

The Way We Work With Our Suppliers

A practical guide

L'ORÉAL
OPERATIONS

L'ORÉAL
ETHICS
RISK & COMPLIANCE



Foreword

L'Oréal is built on strong Ethical Principles – **Integrity**, **Respect**, **Courage** and **Transparency** – that guides its development and helps establish its reputation. These Principles are the basis of the Group's compliance, human rights, corporate responsibility, diversity equity & inclusion and sourcing policies.

The range of goods and services we buy from suppliers is very diverse and classified into 9 different domains.

L'Oréal's relationship with its suppliers extends beyond the purchase and delivery of goods and services. It is integral to the long-term success of our company, notably as they represent a source of innovation, quality and excellence. We are judged by the quality of the relationships we have with our suppliers. In particular, as a leader in the beauty industry, we will be scrutinized on how we select our suppliers, and how we demonstrate our mutual commitment to doing business responsibly and sustainably. This is why "The Way We Buy" has evolved into "The Way We Work With our Suppliers".

The new version of this Guide has also been updated to reflect our new standards and commitments, including our Sustainable Purchasing policy, Human Rights policy and Anticorruption policy.

This Guide explains how we manage our relationships with our suppliers throughout the buying process in accordance with our Ethical Principles, our Code of Ethics and the Group's internal standards. Based on examples, this document addresses some of the situations you may encounter in carrying out your duties and provides answers to the most frequently asked questions. It is essential to comply with these rules and principles: the Group's interests are never served by illegal or unethical practices. It also helps to protect and strengthen our relationship with our suppliers. We are committed to building and nurturing lasting relationships with our suppliers based on trust and mutual respect.

Keep in mind that:

- **Integrity**, **Respect**, **Courage** and **Transparency** are at the heart of our daily actions;
- Respecting this Guide will help us build and nurture lasting relationships with our suppliers while protecting and enhancing L'Oréal's reputation;
- If in doubt, always speak up: you will always be supported.

Audrey IZARD

Group Chief Indirect Purchasing Officer

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Group Chief Ethics, Risk & Compliance Officer

Séverine THERY-CAVE

Group Chief Direct Purchasing Officer

The Way We Work With Our Suppliers

Principles

- We issue buying briefs when clear needs have been identified.
 - We respect all actors in our professional sphere.
 - We request a minimum number of quotes in line with our internal process or local thresholds.
 - We conduct open competitive bidding based on objective criteria.
 - We compare all offers fairly and without favouritism.
 - We support diversity by giving each supplier an equal opportunity to be included in our strategic sourcing.
 - We do not interfere in the way the suppliers run their business and do not ask them for disproportionate concessions or unfair deals.
- We favour sustainable initiatives.
 - We work with suppliers who share our ethical standards, and we support them in meeting these standards.
 - We encourage our suppliers to cascade our ethical standards in their own supply chain.
 - We build and nurture lasting relationships based on mutual trust, respect and collaboration with our suppliers.
 - We respect our mutual commitments and pay suppliers on time.
 - We communicate our gift and entertainment principles to our suppliers.

How to use this Guide

In order to help you manage relationships with suppliers, this Guide has been organized according to the different stages of the purchasing process.

01

Does “The Way We Work With our Suppliers” apply to me?

This Guide applies to all employees, officers, directors and members of the Executive Committees of the Group and subsidiaries worldwide, who are in contact or have dealings with a supplier, whether you are a professional buyer or not and regardless of the purchasing amount and nature.

This Guide covers all relationships with a “supplier”, that is to say any business partner who provides:

- goods or services that are used to produce products, including but not limited to outsourcing partners, suppliers of raw materials, packaging components, industrial equipment;
- all indirect expenses, including but not limited to, temporary work agencies, travel agencies, advertising agencies, consulting companies, market research agencies, mobility, promo & retail supplies, IT & Tech, transportation companies, or office supplies.

02

Where does “The Way We Work With our Suppliers” sit in relation to existing policies, process and local laws?

Where local laws or a local policy adopted by a L'Oréal subsidiary imposes higher standards than those set out in “The Way We Work With our Suppliers”, the local laws or local policy will always prevail. If, by contrast, “The Way We Work With our Suppliers” provides for a higher standard, these higher standards shall apply, unless this would result in illegal activity.

Specifically, on Human Rights, when faced with conflicting requirements between local law and internationally recognised Human Rights, we seek ways to honour these international standards.

If you identify a situation in which the present Guide may be considered in contradiction with local laws, please inform your management and your Legal Director.

For more information on existing policies and procedures, you can refer to the Group Referential and/or the Fundamentals of Internal Control.

How to use this Guide

03

I have a question or concern about applying “The Way We Work With our Suppliers”. What should I do?

In case of doubt, you can seek advice from your Purchasing Director if there is one in your Country, or your Chief Financial Officer.

If you come across conduct or a situation that is contrary to our Code of Ethics, the Group's Ethical Policies or the “The Way We Work With our Suppliers”, you may, in accordance with our Speak Up policy, bring this information to the attention of a member of the Group Executive Committee, a Group, Zone or Country Management Committee in your management line, or your Ethics Correspondent.

Ultimately, you may contact the Group's Chief Ethics, Risk and Compliance Officer, namely via the secure website L'ORÉAL SPEAK UP: www.lorealsspeakup.com. Reports will be dealt with within a reasonable time frame and appropriate measures will be taken, regardless of the people involved. No employee may be subject to retaliation for making a Speak Up report in good faith or taking part in its handling.

04

What is more important for me: meeting my business targets or respecting “The Way We Work With our Suppliers”?

Respecting “The Way We Work With our Suppliers” is essential. It is not just the results that count, but also how we obtain them. L'Oréal's interests are never served by unlawful or unethical practices, whether it comes to business integrity or respecting human rights in our supply chain. Strong supplier relationships are a competitive advantage.

This is why all L'Oréal employees are evaluated on their ability to achieve their goals in accordance with our Code of Ethics and Ethical Principles.

Contents

A decorative background on the left side of the page. It features a vertical bar with a color gradient from orange at the top to teal at the bottom. To the right of this bar are several overlapping, wavy lines in shades of red, orange, yellow, and teal, creating a dynamic, organic pattern.

01. PREPARING AND ORGANISING OUR BUYING BRIEFS FAIRLY
02. SELECTING OUR SUPPLIERS FAIRLY
03. WORKING WITH SUPPLIERS WHO SHARE OUR ETHICAL STANDARDS
04. BUILDING AND NURTURING LASTING RELATIONSHIPS WITH OUR SUPPLIERS

Preparing and organising our buying briefs fairly

Our efficiency and reputation when dealing with suppliers start from the very beginning of the process when preparing and organizing our buying briefs. By properly structuring them, we enable our prospective suppliers to clearly identify what we expect in terms of goods, services but also in terms of ethical, environmental, and social standards.

It is important that we share and collect information transparently with our suppliers while respecting the level of confidentiality whether it belongs to L'Oréal or the suppliers. We must not take advantage of this stage to illegitimately collect information, such as on our competitors. It is important that throughout our buying process we respect all actors in our professional sphere, including our own competitors and competitors of our suppliers.

WE WILL

- ✓ Ensure that we have a clear understanding of the buying process rules
- ✓ Ensure we involve all necessary persons, departments and entities in the buying process as defined by the sourcing team
- ✓ Ensure all persons, departments and entities involved in the direct or indirect purchase at stake have a clear understanding of their roles and responsibilities
- ✓ Promptly disclose to our line management if we have inadvertently received or used proprietary or confidential information which relates to competitors or suppliers
- ✓ We will always identify ourselves as a L'Oréal employee when collecting supplier information
- ✓ Request at least two proposals from different suppliers for all purchases to organise a clear and fair competition, unless higher obligations or specific local threshold
- ✓ Ensure all suppliers have complete and accurate information on our requirements and selection criteria and they respond on the same date

WE WILL NOT

- ✗ Commit to a purchase with a supplier until clear needs have been identified, an internal consensus has been reached on the buying brief, a Purchase Order have been sent to the supplier
- ✗ Interfere in the purchasing process organized by our L'Oréal colleagues, namely by giving additional information to suppliers
- ✗ Disclose confidential information that could impact the competition between suppliers such as pricing, including in case of feedback on a failed bid (see "The Way We Compete")
- ✗ Illegitimately collect competitive information through suppliers
- ✗ Ask suppliers to bid for business if it is clear that they do not meet L'Oréal standards as defined in "Welcome on Board"
- ✗ Favour one supplier over another notably by giving them additional information that has not been shared with other suppliers
- ✗ Split costs to avoid local thresholds which could result in unfair competition and impact the quality of the brief and the project

Frequently asked questions

I work on an IT project for Finance. I am looking for a supplier who would be able to help us develop a new tool. As I am not a professional buyer, I am confused about the buying process rules. What should I do?

The standards set out in "The Way We Work With our Suppliers" also apply to non-professional buyers. You should contact your purchasing manager who will help you in your buying process. They will provide you with all the necessary information and guidelines.

We are currently sourcing a new raw material. Many different people and Departments (R&I, Marketing and Purchasing) are involved in the process. I fear that the prospective suppliers might be given contradictory information. How can I avoid this?

It is useful, at the beginning of a sourcing process, to decide who will oversee the supplier relationship. That person needs to make sure that all suppliers are being treated fairly, provided with the same information and to ensure that there is internal coordination to make sure the supplier will be selected on objective and verified information. In practice, the Purchasing Department usually plays this role.

My colleague issued a brief to two suppliers to buy office supplies for our new premises. One of the prospective suppliers called me to obtain additional information. I inadvertently revealed budget information that was not shared with the other supplier. What should I do?

You should not communicate with suppliers during the bidding process if you are not in charge of organising the purchasing process. In this case, you should immediately inform your colleague of the incident so that the information can either be corrected and/or shared with the other supplier to avoid any inequality later in the selection process.

Frequently asked questions

I am working on a new product and I have discovered a supplier who has developed a new and exciting packaging concept. I am quite pushed for time and want to make a deal with this supplier before our competitors hear about them. Can I go ahead and negotiate directly with this supplier? As they are a new supplier it will take time to enter them into the L'Oréal Supplier Base and sign a contract. Can I skip the contract stage, pay directly, and get reimbursed through my expenses?

I need to ask suppliers to bid for a new project, but I know that the project hasn't really been validated yet internally. However, I also know that I won't get the project validated unless I can make a concrete proposal which means finding out what these suppliers could deliver and getting them to prepare some samples. What can I do?

Although you may be an expert in your area, a buying decision of this nature is rarely simple. You will make a better buying decision if you seek advice. There are issues such as the supplier's financial situation, legal constraints and respect of our ethical standards which need to be verified. New suppliers are regularly added in the L'Oréal Supplier Base after having gone through the "Welcome on Board" process and the sourcing team will be your best partner to address your need and secure innovation. Therefore, preference should be given to suppliers in the L'Oréal Supplier Base as all these aspects will have already been checked. The Purchasing Department must be informed and involved. L'Oréal has put in place procedures and processes for a reason: to protect you and the Company and you must not try to avoid them just to save time.

The best solution is to be transparent about this with your suppliers and only ask them for the information you really need to present your project. Suppliers put in a lot of hard work to respond to your requests, and we shouldn't just assume that this is part of their business. If they are creating samples especially for you and if your project is not validated, you should pay for the samples. Remember also that all purchase commitments must be validated through a Purchase Order.

Selecting our suppliers fairly

To bring innovative, effective, high-quality products to our consumers around the world, we select partners who are experts in their field, and with whom we can co-create sustainable innovations. To do so, we conduct open competitive bidding based on objective criteria for evaluating quality, CSR, innovation, supply chain and competitiveness. To ensure that our suppliers fulfil their commitments to these criteria, we carry out due diligence or audits if needed during the selection phase, but also throughout the duration of the partnership.

All suppliers' offers are compared fairly and without favouritism.

We are committed to conduct our selection process in the same way we do business: with Integrity. Therefore, we should all avoid situations where our personal or financial interests might come into conflict with the interests of L'Oréal. Even the appearance of a conflict can tarnish L'Oréal's reputation as well as our own.

L'Oréal supports fair trade principles. L'Oréal is also committed to supplier diversity. Diverse suppliers will have an equal opportunity to be included in our strategic sourcing.

Also, selecting a supplier must not be governed by the purpose of impacting the source of supply of our competitors. We treat them the way we would like them to treat us.

WE WILL

- ✓ Select suppliers based on open competitive bidding based on objective criteria for evaluating performance and quality of service, including their social and environmental impact.
- ✓ Refrain from asking suppliers to make unreasonable and disproportionate concessions to win or retain business with L'Oréal, in particular, avoid reciprocal dealing.
- ✓ Immediately disclose in writing to our line management if there is a potential conflict of interest which might influence or appear to influence our judgment and actions (e.g. where a family member or friend is employed by a supplier).

WE WILL NOT

- ✗ Knowingly take action to cut off a competitor's sources of supply.
- ✗ Interfere in the way the supplier runs their business and in particular refrain from intervening in the supplier's price setting policy.
- ✗ Accept or give any gift or entertainment of any kind from a prospective or current supplier during a selection period (see "The Way We Prevent Corruption").
- ✗ Accept any personal discount or benefit from a supplier unless it is offered to all L'Oréal employees.

Selecting our suppliers fairly

WE WILL

- ✓ Refrain from holding any position, involvement, or financial stake in any other business partner, if our position at L'Oréal allows us to influence the business relationship.
- ✓ Make sure that our suppliers are not overly economically dependent on L'Oréal business.
- ✓ Give honest and respectful feedback to bids that have not been selected, subject to respect of the confidentiality of suppliers and of L'Oréal information.

WE WILL NOT

- ✗ Try to influence the relationship between L'Oréal and a supplier in which you hold any stake.
- ✗ Induce suppliers to breach contracts with other clients.
- ✗ Establish exclusive dealing arrangements (i.e., contracts that require a company to buy or sell only to L'Oréal) without consulting our Legal Director if L'Oréal could be considered to hold a dominant position in the market.

Frequently asked questions

I work in HR and I decided to ask the Purchasing Team to help me find a new printer for our HR policy booklets. My current supplier who is included in the new bidding process has invited me to attend a sports event. Given that I am not handling the bidding process, I think I can go but the Purchasing Team does not think it is appropriate. Who is right?

A supplier visiting our premises sees a product they have not been invited to quote on. They offer a price lower than the one submitted. Can we place an order with them?

A friend of mine knows I regularly work with various design companies and asked me if I could recommend any to them. I gave them the name of one I use at work. A few weeks later, my friend called me to say that they're very happy with the discount they gave them. I hope they didn't grant my friend a discount just because I sent them!

Although the Purchasing Team is running the bidding process, ultimately you will be consulted on the final choice of supplier. Therefore, the same rules apply to you regarding gifts. Even if you were not involved in the final choice but since you were involved in some way in the bidding process, you should avoid any contact with suppliers until the final decision has been made.

There may be a reason why this supplier was not asked to quote. You should first check with the person who organised the buying process. Depending on what stage of the buying process you have reached, the supplier may be able to be included as a bidder. If an offer has already been accepted, it is not possible to change at this late stage.

When you recommend one of our suppliers to someone outside L'Oréal, this can give rise to misunderstandings. The supplier may think that he can win favours with you by treating your friend well. And what if the person you sent to this supplier is unhappy with the work done and decides not to pay the supplier? How will this affect your relationship with this supplier? Calling the supplier in advance to make it clear that you wish your friend to be treated like any other customer can help but the best thing is to avoid this type of recommendation.

Frequently asked questions

I have just found a Start-Up that has recently launched a new and unique molecule. I believe we would really benefit from working with them. However, we would be the first and only company to collaborate with this young and innovative business. Can I still build a partnership with them?

Yes, this is always possible. L'Oréal is committed through its Open Innovation Program to contribute to the development of innovative Start-Ups. By bringing operational support and sharing our expertise with these new players, we will help them build their reputation and develop other customers. In this way, they will be able to become economically independent in the long term. You can find more information on how to build an effective partnership in our Ethical Guide "The Way We Work with Start-Ups".

I want to work with a supplier and I realize that other L'Oréal entities also work with this supplier. Is this an issue?

When working with suppliers, we need to make sure that our suppliers are not overly economically dependent on L'Oréal business. The KSM is in charge to verify, regularly, the penetration rate (L'Oréal total spend/supplier's entity turnover). Above 30%, we have to pay attention to the dependency.

We need to source a new raw material for a very strategic project. Few suppliers would be able to supply us. We launched a sourcing process. One supplier has caught our attention with a very competitive offer. After meeting with this supplier, they kindly told us that they would be able to offer us an even more competitive deal if we offer an internship to their Director's child, who is studying in a very prestigious University. I think it would be a missed opportunity not to accept! Should I contact HR to arrange the internship?

Showing favoritism to a candidate can be considered as bribery. The best thing to do in this situation is to tell the supplier that you do not handle applications and to give them information enabling the daughter to apply through the normal HR channel.

Working with suppliers who share our ethical standards

L'Oréal actively seeks out and favours suppliers who share our ethical standards with regards to human rights, working conditions, environmental stewardship, and business integrity. L'Oréal will not work with suppliers who do not respect human rights (e.g. involved with child or forced labour, discrimination, restricting freedom of association...).

We are committed to supporting business partners in meeting these standards whilst having the courage, if necessary, to end relationships with those who are unwilling to meet them. We do realise that ensuring high ethical standards within their supply chain can be challenging for our suppliers. We do not ask from them what we are not willing to do ourselves and we are willing to support them in reaching such standards if this is not yet the case. L'Oréal encourages its suppliers to cascade our ethical standards in their own supply chains.

WE WILL

- ✓ Ensure that we know and understand L'Oréal's "Buy & Care" Program.
- ✓ Communicate to all our suppliers the Agreement on Supply Goods and Services (ASGS).
- ✓ Ensure that all suppliers managed by the Sourcing teams agree and sign Mutual Ethical Commitment Letter (MECL).
- ✓ Ensure that all suppliers referenced by Sourcing Departments have agreed to be audited within L'Oréal's social and environmental audit program.
- ✓ Consider the social and environmental record of suppliers and favour sustainable initiatives such as the use of renewable raw materials and the development of environmentally friendly packaging and other appropriate sustainable development factors.
- ✓ Favour suppliers who give access to work and a sustainable income to typically excluded individuals such as disadvantaged communities.
- ✓ Perform appropriate business integrity reviews ("know your supplier"), which could be on a Group due diligence tool with the support of our Internal Control Manager and Legal Department.

WE WILL NOT

- ✗ Omit to inform any supplier of L'Oréal's ethical standards via the ASGS Agreement on Supply Goods and Services and/or Mutual Ethical Commitment Letter.
- ✗ Compromise on L'Oréal's ethical standards, including business integrity for the sake of costs or business expediency.
- ✗ Work with suppliers who refuse to provide their employees with a safe, respectful, and fair work environment namely in terms of working conditions and non-discrimination.
- ✗ Work with suppliers who persistently do not respect their workers' voice notably with regards freedom of association and collective bargaining.
- ✗ Use suppliers to attempt to evade our tax obligations.

Frequently asked questions

Someone has told me confidentially that one of our suppliers is under an investigation following allegations of forced labour. The supplier hasn't told me any of this and on previous site visits there's been no reason for concern. Should I ignore these rumours?

I have just received the social audit results for one of my suppliers which indicates they are not respecting their workers' right to freedom of association. Moreover, I've been having quality issues with them recently and it's just more proof that they are not dependable. Can I use this audit finding to terminate our relationship?

You should not blindly follow rumours, nor can you ignore them especially if the allegations are serious. You can start by asking the supplier for information on how they ensure that they respect L'Oréal's ethical standards. Depending on the supplier's response and cooperation, we may want to conduct further investigation such as further due diligence or an audit.

In cases of allegations of serious human rights concerns, such as forced labour, you should immediately inform the Sustainable Procurement team and your Ethics Correspondent. You can also contact the Group Chief Ethics, Risk & Compliance Officer, namely via the secure website L'Oréal Speak Up: www.lorealsspeakup.com.

At L'Oréal, we are committed to help our suppliers meet our expectations while having the courage to end relationships if a supplier persistently fails to meet our ethical standards. When a social audit identifies an issue, you must first try and find out why the supplier failed to meet our standards. Usually, if the supplier is willing to take corrective action, it is better to continue working with them rather than pulling out. In the present case, the supplier should give you proof that they have enforced corrective actions to respect their workers' freedom of association.

Frequently asked questions

One of my suppliers has been badly rated following a social audit. According to L'Oréal rules, I cannot continue working with them unless they agree to a corrective action plan and undergo a follow-up audit. But they are refusing to do this because they know that they are the most cost-effective supplier for providing the products I require. What can I do?

One of my suppliers has asked me to pay them on a different bank account. I think this is for reasons related to the owner's personal tax situation. What can I do?

You should seek help from your management to see if they can help you convince the supplier. If the supplier still refuses to cooperate, our policy at L'Oréal is to have the courage to end relationships if a supplier persistently fails to meet our ethical standards or shows no wish to improve. It is our responsibility as a leading company not to compromise on ethical, environmental, and social standards for the sake of costs.

You should ask the supplier to provide you with proof that this bank account is that of the company. If this bank account belongs to a third party, including the personal account of the owner, you must explain to the supplier that you cannot make payments through third parties. L'Oréal keeps accurate and comprehensive accounts and records which honestly reflect our activity. Any action which aims at evading our tax obligations or to have L'Oréal participate in any such action for the benefit of a third party is illegal and contrary to our ethical standards.

Building and nurturing lasting relationships with our suppliers

At L'Oréal, we work hand in hand with our suppliers to build and nurture lasting relationships based on mutual trust, respect and collaboration. The way we interact with our suppliers will not only determine the image our suppliers have of L'Oréal but will also allow us to be more efficient in our dealings with them. Therefore, it is important that our network of buyers worldwide visit the premises and factories of our suppliers.

The trust of our suppliers also relies on our ability to protect their confidential information, that is to say all information which is not known to the public. We should treat our suppliers as we would wish to be treated.

Gifts and entertainments can help build business partnerships with our suppliers and ensure courtesy in our relationships. But, in excess, this can influence or be perceived as influencing the relationship leading to allegations or facts of corruption and conflicts of interests. Therefore, it is important to be transparent on the principles of our local Gift & Entertainment policy with our suppliers.

WE WILL

- ✓ Always behave in a professional and respectful manner with our suppliers and their employees.
- ✓ Structure and organise the relationship so that the delivery of goods or performance of a service can be done efficiently (unique point of contact, creation of steering committee, etc.).
- ✓ Always pursue excellence in Ethics, regardless of the objectives to be achieved, thus enabling our suppliers' employee to act ethically.
- ✓ Formalise with suppliers the services or goods provided / expected and the corresponding compensation and respect our commitments made to suppliers even in the event there is no formal legal contract.

WE WILL NOT

- ✗ Make suppliers party to internal discussions or disagreements.
- ✗ Ask suppliers to incur unreasonable costs to win L'Oréal business.
- ✗ Omit to quickly inform suppliers of any issue or change in our expectations.
- ✗ Impose abusive conditions on suppliers, namely in terms of payments, deadlines, changing orders, etc.
- ✗ Discuss or work with confidential information include those that belong to our suppliers in public areas.
- ✗ Oblige our suppliers to support our philanthropic activities.

Building and nurturing lasting relationships with our suppliers

WE WILL

- ✓ Regularly perform a business integrity assessment on our existing Supplier's Base in addition to new suppliers referencing process.
- ✓ Pay our suppliers on time and according to the agreed terms.
- ✓ Be particularly sensitive to situations where suppliers encounter financial difficulties, notably in times of crisis.
- ✓ Protect our suppliers' confidential information according to the same standards that we use for our own, and respect their copyright and intellectual property.
- ✓ Sign a confidential agreement with our supplier before starting our working relationship if required.
- ✓ Communicate the principles of our Gifts & Entertainment policy to our suppliers and respectively apply our suppliers' standards on gifts and entertainment.
- ✓ Immediately disclose to our management any gift or invitation received from suppliers, regardless of their value and nature.

WE WILL NOT

- ✗ Accept or offer cash or cash equivalent (e.g., vouchers, gift cards, coupons, etc.).
- ✗ Invite suppliers to events without a representative of L'Oréal being in attendance and respectively accept invitations to events without a representative of the supplier being in attendance.

Frequently asked questions

My suppliers are always complaining that we do not pay them on time. Is it my problem or is it the Accounts Department's problem?

If you decided to award these suppliers L'Oréal business, you are responsible for making sure that they are being treated fairly and this means ensuring that they are paid on time. You should contact the Accounts Payable Department to find out what is going on. If you encounter difficulties regarding payment terms, you should raise it with your manager. Supplier receivables should not be used as a substitute for cash-flow.

I have just started a new position. I feel that one of the suppliers my predecessor had been working with for years is not performing well. There does not appear to have been any contract signed with them. I feel it is in L'Oréal's interest to stop working with them immediately. Can I do this?

You cannot reconsider a relationship based on an impression only. The supplier's performance must be appraised objectively. If having done so, you still wish to terminate the relationship, you should first take advice from the Legal Department and check if there is a minimum notice period. Moreover, even if it turns out that legally you can stop working with them without notice, you must ensure that this termination does not result in disproportionate consequences for the supplier.

We can accept gifts that are of "reasonable" value and if they cannot be perceived as a way of influencing us. But what exactly is a "reasonable" gift? I often receive gifts from suppliers at the end of year. Is a crate of wine Ok?

A "reasonable" gift includes items such as gifts with the supplier's logo which have no commercial value, a bottle of wine, a box of chocolates, flowers, calendars, etc. A crate of wine may not be considered as a "reasonable" gift. Depending on your local Gifts and Entertainment policy and local threshold, you may either accept this gift subject to your manager's authorization or refuse this gift. You should seek advice from your Internal Control Manager or Ethics Correspondent.

Frequently asked questions

One of my suppliers has offered me an excessive/inappropriate gift, but I really feel that I cannot return it to them without causing offence. What should I do?

First, you should disclose this situation to your manager and discuss with them if it is really impossible to return the gift. If your manager decides that you should keep the gift, you should then write to the supplier, thanking them for the gift but reminding them of L'Oréal's Gifts and Entertainment policy to avoid this situation happening again. You should then find a solution so that you do not personally benefit from this gift. This could include giving this gift to a charity or giving it to a company lottery or sharing it with your team.

We are running late in our new hair product project. My colleague wants to make up for the lost time by conducting the study in house and using old participants data from our last study that was led by an external service provider. Can we bypass this supplier and launch the study with the data they collected at the time?

We need to respect the data of our suppliers but also our Data Privacy standards. In this case, it would be unethical to bypass the supplier as the participants gave their consent for a specific study. You should contact your Data Privacy Champion who will be able to provide you with further guidance. You can also find more information in our Ethics Guide "The Way We Conduct Cosmetics Studies Involving Volunteers or Consumers".

One of my suppliers is expressing discontent because of the way their employees are treated by one L'Oréal project manager. What should I do?

If one supplier feels that we are not living up to our own ethical standards, we encourage them to raise any concerns they may have. We offer a choice of different avenues to raise their concerns. In this situation, you can encourage the supplier to talk with their L'Oréal contact. If they wish to raise ethical concerns without any direct involvement of L'Oréal day to day contact, they can reach the Global Ethics Department through the public website www.lorealpeakup.com, or contact the Group Chief Direct or Indirect Purchasing Officer.

When you start working with suppliers, do not hesitate to provide them with this website address. If you are aware of internal and external ethical misconduct, you can also directly raise a concern through this website, or contact your Ethics Correspondent. No supplier will suffer retaliation from a L'Oréal employee for having made a Speak Up report or participated in its handling.

Useful documents

[Code of Ethics](#)

[L'Oréal Speak Up website](#)

[Main Group Referentials](#), including

- Fundamentals of Internal Control
- Sourcing Intranet Site
- L'Oréal Buy & Care Programme
- Mutual Ethical Commitment Letter
- Human Rights Policy
- Real Estate Ethical Charter
- Suppliers/Subcontractors and Child Labour
- The Way We Compete
- The Way We Prevent Corruption
- Gifts & Entertainment Employee Guide
- The Way We Work with Start-Ups

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