UNITED NATIONS GLOBAL COMPACT HEALTH CASE STUDY

L’Oréal

COMPUTER OVERVIEW

With 36 international brands, L’Oréal is the number one beauty company worldwide. L’Oréal’s mission is to offer all women and men worldwide the best of cosmetics innovation in terms of quality, efficacy and safety to satisfy all their desires and all their beauty needs in their infinite diversity. L’Oréal is committed to fulfilling this mission ethically and responsibly.

L’Oréal believes that a company’s economic success also depends on its positive contribution to society and its ability to respond to the major environmental issues facing the world today. These issues include climate change and all its consequences: pollution and its associated health risks, loss of biodiversity, and water-related health risks. Deforestation, water scarcity, and the overconsumption of available resources are putting the world at risk.

With its sustainable development programme, L’Oréal aims to respond to different aspects of the company’s environmental and social impact, and contribute, to solving the major issues facing the world today.

CASE: NO. 1

SHARING BEAUTY WITH ALL: SETTING CHALLENGING CORPORATE GOALS

Launched in 2013, L’Oréal’s Sharing Beauty with All programme fits in a long tradition of corporate responsibility and aims to transform the company to make it more respectful of the environment and ensure it contributes positively to societal well-being.
The approach encompasses four areas in which L’Oréal is driving environmental, societal and social improvements. The four pillars of the approach include innovating sustainably, producing sustainably, living sustainably, and developing sustainably (Figure 1 below).

![Diagram showing four pillars: Innovating Sustainably, Sharing Beauty Internally, Producing Sustainably, and Living Sustainably.]

L’Oréal has established a set of 2020 company commitments for environmental and social improvements across its whole value chain that involve all four pillars as shown below:

- **Innovate sustainably:**
  By the end of 2020, 100% of L’Oréal products will have an improved environmental or social profile.

- **Producing sustainably:**
  By the end of 2020, L’Oréal will have reduced its environmental footprint by 60%.

- **Living sustainably:**
  By the end of 2020, 100% of L’Oréal brands will report on their progress and raise consumer awareness of their commitments.

- **Developing sustainably**
  - For communities with which the Group interacts: By the end of 2020, L’Oréal will enable 100,000 people from underprivileged communities to gain access to employment through L’Oréal’s social inclusion programme;
  - For suppliers: By the end of 2020, 100% of L’Oréal’s strategic suppliers will take part in L’Oréal’s sustainable policy;
  - For employees: By the end of 2020, L’Oréal employees will have access to health coverage, financial protection and training, no matter where they are in the world.

With a sustainable innovation and production program, it is possible to impact human health indirectly, like decreasing water waste and preserving water resources or limiting greenhouse emissions, global warming and thus pollution. Indeed, according to the WHO, some pulmonary and heart diseases are linked to pollution and...
actions to reduce both greenhouse gas emissions and short-lived climate pollutants are measures to protect public health.

Two areas in which L’Oréal can have the most influential indirect impacts on environmentally-mediated health risks are water quality and use, and climate change.

Over years of conducting product lifecycle assessments, L’Oréal has found that water, and in particular the water discharged when the consumer uses the product, is among its principal impacts on the environment. L’Oréal’s teams therefore focuses on improving the environmental profile of product formulas in two ways: (1) improving the biodegradability of formulas, i.e. their ability to be broken down by natural micro-organisms; (2) reducing their water footprint, which represents the product’s impact on the aquatic environment. Since 2017, L’Oréal no longer uses plastic microbeads as cleansing or exfoliating agents in its wash-off products.

The company has also developed a first of its kind tool to assess the social and environmental performance of its new products. Since 2014, to create this tool, known as the Sustainable Product Optimisation Tool (SPOT), L’Oréal teams, with the support of international experts, have developed a methodology – in line with European Product Environmental Footprint standards. Their goal: to measure the environmental and social performance of a product and identify levers for improvement. SPOT has been implemented across all its brands in 2017. It is now completely integrated into the design and launch process for new products. SPOT is instrumental in achieving L’Oréal’s goal of improving the social or environmental profile of 100% of new products by the end of 2020. In 2018, 100% of all new or renovated products – i.e. 2,195 products – underwent SPOT assessment, and 79% of the products launched during the year were improved. The Group is now working to make the SPOT product assessments accessible through a social and environmental display system by end of 2020, which will be relevant for consumers and in line with European recommendations on the subject. The Group’s brands will adopt this display mechanism.

Climate change is another area of influence L’Oréal has on environmentally-mediated health risks. In 2018, L’Oréal set new 2030 Climate commitments approved by the Science-Based Target Initiative and therefore aligned with keeping warming below 2° Celsius as required by the Paris Agreement.

L’Oréal has committed to reduce its entire greenhouse gas emissions (Scopes 1, 2 and 3) by 25% in absolute terms, compared to 2016. This encompasses both those that are produced directly by the Group and those produced indirectly, such as through its suppliers’ activities or consumers’ use of its products. Furthermore, by 2025, all L’Oréal’s manufacturing, administrative and research sites will have achieved carbon neutrality. L’Oréal has most recently signed the Business Ambition for 1.5°C Our Only Future pledge to align their carbon emission reductions to a 1.5°C path.

The company has already achieved strong improvements in emission reductions. From 2005 to 2018, L’Oréal has reduced the CO2 emissions of all its manufacturing sites by 77%, in absolute terms, compared to 2005, while increasing its production volume by 38%. Year after year, L’Oréal is proving that it is possible to combine economic growth with reductions in its environmental impacts. Overall, 38 sites achieved carbon neutrality in 2018.

L’Oréal takes its approach and commitments to the highest level of the company in order to generate ambitious action. The transformation of the organization is becoming everyone’s business and the same exacting requirements are applied to social, societal, and environmental performance as to economic and financial results. Since introducing Sharing Beauty With All, L’Oréal’s CEO, its group brands managers, and its country general managers have had part of their salary bonuses linked with the performance of the company’s social and environmental commitments. This progress has been accompanied by a change of structure, so that the initiatives undertaken within the scope of the Sharing Beauty With All programme and those of the Fondation L’Oréal are overseen by one leadership, which is directly linked to CEO Jean-Paul Agon. These synergies guarantee consistency between exemplary business activities and an exemplary positive contribution to society. One cannot proceed without the other within L’Oréal’s vision of global corporate responsibility. And from September 2019, this strategic function will be represented within L’Oréal Executive Committee. This decision reinforces the Group’s ambition to be both a business and environmental societal leader.
CASE: NO. 2

ENGAGED BRANDS IN ENGAGING CAMPAIGNS

L’Oréal is conscious of the ability of its brands to raise awareness and trigger positive action among business partners, customers, consumers and other key stakeholders, on today’s major social and environmental issues. By the end of 2020, the company has committed to have 100% of its brands identify a relevant cause and raise consumer awareness of the issue. In 2018, 57% of brands conducted this type of activity. Many of the cause programs of L’Oréal brands involve the intersection of the environment and human health. For example, Giorgio Armani’s Acqua for Life program, La Roche Posay’s Skinchecker campaign, and L’Oréal Professionnel’s program to fight musculoskeletal disorders.

Acqua for Life-Giorgio Armani

Since 2010, L’Oréal’s Giorgio Armani brand has contributed to providing access to clean water through the Acqua for Life program, in partnership with Green Cross International and more recently WaterAid. Acqua for Life has provided access to clean drinking water to over 195,000 people in over 10 countries through the installation of 385 water supply systems. Poor water quality, sanitation and hygiene contribute to the mortality of approximately 361,000 children under five every year. In order to alleviate water-borne diseases in at-risk communities, the program helps install water points, latrines, rainwater collection systems, water filtration systems and purification systems.

SkinChecker skin cancer prevention by La Roche-Posay

La Roche-Posay, a personal skincare brand in L’Oréal’s portfolio, focuses on protecting human health from skin cancer. In 2014, La Roche-Posay started the SkinChecker Campaign in order to help educate people on ways to check for early signs of melanoma. Given that diagnosis at early stages of melanoma can be easily treated, La Roche-Posay started a social media campaign to educate people with an ABCD method of checking for melanoma in skin moles. This simple digital campaign has reached 103 million consumers worldwide. La Roche-Posay has organized mole screening for employees and the general public in 31 countries with the help of dermatologists. In 2014, 2,817 suspected lesions were detected by 3,360 dermatologists who screened nearly 300,000 people.

L’Oréal Professionnel

Musculoskeletal disorders represent 75% of occupational injuries suffered by hairdressers. In conjunction with The Bone and Joint Decade, a global alliance of doctors and researchers, L’Oréal Professionnel created an ambitious training program to prevent musculoskeletal disorders (MSD), commonly referred to as Repetitive Strain Injuries (RSI). The brand worked with The Bone and Joint Decade to co-create a series of five-minute exercises hairdressers can use daily to prevent MSDs from arising in the first place. L’Oréal Professionnel raised awareness of these exercises through a mobile application called “15’ Coach” (over 35,000 downloads), and in-person trainings conducted by the L’Oréal Professionnel education team. In total, over 330,000 hairdressers have been reached because of this program.

CASE: NO. 3

SHARE AND CARE FOR EMPLOYEES

According to Jean Paul Agon, “Social and economic performance are closely linked and form part of an approach that must be meaningful for the company and its employees”. L’Oréal’s ambition is to provide all of its employees with access to health coverage, financial protection and training, wherever they are in the world. Employees also benefit from a working environment and office buildings with improved environmental and social impacts.
Launched in 2013 and included also in the Sharing Beauty with All program, the L’Oréal Share & Care program was implemented with the ambitious aim of achieving a common foundation for social protection in all the countries where the Group has subsidiaries, and for L’Oréal to become one of the most high-performing companies in each regional market across all four areas of the program:

- **Care:** To contribute to employee’s good health, providing employees and their families with access to a quality health care system that is one of the best on the local market.

- **Protect:** To protect the future of all employees and their families by providing financial protection in case of unexpected life event.

- **Balance:** For parenthood, to enable them to live maternity and paternity to the full, while pursuing their careers;

- **Enjoy:** To offer a high standard quality of life at work and contribute to the professional and personal fulfillment of every employee.

Regarding the “care” pillar, in 2 years, L’Oréal managed to have major treatments reimbursed for at least 75%, in 67 countries for its employees. 96% of the Group’s permanent employees benefit from health coverage that reflects best practice in their country of residence. Until 2020, the objective now is to implement an Employee Assistance Plan (EAP) to provide preventive and proactive interventions to help employees manage personal issues.

In the context of this program, numerous local initiatives promote awareness actions regarding health (cancer, stress, obesity, melanoma, heart conditions, diabetes, and nutrition...). For example, in 2018, L’Oréal Egypt gained access to full medical cover or health check-ups for its employees and organized multiple prevention initiatives such as work-related stress and breast cancer. L’Oréal Morocco organized the “Wellness Week”. A whole week dedicated to promoting well-being, happiness and health care to the employees.