



L'ORÉAL
GROUPE

Modern Slavery Statement 2022

L'ORÉAL AUSTRALIA PTY LTD

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#1

Beauty Group in Australia

900

Employees

30

Brands

In the spirit of reconciliation, L'Oréal Australia acknowledges the Traditional Owners and Custodians of Country throughout the land now known as Australia and their connections to land, sea and community. We pay our respects to their Elders past and present.

In this report, 'L'Oréal SA' and 'L'Oréal' refers to the global operating entity and global trading name respectively. All L'Oréal entities are ultimately wholly-owned or majority owned subsidiaries of L'Oréal SA (France).

In this report, all L'Oréal entities, including L'Oréal Australia Pty Ltd, are referred to collectively as the 'L'Oréal Group.' L'Oréal Australia Pty Ltd is a wholly owned subsidiary of L'Oréal SA. In this report, L'Oréal Australia Pty Ltd is referred to as 'L'Oréal Australia' or 'our' or 'we'.

Interpretations

Applicable Laws means the minimum core rules that are required to be complied with by the L'Oréal Group and Supplier, including in relation to non-discrimination, bullying and sexual harassment, child labour, forced or compulsory labour, working hours and freedom of association. Please refer to the L'Oréal 2022 Vigilance Plan for more information.

Universal Registration Document means the 2022 Universal Registration Document in application of Article 212-13 of the General Regulation of the Autorité des Marchés Financiers (AMF). The document includes the Integrated Report, the Annual Financial Report, the Vigilance Plan and the Social and Environmental Responsibility Report.

Mutual Ethical Commitment Letter (MECL) means the mandatory document to be executed by suppliers prior to engagement as part of L'Oréal's due diligence process. The document sets out audit requirements and ensures suppliers comply with the Applicable Rules.

International Labor Organization (ILO) means the United Nations agency whose mandate is to advance social and economic justice through setting international labour standards, including the Fundamental Conventions on Forced Labour, Child Labour, Equality and Freedom of Association.

Integrated Production Model means the global manufacturing network comprising of in-house manufacturing, contract manufacturing and contract packing operations, combined with raw material sourcing that form a holistic and connected eco-system to service demand for countries in which L'Oréal has an established presence.

Key Indirect Suppliers means L'Oréal Australia's top 69 indirect suppliers account for approximately 80% of its indirect spend.

L'Oréal Australia Onboarding Documents means those documents all suppliers are required to sign in order to supply services or goods to L'Oréal Australia. These documents require suppliers to commit to L'Oréal Australia's ethical and modern slavery standards, including an agreement to be subjected to the Social Audit Program. These documents include either a specific supply contract or the General Terms of Purchase, the Mutual Ethical Commitment Letter and the Supplier Integrity Letter.

Social Audit Program means the processes for audits, reporting, classification of risks, preparation corrective action plans, follow up and closing out of issues as conducted by the L'Oréal Group, which existed prior to the inception of the Modern Slavery Act 2018 (Cth).

Solidarity Sourcing means the program implemented by L'Oréal to promote social inclusion by helping economically vulnerable people find work and an income in France and countries where the L'Oréal Group operates.

Strategic Suppliers means suppliers whose added value is significant for the L'Oréal Group by contributing to L'Oréal's strategy through their weight, innovations, shared goals and geographical representation.

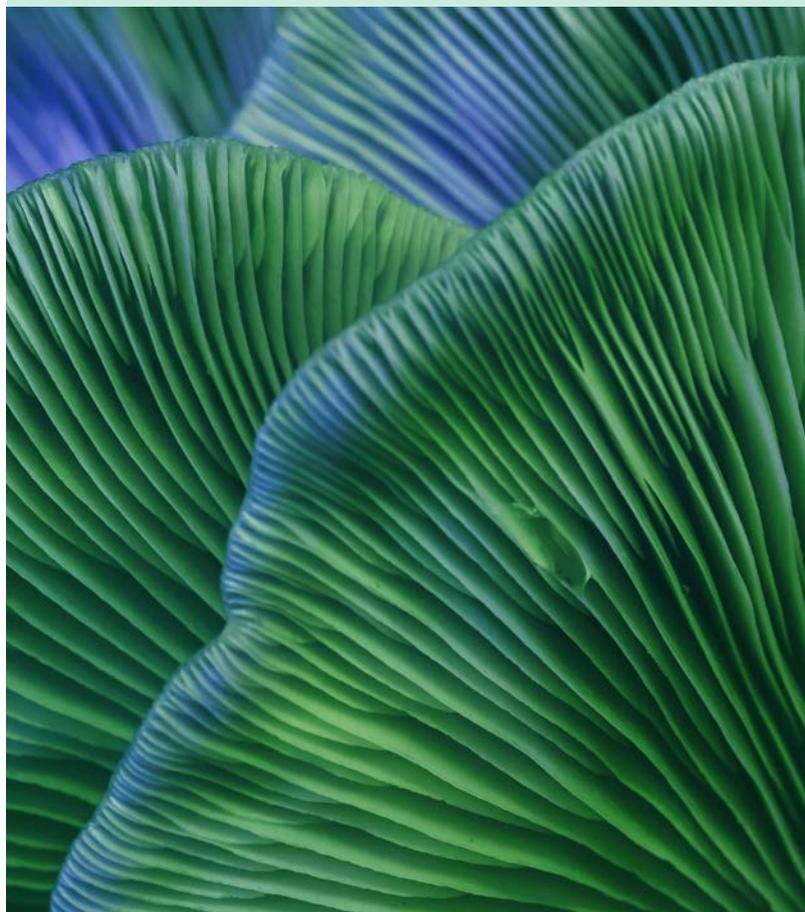
Tier 1 Suppliers means the last site of production of assembly of a final item (excluding final packing). Tier 1 Suppliers are expected to cascade L'Oréal SA's ethical standards within their own supply chains, as highlighted in the Social Audit Program and Ethics Commitment Letter.

Tier 2 Suppliers means the suppliers of Tier 1 Suppliers.

Verisk-Maplecroft means the leading research firm specialising in global risk analytics, country risk insight and trusted advisory and refers to the Verisk-Maplecroft Labour Rights and Protection, Corruption Risk and Rule of Law indexes.

Direct Suppliers means the network of L'Oréal-owned factories and manufacturers producing L'Oréal products under contractual arrangement, imported by L'Oréal Australia.

Indirect Suppliers means the network of vendors supplying L'Oréal Australia with services and materials as an enabler to sell finished goods.

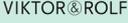


Identity

ITEM	DETAILS
REPORTING ENTITY NAME	L'Oréal Australia Pty Ltd (L'Oréal Australia) (also referred to as 'our' or 'we' throughout the Statement)
TRADING NAME	L'Oréal
REGISTERED OFFICE	Level 13, 564 St Kilda Road, Melbourne, Australia, 3004
ENTITY TYPE	Proprietary company
ACN	004 191 673
REGISTRATION STATUS	Registered
PLACE OF INCORPORATION	Australia
INDUSTRY	Cosmetics and beauty
GROUP STRUCTURE	L'Oréal Australia is a wholly owned subsidiary of L'Oréal SA (France)
OTHER ENTITIES OWNED OR CONTROLLED BY REPORTING ENTITY	None

Brands Overview

L'Oréal Australia's brand portfolio is organised by Division, each with its own specific vision of beauty, consumer universe and distribution channel.

CONSUMER PRODUCTS DIVISION (CPD)	LUXURY PRODUCTS DIVISION (LUXE)	PROFESSIONAL PRODUCTS DIVISION (PPD)	L'ORÉAL DERMATOLOGICAL BEAUTY (LDB)
     	               	     	  



A Statement from L'Oréal Australia Management

“Our sustainability program L'Oréal for the Future, focuses on two pillars. Firstly, our own business transformation and secondly, ensuring we empower our business eco-system. These also apply to the work we do to ensure we combat Modern Slavery - we must be vigilant both inside and outside of our company.”

Rodrigo Pizarro, CEO L'Oréal Australia & New Zealand

Being a part of the coalition of Australian businesses committed to ending modern slavery is a long-term commitment for L'Oréal Australia. As we present our third Modern Slavery Statement, our focus has been on embedding the steps to identify, address and report on the risks of modern slavery in our operations and supply chains, across all areas of our business.

The L'Oréal Group has been a signatory of the United Nations Global Compact since 2003, and we support the Fundamental Conventions of the International Labour Organisation (ILO), even though these conventions have not been ratified by all the countries in which we operate. The L'Oréal Group wants to help end the exploitation of children in the workplace and the use of forced labour.

In accordance with Principle 21 of the UN Guiding Principles on Business and Human Rights, the L'Oréal Group always strives for a transparent approach to public reporting on modern slavery and human rights issues.

Globally, L'Oréal has been widely recognised for our responsible business practices, including those related to human rights and combatting modern slavery. We were recognised in 2022 for the 13th time, as one of the 'World's Most Ethical Companies' by the Ethisphere® Institute and joined the UN Global Compact LEAD group in 2015 that brings together the most committed companies in the area of sustainability. Nevertheless, we

are not complacent. We are committed to ensuring that we always respect relevant laws and abide by the L'Oréal global Ethical Principles- Integrity, Respect, Courage and Transparency (Ethical Principles).

This statement describes the steps L'Oréal Australia has taken during the reporting period commencing 1 January 2022 and ending 31 December 2022 (Reporting Period 2022) to assess and address the risks of modern slavery in our business operations and supply chain. This Statement has been prepared in accordance with the Modern Slavery Act 2018 (Cth) and approved by the Board of L'Oréal Australia and the Management Committee.



Rodrigo Pizarro, CEO L'Oréal Australia & New Zealand

27th June 2023



Marnie Carroll, Corporate Affairs & Engagement Director and Human Rights Correspondent, L'Oréal Australia

27th June 2023



Key Initiatives in 2022

1

Continued use of the L'Oréal Australia procurement supplier risk matrix to address risks of modern slavery.



2

Modern Slavery awareness campaign for all employees, aligned with the International Day for the Abolition of Slavery.



3

Embedded our legal framework, including a modern slavery clause, to ensure precedents and relevant contracts require suppliers (including sub-contractors) to assess and address modern slavery risk in their operations and supply chains.

4

Streamlined modern slavery audits of our suppliers by following up where necessary and noting the findings from our modern slavery auditor.

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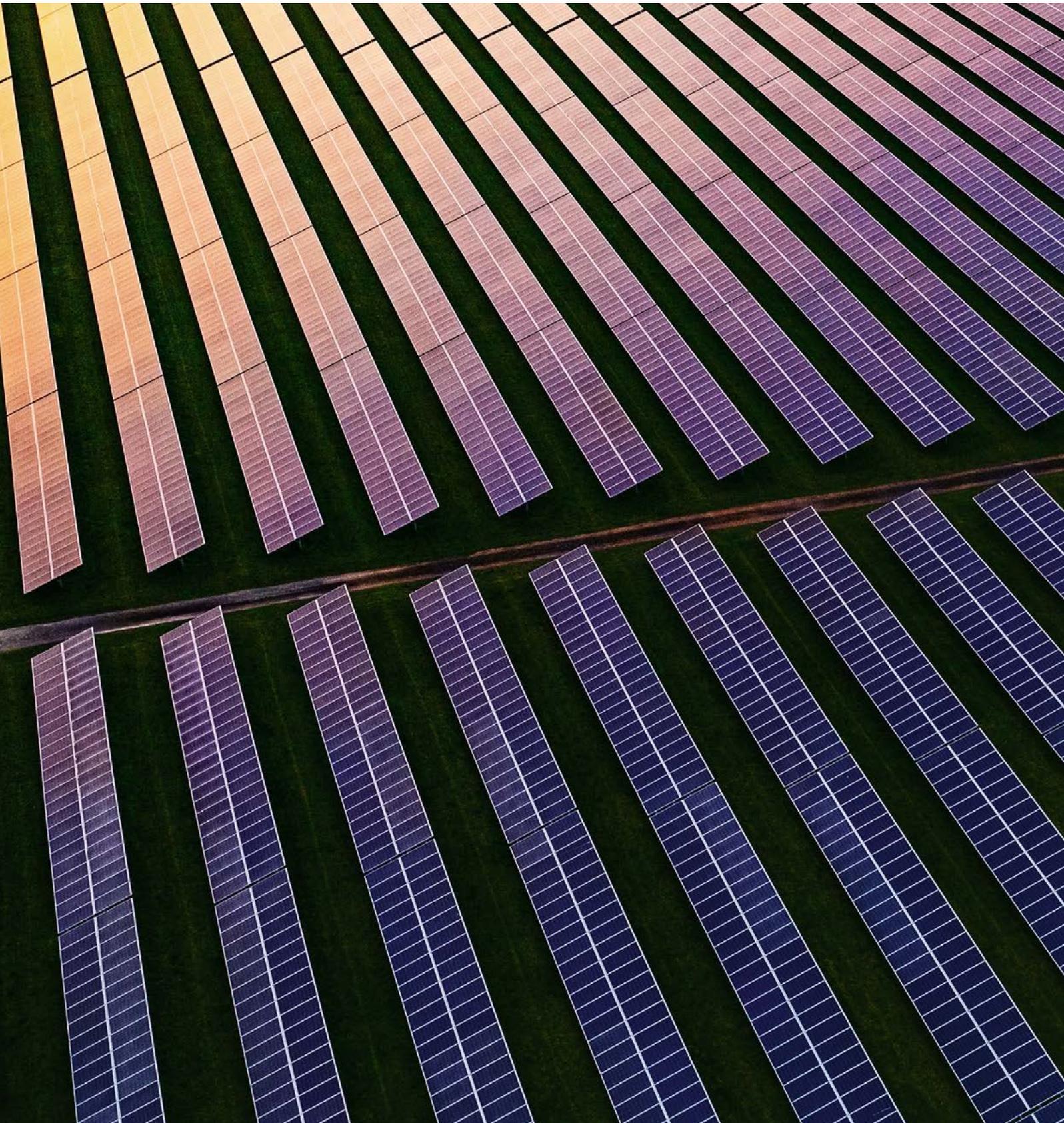
Executive team and Ethics Ambassadors trained on Human Rights and Modern Slavery fundamentals.



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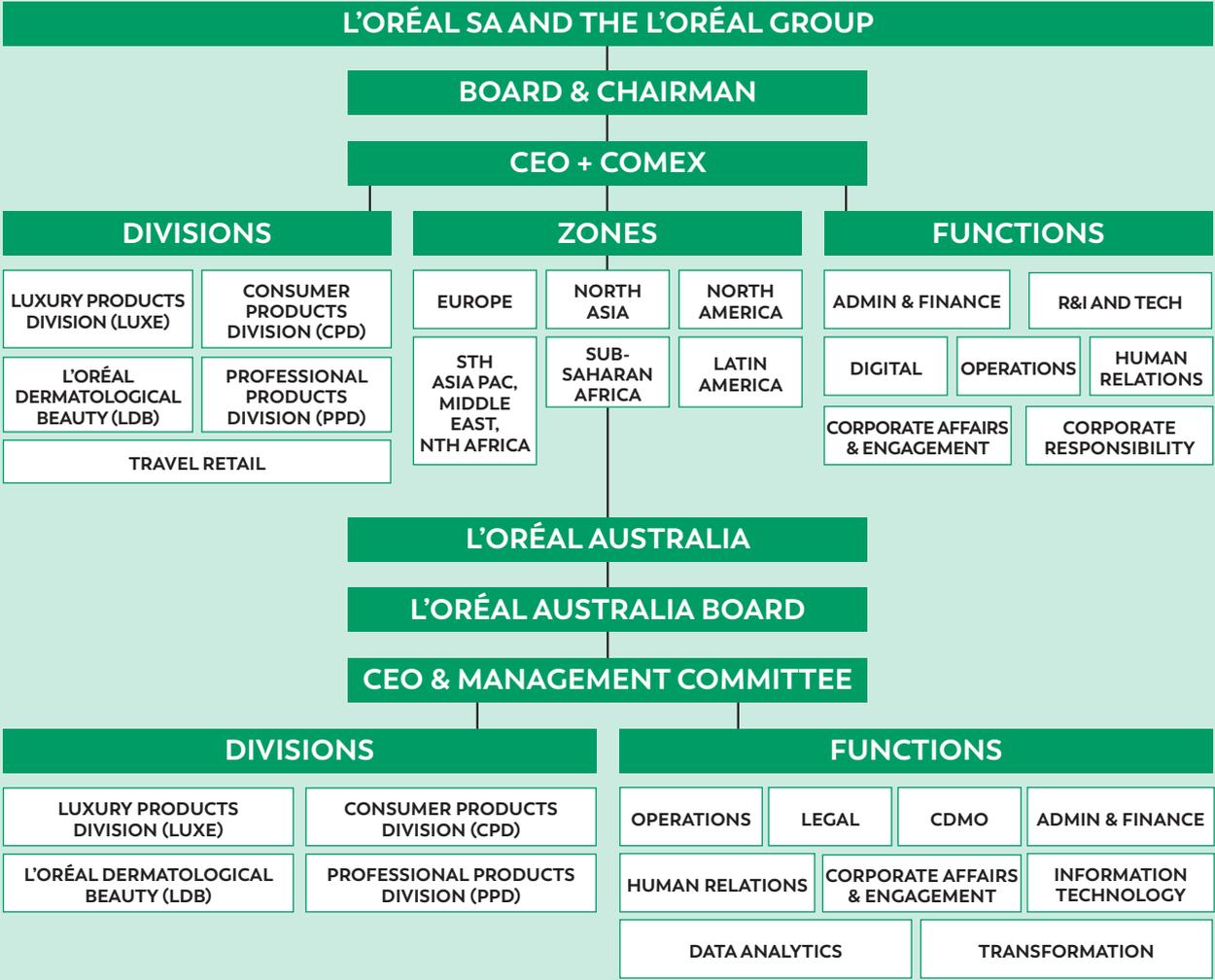
L'Oréal Australia team presented Modern Slavery Statement to L'Oréal global Human Rights network.

Our structure, operations and supply chain



Structure and Governance

L'Oréal, the world's largest beauty company, is head quartered in Clichy, Hauts-de-Seine, France. L'Oréal Australia is a wholly owned subsidiary of L'Oréal SA and is part of the L'Oréal Group. The L'Oréal Group operates as a global business, replicated at regional and local levels. The L'Oréal Group's governance structure maintains a cohesive global business based on the strong Ethical Principles.

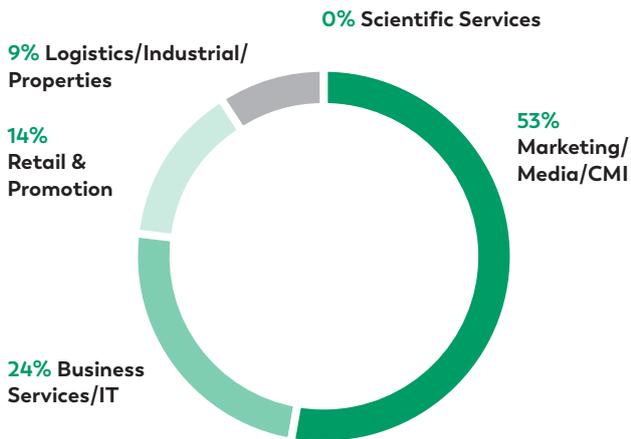


Our Operations

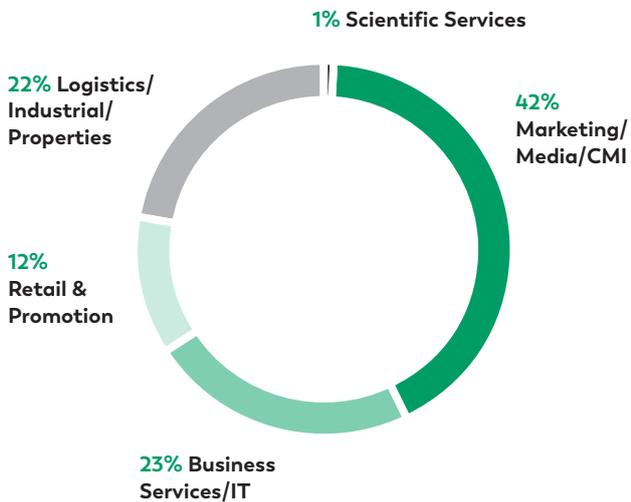
The L'Oréal Group operates in 150 countries and employs approximately 87,400 people. The L'Oréal Group has 38 manufacturing facilities, 152 distribution centres, 20 research centres, and 13 evaluation centres.

L'Oréal Australia benefits from the L'Oréal Group's Integrated Production Model whereby products are manufactured in factories controlled and managed by L'Oréal SA. This production is supported by centralised research and development, evaluation centres and raw material procurement functions which are managed by the centralised Operations Division for L'Oréal SA in Paris. L'Oréal Australia's operations are therefore focused on the corporate and business functions at its head office in Melbourne, local distribution via its two distribution centres, and training centres in Melbourne, Sydney, Adelaide and Brisbane.

L'Oréal Australia indirect spend



L'Oréal Group indirect spend



Supply Chain



Manufacturing



Quality



Environment, Health & Safety, Security



Sourcing



Product Development



Packaging Design

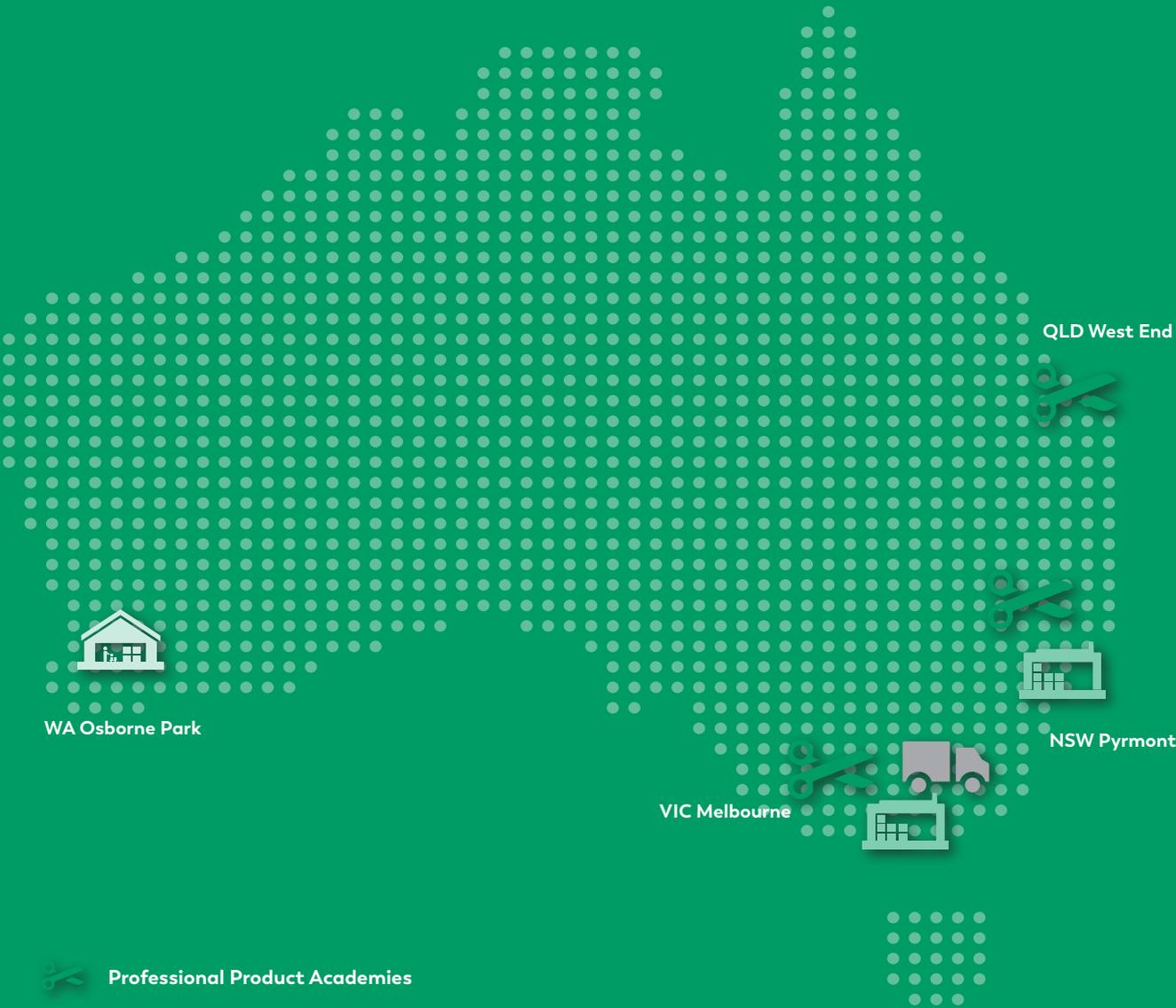


Finance, Information Systems, Human Resources, Communications

L'Oréal Australia Operations

L'Oréal Australia operates a diversified portfolio of products from 30 beauty brands in Australia, across the categories of cosmetics, hair, fragrance and skincare. L'Oréal Australia distributes beauty products to retailers across all Australian states and territories and operates training salons and two distribution centres. L'Oréal Australia employs over 900 people across the country in various roles and functions, including sales, marketing, operations and management.

L'Oréal Australia Operations and Sites

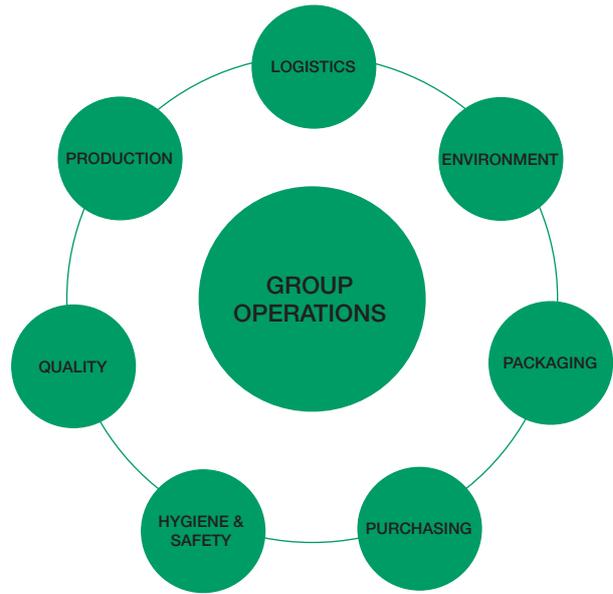


-  Professional Product Academies
-  L'Oréal Australia Pyrmont Office
-  L'Oréal Australia Head Office
-  L'Oréal Australia run Satellite Warehouse
-  L'Oréal Australia Distribution Centre

Our Supply Chain

Integrated Production Model

The L'Oréal Group operates a global Integrated Production Model through its L'Oréal Group Operations Division to enable product quality, traceability and transparency throughout the entire supply chain. L'Oréal Australia sources products from L'Oréal SA factories and selected contracted manufacturers. The Operations Division oversees the entire production chain from raw materials to delivery of end product for the L'Oréal Group, including L'Oréal Australia.



L'Oréal Australia's Supply Chain

Utilising the centralised Integrated Production Model and L'Oréal Group purchasing functions, L'Oréal Australia procures products from 23 L'Oréal factories and 3 L'Oréal buying agencies (all treated as Direct Suppliers).



- **Factories** (Total number of factories = 23)
- **Buying agencies** (Total number of buying agencies = 3)

L'Oréal Australia engages Indirect Suppliers and service providers in matters relating to property management, professional services, IT, transport, security, cleaning, catering, marketing, consulting, auditing and other business-related services. L'Oréal Australia's top 69 Key Indirect Suppliers account for approximately 80% of its 'indirect' spend. Our remaining suppliers, which make up the remaining 20% of L'Oréal Australia's indirect spend, all sign the L'Oréal Australia Onboarding Documents to emphasise the importance of compliance with L'Oréal Australia's modern slavery commitments.

Our Ethics Governance

L'Oréal SA's Chief Ethics, Risk & Compliance Officer reports directly to the Chief Executive Officer and leads a dedicated team to ensure L'Oréal endeavours to uphold its ethical values and standards. The Chief Ethics, Risk & Compliance Officer with support from L'Oréal SA's Executive Committee is responsible for ensuring the promotion and integration of best practices within the L'Oréal Group as well as providing guidance in ethical decision making. Further, they are tasked with handling any employee concerns and ensuring employees are trained in relation to ethics and raising potential human rights issues. The Chief Ethics, Risk & Compliance Officer has access to all information and documents relating to L'Oréal SA's activities and can call upon all of L'Oréal SA's resources to carry out their objective.

Each country, including L'Oréal Australia, has an Ethics Correspondent and a Human Rights Correspondent. The Ethics Correspondent supports the different corporate functions and acts as a local point of contact for all ethics related issues. The Human Rights Correspondent is responsible for contributing to, solving and reporting on Human Rights related issues or cases within their regions, and supporting local management in implementing action plans to address salient human rights issues, including the risks of modern slavery in our supply chains in coordination with the Ethics Correspondent, and reporting to the L'Oréal SA team.

The L'Oréal Australia Modern Slavery Committee (MS Committee) was established in 2020. Its mission is to build a framework of continuous improvement in assessing modern slavery risks, train employees, communicate priorities and acting to reduce the risk of modern slavery in our supply chains. It is composed of team members from the following business units: Procurement, Legal, Supply Chain and Corporate Affairs & Engagement as well as regular input from business divisions and the Sustainability Manager.

The Procurement team is responsible for ensuring that our modern slavery commitments are upheld by our suppliers. The Procurement team is also responsible for the local implementation of the Social Audit Program and for general supplier performance and compliance.



Identifying risks of modern slavery and actions taken



The L'Oréal Group acknowledges the inherent risks of modern slavery associated with many raw materials and geographic regions involved in the production of beauty products. With assistance from its external auditors, the L'Oréal Group developed a comprehensive risk mapping matrix for the Social Audit Program based on geography, industry and other factors contributing to the risks of non-compliance with the Applicable Rules, as detailed in the L'Oréal Vigilance Plan, including those relating to risks of modern slavery. The matrix is updated annually in accordance with Verisk-Maplecroft independent assessments of risks.

Overall assessment of risks in the L'Oréal Group's operations

The L'Oréal Group has identified parts of its operations which continue to be susceptible to the presence of risks of modern slavery, including:

- within its work force, particularly at the L'Oréal Group's manufacturing facilities in certain high risk geographic regions and industries;
- through sub-contracting by its Direct Suppliers and Indirect Suppliers; and
- in the supply chains of Indirect Suppliers who provide products and services to the L'Oréal Group entities, including office supplies, cleaning, catering, transport, waste removal, packaging and security services.

Assessment of risks in the L'Oréal Group's supply chain

The L'Oréal Group has expanded its risk mapping by identifying the potential key Human Rights risks worldwide and in 27 local markets. To do this, L'Oréal relied on the reporting framework of the Guiding Principles on Business and Human Rights (UNGP Reporting Framework). This identification process takes into consideration the severity, scale and potential of remediation, as well as the likelihood of its impacts for people throughout its value chain.

This study was conducted with an NGO specialised in the area, providing independent analysis. As a result of this analysis, the following salient risks were identified in the context of the application of the French Law on Duty of Vigilance:

- the risk of child labour among the employees of the Group's Suppliers;
- the risk of forced labour among the employees of the Group's Suppliers;
- the risk of job discrimination because of gender, age, disability, gender identity and sexual orientation of the employees of L'Oréal and the employees of the Group's Suppliers; and
- the risk of a lack of decent living wage for the employees of the Group's Suppliers.

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).

At a local level, L'Oréal recognises the susceptibility of both global freight and logistics, and local transport industries to modern slavery risks. This includes considering risks arising from vessel owners, managers and crewing agents as well as operators of vessels calling at the port. International freight contracts are managed by the L'Oréal Group, however these suppliers provide services to L'Oréal Australia. This means that international shipping and logistics operators are receiving greater investigation from L'Oréal Australia when compared with other countries in which L'Oréal operates, as L'Oréal Australia is required to manage any modern slavery risks identified in the operations of these suppliers.

In addition, locally L'Oréal Australia focuses on contract packers, which are suppliers that provide value-added services through re-packaging a portion of L'Oréal Australia's products, enhancing brand marketability (for example, shelf-friendly packaging formats) and labelling products to meet local regulations, such as dangerous goods. Contract packing operations rely on common manufacturing characteristics through labour hire, packaging suppliers and services to deliver customer requirements. This gives rise to an increased risk of modern slavery due to these workers being lower-skilled and/or temporary or migrant workers.

Actions taken to mitigate risks of modern slavery

L'Oréal subsidiaries and suppliers must comply with the minimum core rules outlined below. In Australia, all suppliers agree to these when they sign L'Oréal Australia's Onboarding Documents.

Non-discrimination: Acts of discrimination are serious violations of Human Rights that remain anchored in all regions of the world in which L'Oréal is present. Discrimination related to gender, sexual orientation and gender identity, disabilities, family situation, age, political and philosophical opinions, religious beliefs, union activities, or related to ethnic, social, cultural or national origins or pregnancy are prohibited. L'Oréal bans pregnancy testing when employees are hired within the Group, and requires its Suppliers to comply with this standard.

Physical and sexual harassment: we prohibit and our suppliers must take necessary actions to prevent, physical, verbal, psychological and sexual harassment.

Child labour: L'Oréal's presence in certain regions of the world that are particularly at risk for child labour, including Asia and Latin America, has led the Group to identify this issue as a priority. To take into consideration the vulnerability of young workers, L'Oréal has set the minimum hiring age at 16 years old. The Subsidiaries and Suppliers are required to check the age of all new employees upon hire. L'Oréal prohibits night work and work hazardous to health and safety for employees younger than 18 in its Subsidiaries.

Forced or compulsory labour: L'Oréal refers to the definition of forced labour set out in Convention 29 of the International Labour Organization: "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily". In certain regions of the world where L'Oréal operates, certain practices that violate internationally recognised Human Rights, such as holding the identity papers of migrant workers, are common. Any form of forced labour is prohibited and as a result:

- unless there is a legal obligation, employees' identity papers, passports or any other personal documents may not be held from them. In the event of a legal obligation, these documents must be returned to employees at their first request;
- employees may not be asked to pay for recruitment costs or to make cash deposits to obtain employment;
- if workers from foreign regions are hired, the employer must pay the costs related to these hires;
- the use of prison labour is possible only when it is voluntary within the scope of a professional reinsertion programme, and paid at the market rate. Suppliers

must request authorisation from L'Oréal before they use this type of labour;

- security personnel must only ensure the safety of people and property; and
- any salary withholding must be strictly authorised by law. It may not under any circumstances be used for the purpose of confiscation, for the direct or indirect benefit of the employer.

Employees must have access to drinking water and toilet facilities. They must be free to move around their place of work, with the exception of areas to which access is restricted for confidentiality or safety reasons.

Working hours: Working hours, including overtime, may not exceed 60 hours a week for employees whose working time is monitored. All employees must also be granted at least one day of rest for every seven-day period, or two consecutive days of rest for every fourteen-day period. They must have reasonable breaks when they work.

Freedom of association and right to collective bargaining: Violations of freedom of association and the right to collective bargaining, such as discrimination against employee representatives, may occur in all regions of the world in which L'Oréal operates. Employees' freedom of association and right to collective bargaining must be respected:

- elections of employee representatives must take place without interference from the employer, preferably by secret ballot;
- employee representatives have access to the work premises subject to safety and/or confidentiality requirements, if any; and
- discrimination against employees conducting union activities is prohibited.

In regions where freedom of association and the right to collective bargaining are limited or discouraged, L'Oréal authorises its employees to meet independently in order to discuss their professional concerns.

L'Oréal also conducts initiatives in addition to those implemented under the French law on Duty of Vigilance. For example, L'Oréal set up actions with the aim to improve the working conditions of the Indian communities whose livelihood depends on the mineral mica (raw material used in the formulation of some of the Group's products).

Since 2017, L'Oréal has been one of the 20 founding members of the Responsible Mica Initiative (RMI). This year, the RMI has 82 members.

The RMI has three goals:

- implement standards on the responsible workplace on 100% of the supply chains of its members for mica from Bihar and Jharkhand (standards on employment, health, safety in the workplace, the environment and non-use of child labour);
- support the abilities of communities through an inclusive programme that improves the standard of living and generates additional sources of income; and
- establish a legal framework and related control systems with mica pickers, processing units, and mica operators in Bihar and Jharkhand.



L'Oréal also participates in the development of the RMI audit standard in order to facilitate member collaboration and effectively deploy the collective actions necessary in cooperation with local authorities. L'Oréal also supports the establishment of a price calculated using the living wage approach in addition to diversified income contributing to a more resilient living conditions.

L'Oréal requires its Suppliers to have their own due diligence processes in place as regards their own scope of supply of Indian mica. In 2021, 99% of Indian mica used in the Group's formulas came from suppliers committed to obtaining their supply from verified sources.

The Group has set up two ambitious programmes aimed at improving working conditions for the employees and communities our suppliers use: the Living Wage programme and the Solidarity Sourcing programme.

The Group has also developed a range of mechanisms to support principles 16-20 of the UN Guiding Principles on Business and Human Rights including:

- Strong and cohesive governance structures and policies implemented at group, zone, region, country and division and function levels.
- Comprehensive corporate policies.
- Ambitious social responsibility goals and transparent reporting on achievements for public accountability.
- A process for procuring ethical commitments from suppliers.
- Thorough supplier screening and ongoing auditing procedures including remediation and continuous improvement processes.
- Formal and informal employee ethics feedback mechanisms and programs to foster genuine employee engagement with, and respect for the L'Oréal Code of Ethics (as defined below) and social responsibility goals.
- Whistle-blower mechanism and public reporting.
- Transparent, comprehensive and best practice reporting processes.
- Global partnerships and engagement with nongovernmental organisations and other international benchmarking organisations.
- Business practices that engender trust and provide business continuity for Direct Suppliers and Indirect Suppliers which in turn encourages better employment conditions and encourages a positive trickle-down effect within the entire supply chain.

L'Oréal SA matrix that triggers supplier audits according to risk mapping

BUSINESS SECTOR	DESCRIPTION OF BUSINESS SECTOR	TYPE OF COUNTRY	SUPPLIERS AUDITED
RAW MATERIALS	Suppliers of ingredients used to produce cosmetics in L'Oréal SA plants	Countries classified as "high risk"	Class A and B Suppliers (1)
PACKAGING	Suppliers of packaging used for production in L'Oréal SA plants	Countries classified as "high risk"	100% of Suppliers
SUB CONTRACTORS	Suppliers producing cosmetics for L'Oréal SA (Full-buy, Full-service, etc.)	Countries not classified as "high risk"	100% of new Suppliers (initial audit) When the "Satisfactory" or "NCI" (Needs Continuous Improvement) rating is reached, additional audits are no longer necessary
		Countries classified as "high risk"	100% of subcontractors
DERMO-COSMETIC DEVICES	Suppliers of equipment & electronics (La Roche-Posay, etc.)	Countries classified as "high risk"	100% of Supplier Production Sites
INDUSTRIAL EQUIPMENT	Suppliers of industrial equipment (manufacturing tanks, filling machines, etc.)	Countries classified as "high risk"	100% of Supplier Production Sites
PROMOTIONAL ITEMS	Suppliers of promotional items (bags, etc)	Countries classified as "high risk"	100% of Supplier Production Sites
ITEMS INTENDED FOR POINTS OF SALE	Suppliers of items intended for the presentation of products at points-of-sale	Countries classified as "high risk"	100% of Supplier Production Sites
SERVICES INTENDED FOR POINTS-OF-SALE	Architects, general contractors, maintenance	n/a	n/a
CO-PACKING	Co-packing Suppliers (sometimes called subcontractors or Co-Packers)	Countries not classified as "high risk"	100% of new Suppliers (initial audit) When the "Satisfactory" or "NCI" (Needs Continuous Improvement) rating is reached, additional audits are no longer necessary)
		Countries classified as "high risk"	100% of Supplier Production Sites
LOGISTICS SERVICE PROVIDERS (EXCLUDING TRANSPORT)	External distribution centres	Countries not classified as "high risk"	100% of new Suppliers (initial audit) When the "Satisfactory" or "NCI" (Needs Continuous Improvement) rating is reached, additional audits are no longer necessary)
		Countries classified as "high risk"	100% of Supplier Production Sites

Class A means: Tier 1 Suppliers | **Class B means:** Tier 2 Suppliers

The "High Risk" Countries List is based on assessments conducted by Verisk-Maplecroft. The list is regularly reviewed and modifications added whenever new information becomes available.

L'Oréal Australia's Additional Modern Slavery Risk Matrix

SECTOR	CATEGORIES	REQUIREMENTS
COMMERCIAL TEMPING/ COMMERCIAL TEMP LABOUR	Sales force Merchandisers	Social audit (done every 3 years)
HR SERVICES	Industrial and clerical temporary labour	Or
MICE (MEETINGS, INCENTIVE, CONFERENCE, ETC)	Event agency, technical services, entertainment, decoration, logistics services, catering, exhibitions	SMETA audit (validity checked every year)
FACILITY MGT AND UTILITIES	Building work and maintenance, office supplies, express transport, courier, security guards, catering, furniture, landscaping, general waste, facility management, utilities	Or
INDUSTRIAL, EQUIPMENT AND SUPPLIES	Packaging, logistic equipment and supplies, waste and water treatment systems	Supplier has published a Modern Slavery report that has been validated (checked every year)
SUPPLY CHAIN SERVICES	Road and rails transport, 3rd party logistics, sea freight, parcels, air freight, supply chain other services	

L'Oréal Australia applies this matrix to the Key Indirect Suppliers.



L'Oréal Australia's additional steps taken to address the risks of modern slavery

1. Three assessment steps

In 2020, L'Oréal Australia identified three key steps in assessing modern slavery risks in our supply chain and operations: (1) identify the overall supply chain structure of our entity, (2) check which sectors, type of products and services have high modern slavery risks and (3) identify the parts of our operations where L'Oréal Australia lacks visibility. L'Oréal Australia used the Social Audit Program as a tool to further assess risks with the suppliers operating in the higher risk categories. The Social Audit Program focuses on child labour, forced compulsory labour, health & safety, freedom of association, discrimination, disciplinary practices, harassment and abuse, compensation & benefits, hours of work and subcontracting.

2. Global Compact Network Australia membership

In 2020, L'Oréal Australia joined the Global Compact Network Australia, the Australian business-led network of the UN Global Compact. In 2022, L'Oréal Australia participated in the modern slavery community and practice meeting.

3. MS Committee assessment

In 2022, L'Oréal Australia's MS Committee continued its work in assessing and addressing the risks of modern slavery in L'Oréal Australia's operations and supply chain.



Local additional auditing of Suppliers

Consistent with the 2021 Statement, L'Oréal Australia undertook an additional social audit, through the Social Audit Program, which covered Key Indirect Suppliers excluded from the Social Audit Program based on the risk mapping matrix.

In 2022, three audits of Key Indirect Suppliers were completed in line with the Social Audit Program criteria. No critical risks of modern slavery were identified however, some instances of minor non-compliances were identified.

These non-compliances have all been addressed by the suppliers in 2022. Another supplier was assessed by the SMETA audit (described below).

L'Oréal Australia continues to work closely with the L'Oréal Group to ensure comprehensive modern slavery compliance selection standards and audits are applied to transport, logistics and contract packers.

Enhancement of local audits in 2022

In 2022 we enhanced our audit process by adding the Sedex Members Ethical Trade Audit (SMETA) to assess modern slavery risk. SMETA is Sedex's globally recognised social auditing methodology, enabling businesses to assess their sites and suppliers to understand working conditions in their supply chain compliance – and is equivalent to the Social Audit Program.



Remediation mechanisms for outcomes of social audits

The L'Oréal Group has enacted a sophisticated procedure to respond to the outcomes of social audits, which is documented in the Social Audit Program and implemented by L'Oréal Australia. The response procedure is triggered by a non-compliance finding and can include terminating a business arrangement when necessary.

For "Satisfactory" and "Need Continuous Improvement" audit results, L'Oréal Australia continues working with the supplier and the Procurement team monitors the implementation of the corrective action plan and encourages the supplier to continue developing best practices.

In cases where the audit results indicate that the supplier has yielded a "Need Immediate Action" result, if the overall compliance result is above 50%, L'Oréal Australia continues working with the supplier and monitors the implementation of the corrective action plan. If the overall compliance result is below 50%, L'Oréal Australia stops working with the supplier until the corrective actions have been implemented and a follow up audit has obtained an improved rating.

Local engagement with suppliers

Key Indirect Suppliers are typically engaged on a three-year basis, which strengthens L'Oréal Australia's supplier and provider relationships, builds trust and enables direct influence of the standards for workers in those entities through training and providing assurance of business continuity.

Integral to building trust and supporting our suppliers, L'Oréal Australia endeavours to provide fair and timely payment terms and seeks to avoid leveraging buying power in a way that burdens suppliers with cash flow issues. L'Oréal Australia's standard payment terms are typically 30 days from the end of the month in which an invoice is received with some flexibility to reduce this period depending on the industry and size of the supplier's business.

In addition, modern slavery is a key topic during annual business reviews with suppliers. Suppliers are also provided with details on how to raise an anonymous issue through the Group's public facing Speak Up portal. Details about this portal are included in the L'Oréal Australia Onboarding Documents.

Pursuant to Principle 21 of the UN Guiding Principles on Business and Human Rights, the L'Oréal Group employs a transparent approach to public reporting on modern slavery and human rights issues.

For just under 20 years, the L'Oréal Group has been a signatory to the United Nations Global Compact. The UN Global Compact encourages the implementation of human rights and labour rights, amongst others, into business activities.

Employee Training and Communications

1. Ethics Training

The L'Oréal Group provides a range of internal training courses for all employees around ethical behaviour and ethical purchasing. An ethics intranet site is available to all employees.

A compulsory ethics e-learning course that covers human rights and modern slavery issues has been a mandatory part of induction for all employees globally since 2014. There is also a compulsory training module on responsible purchasing practices for all new purchasing staff.

2. Codes and Communications

All new L'Oréal Group employees must receive a copy of the Code of Ethics and confirm they have read and understood it. Employees are reminded of the Code of Ethics and its contents on a regular basis through internal communications. All employees in contact with suppliers receive 'The Way We Buy' guide, explaining the ethical standards that we apply to supplier relations.

3. Ethics Day

An annual Ethics Day has been organised since 2009. This day enables employees to discuss matters such as respect for human rights and fundamental freedoms via a webchat with L'Oréal's Chief Executive Officer and the other members of the Executive Committee across the Regional Zone Offices. Discussions on ethics are also organised within L'Oréal Australia enabling employees to engage with L'Oréal Australia's Chief Executive Officer and Ethics Correspondent.

In 2022, with nearly 35,000 employees joined the Global Ethics Day with more than 7,600 questions asked.

4. Raising awareness through Internal Communications

On December 2nd 2022, the International Day for the Abolition of Slavery, an email was sent to all employees to raise awareness of this topic.

The information shared included links to the two L'Oréal Australia Modern Slavery Statements and a focus on:

- What modern slavery is and where and how it happens;
- Why businesses have a role to play in combating modern slavery;
- The L'Oréal Group's modern slavery risks;
- Modern slavery red flags; and
- Each person's role in reducing the risk of modern slavery in supply chains, including what to do if an employee becomes aware of a modern slavery risk.

Policies addressing the risks of modern slavery

The L'Oréal Group's ethical responsibilities, commitments and expectations are articulated in company policies in line with Principle 16 of the UN Guiding Principles on Business and Human Rights.

In addition to the L'Oréal Code of Ethics, the L'Oréal Group has several ethics related policies and processes. This policy

architecture supports the work to identify, mitigate and remediate risks of modern slavery.

A snapshot of the key policies relating to modern slavery is shown below.

POLICY / DOCUMENT	DETAILS
<p>L'ORÉAL'S SENSE OF PURPOSE</p>	<p>L'Oréal's sense of purpose is to "create the beauty that moves the world."</p> <p>This purpose guides decision making and drives the business to offer each and every person around the world the best of beauty in terms of quality, efficacy, safety, sincerity and responsibility to satisfy all beauty needs and desires in their infinite diversity.</p>
<p>L'ORÉAL CODE OF ETHICS</p>	<p>Our Code of Ethics sets out L'Oréal's core ethical principles. All employees and directors are expected to uphold the principles. In particular, the Code of Ethics specifically prohibits child labour and forced labour and provides protection for young workers. The Code provides guidance on ensuring all suppliers understand and respect L'Oréal's ethical expectations.</p>
<p>L'ORÉAL VIGILANCE PLAN</p>	<p>The Vigilance Plan sets out the Applicable Rules that L'Oréal SA applies to prevent the risk of serious adverse impacts on human rights and fundamental freedoms, health and safety and the environment, resulting from the activities of L'Oréal subsidiaries and suppliers with which the L'Oréal Group has a direct, ongoing and stable commercial relationship. It includes reasonable measures for the effective application of the Applicable Rules by all L'Oréal SA subsidiaries, including L'Oréal Australia, and suppliers as well as regular assessment procedures to ensure compliance by those entities. The Vigilance Plan is updated and presented annually to the Audit Committee of the L'Oréal Board of Directors. The Vigilance Plan is published as part of the L'Oréal 2022 Universal Registration Document and is made publicly available annually.</p>
<p>L'ORÉAL FOR THE FUTURE</p>	<p>In 2020, L'Oréal launched its sustainability program 'L'Oréal for the Future'. L'Oréal for the Future sets ambitious goals for 2030 in terms of climate change, water, biodiversity and natural resources. These commitments now go beyond the Group's direct impact to target indirect impact tied, for example, to its suppliers' business or product use by consumers. L'Oréal SA measures its progress each year and the 2022 L'Oréal for the Future results are available in the 2022 Annual Report.</p>
<p>SPEAK UP</p>	<p>The purpose of the Speak Up policy is to provide guidance to employees and other stakeholders on how to make a whistleblowing report. It also sets out the procedure L'Oréal will follow when dealing with such reports. Our suppliers can raise any serious ethical concerns they may have via the L'Oréal Speak Up website. The process includes strict confidentiality, equal treatment and protection from retaliation and respects national laws in the countries we operate.</p>

POLICY / DOCUMENT

DETAILS

CODE OF BUSINESS ETHICS

Our Code of Business Ethics was introduced in 2010 and sets out our expectations of suppliers and subcontractors with regards to prevention and management of child labour. Compliance is primarily monitored through our Social Audit Program.

THE WAY WE WORK WITH OUR SUPPLIERS

This policy provides internal guidance on the L'Oréal Group's ethical purchasing standards and procedures for dealing with suppliers. This document was introduced in 2011 and updated in 2022 to assist our employees to implement our Code of Business Ethics when making purchasing decisions on behalf of L'Oréal SA and its subsidiaries.

L'ORÉAL HUMAN RIGHTS POLICY

The Human Rights Policy sets out L'Oréal's commitment to promoting internationally recognised human rights standards, including:

1. Universal Declaration of Human Rights;
2. United Nations Guiding Principles on Business and Human Rights; and
3. ILO Core Conventions that address child labour, forced labour, non-discrimination and the right to freedom of association and collective bargaining.

L'ORÉAL EMPLOYEE HUMAN RIGHTS POLICY

The Employee Human Rights policy builds upon our Human Rights Policy to promote human rights standards within our operations. Setting an example to our suppliers starts from within, by assuring universal social standards are set for the people who make up L'Oréal. This policy was launched in 2020 and has been developed with input from internal and external stakeholders, including the Danish Institute for Human Rights, Fair Wage Network and the United Nations.



Discover the L'Oréal SA Human Rights Partnerships



DANISH INSTITUTE FOR HUMAN RIGHTS

In 2019, L'Oréal signed a partnership with the Danish Institute for Human Rights (DIHR), the independent national Human Rights institution of Denmark, which has a 20-year track record of working with multinational companies on all aspects of Human Rights due diligence. The DIHR completed a gap analysis to identify areas for improvement in L'Oréal's Human Rights program. The aim is to draw from the DIHR's widely recognised expertise and insight to strengthen L'Oréal Group's initiative.



FAIR WAGE NETWORK

L'Oréal also works with the Fair Wage Network. This non-governmental organisation will provide the L'Oréal Group with a comprehensive and up-to-date database that can be used to define, build and deploy a living wage strategy throughout our operations, for L'Oréal employees and suppliers. Ensuring a living wage means paying workers enough to provide food, housing and basic needs for themselves and their dependants regardless of the country where they work.



SHIFT

In 2020, L'Oréal began participation in Shift's Business Learning Program. Shift is the leading centre of expertise on the UN Guiding Principles on Business and Human Rights, chaired by Professor John Ruggie. Shift is helping L'Oréal to identify and address its most important Human Rights issues.



OPEN FOR BUSINESS

L'Oréal is a member of Open for Business, a coalition of global businesses that aims to advance LGBTQIA+ rights globally and to create a global consensus that LGBTQIA+ inclusion is an economic and business issue. This helps build momentum for LGBTQIA+ rights around the world and gives support to businesses operating in markets where these issues are especially urgent.

Responding to grievances

In accordance with any issue, grievance or whistle-blower claim from employees or external parties, is immediately escalated, investigated and addressed through appropriate action which may include:

- providing support and assistance to afflicted individuals to remedy the breach; and
- improving our processes to prevent recurrence.



Assessing the efficacy of our actions





Assessing the efficacy of our actions is a challenging task as we are conscious that assessments need to be meaningful and provide a complete picture. L'Oréal Australia developed a high-level implementation plan and self-assessment checklist when the MS Committee was formed.

During the MS Committee's fortnightly meetings, the MS Committee monitors and assesses the effectiveness of its actions by tracking progress and challenges for each of its identified actions. For example:

1. Reviewing risk assessment rules to ensure their appropriateness. For example, by reviewing the modern slavery risk matrix and refining the breakdown of categories into sub-categories, ensuring higher risk sub-categories were identified more clearly and precisely.
2. Reviewing the efficiency and format of audits with the audit provider. For example, in 2022, L'Oréal Australia implemented the SMETA audit format. By focusing on Key Indirect Suppliers and refining the categories of services that are most at risk, the process has been streamlined and solidified to address the risks of modern slavery.
3. Engagement with suppliers before, during and after audits. For example, by explaining the importance and necessity for the audit where L'Oréal Australia receives pushback from suppliers in undertaking the audits on their businesses. Engagement is necessary because it is a positive way to ensure that L'Oréal Australia is driving change in the minds of its suppliers.
4. Undertaking further investigations as required. For example, further investigations were undertaken, where an audit identified areas where the supplier had little or no information available to L'Oréal Australia for its review.

Looking ahead





In 2023 the MS Committee will:

1. continue to encourage visibility of the supply chains of its Indirect Suppliers and Direct Suppliers, and encourage those suppliers to educate their sub-contractors regarding the risks of modern slavery in their supply chains;
2. explore automated and efficient ways to connect with our suppliers on modern slavery;
3. continue to develop policies addressing key modern slavery risks and communicating L'Oréal Australia's expectations and requirements for suppliers and contractors including encouraging suppliers to establish grievance procedures and a whistleblowing procedure;
4. learn from and develop our actions and statement through external interactions. This includes consultations with other businesses, peak bodies and government to develop our understanding and share insights;
5. continue to roll out training across the business to ensure that employees are equipped with the necessary skills to identify modern slavery risks;
6. strengthen our remediation processes and responses; and
7. train employees who may visit suppliers to spot the signs that may indicate worker exploitation.

Finally, as with the L'Oréal Group's audit and reporting processes, the modern slavery audits will be followed through with remediation actions where necessary. Through its remediation and non-compliance policy and the action plans with suppliers L'Oréal Australia will take appropriate actions to address the risks of modern slavery existing within its supply chain as identified through the work of the MS Committee.

“Greater transparency regarding human rights related reporting continues to be an important step in the fight to end Modern Slavery. At L'Oréal, we support the modern slavery reporting requirements in Australia and our 2022 statement is a culmination of the work done across our business to ensure we prioritise managing modern slavery and human rights risks”

Marnie Carroll, Corporate Affairs & Engagement Director and Human Rights Correspondent, L'Oréal Australia & New Zealand.

Modern Slavery Statement 2022

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