with our commitments such as the positive list of refineries combining different methodologies and criteria (SPOTT, NDPE IRDF, presence of a grievance mechanism...) to prioritize committed refineries; and the exclusion mill list (EML) that asks direct suppliers to disengage from mills linked to deforestation or ongoing grievances. In 2024, these tools will be once again improved and updated in order to refine their methodology and to include the sector's most pressing challenges on sustainable palm oil.

4/ Stakeholder engagement

Since 2019, L'Oréal is a founding member of the Action for Sustainable Derivatives (ASD), a collaborative cross-industry initiative co-managed and co-facilitated by BSR and Transitions to spur action for accelerating the sustainable production

and sourcing of palm oil and palm kernel oil derivatives. To date, this initiative involves 35 multi-sectorial actors of the palm and oleo chemical industry, representing ~11% of the global palm-based oleochemicals market (in terms of volumes). As a sponsor of the initiative, L'Oréal has shared its methodologies throughout the sector, notably regarding transparency and traceability, with the Sustainable Palm Index, and actively contributed to the ASD working groups and to the ASD Grievance Taskforce. This initiative also intends to provide tangible solutions, scale up efforts towards compliance with NDPE principles and create synergies between diverse actors for the implementation of field sustainable sourcing projects. The 2023 Annual Update on Progress is publicly available at: <https://static1.squarespace.com/static/6166ce0aec25090d097ac817/t/654b714633137e7c0c6223d2/1699443031062/ASD+Annual+Update+on+Progress+2023.pdf>

In addition, L'Oréal supported in 2021 a resolution at the 18th General Assembly of RSPO Members which was adopted, aiming at "Enhancing the robustness of the RSPO Mass Balance model to accelerate uptake of Certified Sustainable Palm Oil", along with peers, suppliers, WWF and ZSL. Acknowledging the fact that 100% CSPO production can only be obtained through strong and robust certification schemes such as SG or IP, MB currently remains an important part of the volumes of CSPO sold on the market. With a final target of shifting the industry to physical certification as the most direct and efficient scheme to achieve control over the supply chain, this proposition aims to enhance the robustness of the MB model, both at the plantation and at the supply chain level, recognizing its role as an intermediary way to drive overall industry uptake of CSPO. As this resolution was adopted, a detailed study to investigate the inherent structural and business limitations in the current Mass Balance (MB) model was conducted in 2022. The aim is to obtain a set of recommendations to enhance the robustness and the accessibility of the Mass Balance model, including the expected minimum level of environmental and social safeguards required for the non-certified materials entering MB supply chains. In 2024, L'Oréal will continue to engage in structuring discussions on sustainable and certified palm oil through different instances and events such as the RSPO Standard Standing Committee (SSC), the SPOD meeting and the RSPO RoundTable at the end of the year. L'Oréal will also continue to create dialogues with other institutions in the sector, such as the POCG, the POIG and the CPF-FPC.

5/ Implementation of Field projects

As part of its strategy, L'Oréal pursues its strong commitment to supporting independent smallholders through concrete field initiatives. Currently, L'Oréal is directly involved in 5 field projects the group found and direct in Indonesia and Malaysia to support smallholders in implementing best management practices and achieving RSPO certification.

The SPOTS project is implemented by Wild Asia teams in Sabah, Malaysia, launched in 2015 and renewed in 2022. The project is part of the Sabah Jurisdictional Approach for Sustainable Palm Oil (JASPO) initiative and aims to support 3500 independent smallholders by 2025: implement sustainable land management (low carbon, organic, soil improvement methods), support to RSPO certification, improve livelihood and resilience of communities, implementing Bio farms. As of 2023, 1,261 smallholders adopt better farming practices and contribute to improving their livelihoods and 931 are RSPO certified. By 2025, we expect to achieve RSPO certification for 3,500 smallholders.

The Jambi project is implemented by SNV, in Jambi province in Indonesia. This is the second phase of a project that ended in 2023, and L'Oréal has recommitted to financing a second phase of 5 years. The project has various objectives, including promoting good agricultural practices, developing regenerative agriculture, setting up composting units, contributing to research by studying oil palm replanting strategies for small-scale producers, and supporting RSPO certification. In this second phase of the project L'Oréal partners with CIRAD (French Agricultural Research Centre for International Development) in Jambi for evaluating impact of agricultural practices on soils quality & productivity of palm trees, understanding the replanting needs in the project area, and implement directly the recommendation with smallholders. The project supports 12 500 smallholders. 833 obtained RSPO certification and 1000 additional expected in the 5 coming years.

The RIAU project is a partnership with WILMAR and aims to structure local producer organizations, train them in NDPE policies and begin the certification process. L'Oréal is financing field audits conducted by Daemeter to guarantee compliance with the NDPE in the project area. The project is supporting 4 157 smallholders in 2023.

All these smallholders are people supported through the L'Oréal Inclusive Sourcing program, that aim to bring a positive social impact with our suppliers to communities working in the group supply chain.

L'Oréal is also committed on 2 field projects in collaboration with other companies:

The Siak Pelalawan Landscape Programme is a private sector-driven initiative working on preserving forests and peatlands, empowering small-scale oil palm farmers to improve their livelihoods, supporting the respect of labour and human rights in palm production and, finally, as part of the jurisdictional approach, integrating sustainable palm oil production objectives into district policies and plans. The project is implemented by Proforest and Daemeter.

The Livelihoods project is a private-sector initiative financed by L'Oréal, Danone, Mars, the Livelihoods funds and Musim Mas. The project is being implemented by SNV over a ten-year period in North Sumatra, Indonesia, and aims to support the adoption of best agricultural practices, regenerative agriculture and income diversification for independent smallholders. It also focuses on forest protection and biodiversity restoration.

Shared Responsibility

The Board of Governors of the Roundtable on Sustainable Palm Oil approved new Shared Responsibility rules on 31 October 2019, requiring all members to share sustainability requirements and obligations. Reporting of Shared Responsibility (SR) requirements will be done through ACOP and MyRSPO. As the process of verification of the reports is in development, the Shared Responsibility section in ACOP may change in future ACOP cycles. Evidence to show compliance to the SR requirements shall be uploaded via your membership profile in MyRSPO. Please login to your MyRSPO account and upload the relevant policies, plans and relevant reports there. If you do not have a policy or your policy does not cover all items, you will be required to provide a Declaration of Support for the relevant policy items in your MyRSPO profile. Additional information on the required policies and plans applicable to all sectors as well as the annual uptake targets for supply chain actors can be found on <https://rspo.org/members/shared-responsibility> or email the Shared Responsibility team at sharedresponsibility@rspo.org.

SR 1. Transparency

1.1 Does your organisation have organisational management documents publicly-available?

Yes

SR 2. Ethical Conduct

1.2 Does your organisation have a publicly-available policy covering Ethical Conduct, including for recruitment and contractors?

Yes

SR 3 and SR 4. Legal Compliance

1.3 Does your organisation comply with all applicable legal requirements?

Yes

1.4 Does your organisation require its third party contractors to comply with legal requirements?

Yes

SR 7. Claims and labels

1.7a Does your organisation promote the use of off-product RSPO claims and labels?

No

SR 8. Information and outreach activities

1.8 Does your organisation implement transparent communication and outreach activities to promote sustainable palm oil?

Yes

SR 9. Human Rights

1.9 Does your organisation have a publicly-available Policy on respect for human rights, including for suppliers and sub-contractors?

Yes

SR 10. Complaints & Grievances**1.10 Does your organisation have a Grievance Mechanism that is accessible to all affected parties?**

Yes

1.10.1 Is your Grievance mechanism in line with the principles of the RSPO's Complaints System?

Yes

SR 11 and SR 12. Land Use and FPIC**1.11a Does your organisation have a policy covering Commitment to respect Free Prior and Informed Consent (FPIC) in the operational Palm Oil Supply chain?**

Yes

1.11a.1 Does your organisation have a procedure in place to identify legal, customary or user rights, and people entitled to compensation?

No

SR 13 and SR 14. Smallholders inclusion**1.13 Does your organisation support oil palm smallholders (groups)?**

Yes

SR 15 - SR 20. Labour & Labour Rights**1.15 Does your organisation have a publicly-available policy covering Labour & Labour Rights?**

Yes

1.15.1 Does the policy cover:

- No discrimination and equal opportunities
- Pay and conditions of the workers.
- Freedom of association and Collective bargaining
- Protection of children and remediation for suppliers and third party contractors.
- Prevention of all forms of harassment, including sexual harassment
- No forced or trafficked labour

SR 21. Occupational Health & Safety**1.21 Does your organisation have a publicly-available Policy covering Occupational Health & Safety?**Yes

SR 22. Waste Management**1.22a Does your organisation have a waste management plan that includes reduction, recycling, reusing and disposal based on the hazardous characteristics?**Yes

1.22a.1 Is this plan implemented?Yes

SR 23. Water Management**1.23 Does your organisation have a water management plan to promote efficient use and continued availability of water sources?**Yes

1.23.1 Is this plan implemented?Yes

SR 24. Energy Use**1.24 Does your organisation have an energy use plan to improve the efficiency of the fossil fuels used and to optimise renewable energy?**Yes

1.24.1 Are there records of implementation of the plan ie. monitoring and reporting?Yes

SR 25. Climate Change and Greenhouse Gases (GHG)**1.25 Does your organisation have a publicly-available policy covering Climate Change & Greenhouse Gas (GHG) including identification and assessment of GHG emissions and implementation of a plan to reduce or minimise them?**Yes

SR 26. Promotion of certification/uptake

1.26b Does your organisation meet the SR CSPO uptake target?

Yes _____

SR 27. Sustainable Palm Oil Policy

1.27a Does your organisation have other relevant policies as a sustainable palm oil sourcing policy?

Yes _____

SR 28 and SR 29. Support and resourcing

1.28 Does your organisation provides services and support to RSPO and resources to implement SR?

Yes _____

Challenges and Support

1.1 What significant obstacles or challenges has your company encountered in the promotion of certified sustainable palm oil (CSPO)? What efforts has your company taken to address these obstacles or challenges?

- Awareness of RSPO in the market
- Difficulties in the certification process
- Certification of smallholders
- Competition with non-RSPO members
- High costs in achieving or adhering to certification
- Human rights issues
- Insufficient demand for RSPO-certified palm oil
- Low usage of palm oil
- Reputation of palm oil in the market
- Reputation of RSPO in the market
- Supply issues
- Traceability issues
- No challenges faced
- Others

Others

In 2014, L'Oréal launched its Zero Deforestation policy, committing that by 2020 none of its products would be linked to deforestation. Since then, L'Oréal has been implementing a holistic action plan to drive responsible sourcing within its supply chains derived from key agricultural commodities, including palm oil and palm-based derivatives. In 2021, L'Oréal has reaffirmed the Group's commitment to forest conservation and rehabilitation, as well as respect to Human Rights through the publication of its 2030 Forest Policy. For L'Oréal which purchases few volumes of crude palm oil and uses essentially palm oil and palm kernel oil-based derivatives (fatty acids, fatty alcohols and glycerin), here are the very specific obstacles and actions taken to overcome them:

1/ The competitiveness of the oleo derivatives market coupled with a very high level of complexity and ramifications of supply chains with a multiplicity of actors involved, which implies: No traceability, lack of transparency of intermediary suppliers not exposed to a reputational risk like end-users.

To counter this obstacle, L'Oréal relies on several pillars of its roadmap:

- The transparency investigation conducted for the 9th consecutive year is the basis of our due diligence process. It allows us to have more visibility on our supply chain and to engage our suppliers on sustainable palm oil and palm derivatives, and thus reduce the complexity and lack of transparency of the derivatives sector.
- The risk monitoring and grievances mechanism that we implement through our Palm Alert Procedure, the Nusantara Atlas tool, and our participation in the ASD grievance taskforce help us to monitor and manage the risks that take place at the beginning of our supply chain.
- L'Oréal also relies on supplier engagement through its evaluation tools like the SPI, but also the positive list of refineries and the exclusion mill list that allows us to start a dialogue on sustainable palm oil with our suppliers. L'Oréal also engages in bilateral supplier engagement, webinars and trainings to support our suppliers in their journey towards sustainable palm supply chains.
- Stakeholder engagement in coalitions like the ASD and the RSPO allows L'Oréal to discuss with other members tools and collective solutions to gain more traceability and overcome the obstacles to acquire certified sustainable palm oil. The transparency investigation has been implemented through the ASD since 2019 and allows 35 members to engage with more than 400 suppliers in the sector of palm derivatives. The grievance taskforce within the ASD supports the development of a grievance prioritization methodology based on severity, connection to ASD supply chain and exposure. This methodology, reviewed by external independent experts in 2021 has been applied to a comprehensive list of grievances since 2022, resulting in a focused list of high priority grievances to engage on. L'Oréal will continue to actively contribute to the Grievance Taskforce in order to develop grievance response management guidance with the actions companies could take, individually and collectively, to properly respond to grievances. L'Oréal also engages all ASD members by sharing regular updates on high priority grievances along with recommendations of action plans based on ASD Secretariat's analysis and external stakeholders' consultation, among them RAN, Mighty Earth, Proforest, Earthworm or Aidenvironment.
- L'Oréal also supports 5 field projects linked to its supply chain that enables us to gain traceability of our volumes and transparency and control on our supply chain.

2/ Availability and price of RSPO certified volumes:

Several challenges are observed when it comes to availability of RSPO certified volumes. Either on Mass Balance certified derivatives where availability is sometime at stake; or for RSPO SG, where the market price could be seen as a bottleneck for purchase. L'Oréal has been proactive in engaging its supplier in the journey, pushing them to use and buy RSPO certifications. Considering the low volumes we purchase, our lever of influence is very weak to impact the market price.

L'Oréal has been very proactive in pushing its suppliers to deliver and commit to buy RSPO Mass Balance grade as a minimum. The Group has continuously increased its percentage of physically certified supply chain for palm-based derivatives with the target to reach 100% RSPO MB, combined with responsible and sustainable local sourcing projects covering at least 30% of L'Oréal's volumes of palm-based derivatives by end 2024. For the coming years, we will probably switch a part of our sourcing from Mass Balance to Segregated model. We expect the EUDR will help to increase the SG offer on the market. However, some remaining challenges still exist for palm-based derivatives.

In order to overcome these challenges, L'Oréal has contributed in 2019 to the creation of the Action for Sustainable Derivatives (ASD) initiative. Indeed, being a small actor of the palm industry, one of the levers to address these challenges is to work collectively with other players to increase the demand for RSPO certified materials and push the upstream players for more RSPO certification.

L'Oréal supported in 2021 a resolution at the 18th General Assembly of RSPO Members which was adopted, aiming at "Enhancing the robustness of the RSPO Mass Balance model to accelerate uptake of Certified Sustainable Palm Oil", along with peers, suppliers, WWF and ZSL.

Acknowledging the fact that 100% CSPO production can only be obtained through strong and robust certification schemes such as SG or IP, MB currently remains an important part of the volumes of CSPO sold on the market. With a final target of shifting the industry to physical certification as the most direct and efficient scheme to achieve control over the supply chain, this proposition aims to enhance the robustness of the MB model, both at the plantation and at the supply chain level, recognizing its role as an intermediary way to drive overall industry uptake of CSPO. As this resolution was adopted, a detailed study to investigate the inherent structural and business limitations in the current Mass Balance (MB) model was conducted in 2022. The aim is to obtain a set of recommendations to enhance the robustness and the accessibility of the Mass Balance model, including the expected minimum level of environmental and social safeguards required for the non-certified materials entering MB supply chains.

3/ The new EUDR requiring full traceability and Due Diligence

As the requirements for the EUDR do not always align with the RSPO criteria, finding palm derivatives volumes that are both EUDR compliant and RSPO certified has proved to be challenging. As a result, L'Oréal has engaged in a dialogue both with its suppliers and within sector coalitions and events on how to address this challenge. L'Oréal is keeping its commitment to buy commodities, such as Palm Oil derivatives from sustainable sources, and will reinforce the pillar 3 of its policy on traceability. There might be opportunity for a stronger SG market that will be closely watched by L'Oréal.

4/ Lack of involvement of the millers to support independent smallholders into the adoption of sustainable practices.

L'Oréal's objective is to have 30% of its total derivatives volumes coming from sustainable field projects supporting Independent Smallholders in its key sourcing areas. As the final off-taker, L'Oréal indirectly supports pluri-annual premium-based commitment to purchase the smallholders' RSPO certified production, including upstream intermediaries. Through 5 projects, L'Oréal initiates a long-term business relationship with every actor of the value chain, which is inclusive for the independent smallholders, and disruptive with regards to the rules of a traditional commodity market. In 2023, L'Oréal covered 31% of its physical sourcing on palm-based derivatives from the 5 projects with independent smallholders exposed above. To monitor the good practices of palm producers in project area, NDPE assessments were conducted in 2022 and 2023 by Daemeter on 3 field projects, to ensure those projects are compliant with L'Oréal 2030 Forest Policy.

1.2 In addition to the actions already reported in this ACOR report, what other ways has your company supported the vision of the RSPO to transform markets to make sustainable palm oil the norm?

- Communication and/or engagement to transform the negative perception of palm oil
- Engagement with business partners or consumers on the use of CSPO
- Engagement with government agencies
- Engagement with peers and clients
- Promotion of CSPO through off product claims
- Promotion of CSPO outside of RSPO venues such as trade workshops or industry associations
- Promotion of physical CSPO
- Providing funding or support for CSPO development efforts
- Research & Development support
- Stakeholder engagement
- No actions taken
- Others

Others

Inclusive and holistic cross-commodity Forest Policy

Within its Forest Policy, L'Oréal is committed to contributing to the maintenance and improvement over time of forests and the services they provide, through two main pillars: "Sustainably Manage" and "Preserve and Rehabilitate". The Sustainably Manage pillar is built on a cross-commodity level with specific roadmaps (palm, timber, soy, coconut...) with the objective of transforming markets to achieve sustainability and deforestation-free value chains. The Preserve and Rehabilitate pillar aim at supporting field projects that implement conservation and/or restoration of natural ecosystems with a first focus on 6 priority commodity supply areas, including its sourcing in palm-based products.

L'Oréal has also redefined the contribution of the sustainable palm roadmap to its targets and objectives on water, carbon and biodiversity to make sure that it contributes to a broader scale and considers transversal issues in its impacts.

Human Rights Policy

Likewise, L'Oréal has integrated the issue of Human Rights in its sustainable palm roadmap with different levers both through individual and collective action, with a specific focus on gender issues in the palm sector. L'Oréal has launched in 2021 a collaboration with the NGO Vérité to strengthen L'Oréal's palm oil human rights due diligence program for direct and indirect suppliers. Within this framework, Vérité conducted an in-depth examination of the human rights situation in L'Oréal's palm and palm-based derivatives supply chains to investigate whether there are human rights abuses in palm plantations and mills linked to L'Oréal's supply base, as well as the scale and root causes of the issues. This was done through a high-level human rights risk assessment, as well as with a focused assessment and in-depth analysis at the level of selected mills.

In addition, L'Oréal has also launched in 2021 a comprehensive review of its human rights due diligence program and tools (SPI, Grievance procedure, NDPE field assessment methodology) to be able to strengthen systems to assess and verify human rights and labor issues at various layers of the supply chain. Those improvements were integrated into L'Oréal's due diligence tools in 2022.

Since 2022, L'Oréal is supporting the HER respect project led by BSR, together with 5 other ASD members with the objective to encourage « positive gender norms » at the level of two selected plantations in Indonesia and address gender-based violence. In 2024 a worker voice dedicated to gender-based violence will be launched. It will allow to comprehensively assess the current circumstances faced by women in plantation and design an adapted remediation action plan.

L'Oréal has been actively engaged in elaborating human rights strategy at ASD level, and is co-leading the ASD Human Rights Working group.

Independant smallholders' inclusion

With the EUDR coming into force in December 2024, L'Oréal is currently assessing the technologies available to maintain smallholders in the supply chain. As part of this effort, L'Oréal is driving a pilot project for smallholder traceability to plantation with 4 mills in Malaysia that aims to support smallholders in complying with traceability regulations and proving non deforestation.

Proactively identifying deforestation:

As part of L'Oréal's strategy to identify risks along its value chain L'Oréal has reinforced in 2024 its partnership with The Tree Map (started in 2022) to adopt its own proactive and satellite-based deforestation monitoring tool: Nusantara Atlas (<https://nusantara-atlas.org/>) to identify deforestation in palm oil sourcing areas. This tool allows L'Oréal to track deforestation and locate mills and plantations that are not compliant with deforestation free requirements, based on satellite imagery and analysis of local expert teams. Initially deployed in Indonesia only, L'Oréal supported the development of the Nusantara Atlas tool in 2022 to expand the geographical scope to Malaysia and cover all its palm-based volumes. This tool allows L'Oréal to proactively address potential grievances linked to deforestation practices. In 2023, mills that have been identified as presenting a high risk of deforestation or development on peatland, have been integrated into an exclusion list which is shared with suppliers, requesting them to stop sourcing from these mills.

L'Oréal Exclusion Mill List:

In 2023, L'Oréal released for the first time an exclusion list of mills for its suppliers. This list was built based on:

- A proactive deforestation analysis identifying the mills most at risk (using Nusantara Atlas).
- A list of mills connected to grievances in the palm sector potentially connected to L'Oréal's supply chain.

Discussions are underway with traders regarding the implementation of this exclusion list.

1.5 If your company has any other publicly-available reports or information regarding its palm oil-related policies and activities, please provide the links here

Universal Rerential Document :

https://www.loreal-finance.com/system/files/2024-03/LOREAL_2023_Universal_Registration_Document_en.pdf

Annual Report Social & Environmental performance :

<https://www.loreal-finance.com/en/annual-report-2023/social-environmental-performance/>

Legal compliance :

https://www.loreal-finance.com/system/files/2024-03/LOREAL_PLAN_VIGILANCE_2023_UK_1.pdf

FOREST POLICY :

<https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/3-commitments/for-the-people/respecting-human-rights/loreal-for-the-future--2030-forest-policy.pdf?rev=bceef25d7c794586a121053e0383b610#:~:text=In%202014%2C%20L'Or%C3%A9al%20launched,would%20be%20linked%20to%20deforestation>

Human Right Policy:

<https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/documents-media/publications/commitments/l-oreal-human-rights-policy.pdf>

Code of ethics & L'Oréal SPEakUp :

<https://www.loreal.com/en/group/governance-and-ethics/our-ethical-principles/>

L'Oréal Supplier code of conduct :

<https://www.loreal.com/en/articles/commitments/loreal-mutual-ethical-commitment-letter/>

L'Oréal For The Future – Protecting the Forest :

<https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/3-commitments/for-the-planet/3-pagers-updates-160523/en/protecting-forests--loral-for-the-future.pdf?rev=a252c73a4dd44008b69f2d484d825975&hash=0A7AEE02B595A6326BA16D4F6DAEA010>

L'Oréal Inside our products :

<https://inside-our-products.loreal.com/ingredients/palm-oil>

L'Oréal Palm Alert Procedure :

<https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/documents-media/publications/commitments/palalert20-07-2018.pdf>

L'Oréal SPI :

<https://www.loreal.com/en/articles/l-oreal-pour-le-futur/including-the-fight-against-deforestation-in-the-supplier-selection-process/>

Supply chain Transparency :

list of suppliers : <https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/3-commitments/sharing-beauty-with-all/list-of-direct-suppliers-2022.pdf?rev=93739284caf44ad783659d100360dc1f&hash=9E3A92654BB364F36D75D57C4F50C97D>

list of mills : <https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/3-commitments/sharing-beauty-with-all/list-of-mills-potentially-connected-to-loreal-palm-supply-chain-2022--v1.pdf?rev=db69c076e8be47ceaccd2a2819d88ef7&hash=27025E0E3CB23F4923807DC9E744805F>

ASD

Impact report :

<https://static1.squarespace.com/static/6166ce0aec25090d097ac817/t/654b714633137e7c0c6223d2/1699443031062/ASD+Annual+Update+on+Progress+2023.pdf>

SPI : <https://sustainablederivatives.org/the-sustainable-palm-index>

Transparency campaign:

<https://www.loreal.com/-/media/project/loreal/brand-sites/corp/master/lcorp/documents-media/publications/14f/asdmethodologytransparency2020.pdf?rev=cc2458c71d5140b2ad1fd3682058029f&hash=AC2CDFAEC7B84394300949C0D5E55CCF>