

L'OCCITANE A COMMITTED BRAND

Corporate Social Responsibility



.....
2011 CSR
ANNUAL REPORT



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TO DEVELOP BRANDS EVEN MORE RESPECTFUL OF HUMAN BEINGS AND NATURE



In this, our second annual report, we are pleased to present some of our key actions over the past year in the field of Social and Environmental Responsibility.

These actions are fully consistent with our group's objectives to develop brands and beauty products that use natural ingredients, with a continuing focus on respect for others and the environment. As always, we are guided by three values: Respect, Authenticity and Sensoriality.

We always strive to do more. As a reflection of this, our approach is all about progress. Every time we do something that strengthens or reinforces our commitments, no matter how modest it may be, it is a source of pride.

In the following pages, you will learn about many of our projects, from product design to seeking ISO 14001 certification for our stores and offices. You will also find out about our support for disabled workers, our approach to responsible purchasing, and the eco-design of our industrial and logistics buildings. These projects are developed with a constant focus on measuring, evaluating, finding solutions, making

well-reasoned decisions and, above all, taking action.

Commitment must come not only from management, but also from our entire workforce. This is a determining factor in the successful implementation of our Social and Environmental Responsibility policy, and we would like to thank everyone for sharing this goal with us, every day.

Emmanuel OSTI,
Managing Director

CSR GOVERNANCE

In October 2011, L'OCCITANE decided to formalize its CSR commitments by signing the UN Global Compact. In doing so, the company commits to incorporating the ten universally accepted principles concerning human rights, labour, the environment and the fight against corruption in its strategy, sales culture and procedures, thus formalizing its active participation in a global partnership for sustainable development.



Katia MICHIELETTO,
Corporate Social Responsibility Manager

Human rights

Principles of the global compact

- 1 Businesses should support and respect the protection of internationally proclaimed human rights
- 2 Businesses must make sure that they are not complicit in human rights abuses

Examples of actions

- Code of Deontology signed by all active and verified suppliers
- Salaried auditor trained and certified by SGS
- Social audit carried out in 29 sites in 2011 (73% of supplier sites in the China, Hong Kong, Taiwan area).

Environment

Principles of the global compact

- 7 Businesses should support a precautionary approach to environmental challenges
- 8 Undertake initiatives to promote greater environmental responsibility
- 9 Encourage the development and diffusion of environmentally friendly technologies.

Examples of actions

- Development of an eco-design approach to products
- Eco-design of industrial buildings and stores
- HQE (High Quality Environmental standard) label for the Export platform
- Launch of an ISO 14001 approach
- Raising employee awareness of eco-steps: energy-saving measures, sorting/recycling, carpooling, etc.

Labour

Principles of the global compact

- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- 4 The elimination of all forms of forced and compulsory labour
- 5 The effective abolition of child labour.
- 6 The elimination of discrimination in respect of employment and occupation

Examples of actions

- **Quality of the Disability Policy social dialogue**
- Signature of a convention with AGEFIPH in September 2010, for a period of 2 years.
- Group "Mission Handicap" service established.
- Partnership with ARPEJH (organization that promotes the employment of disabled young people).

Fight against corruption

Principles of the global compact

- 10 Businesses should work against corruption in all its forms, including extortion and bribery

Examples of actions

- Rules communicated to all corporate employees in December regarding supplier gifts, setting limits and conditions.

SOCIAL RESPONSIBILITY & EMPLOYEES



"Welcome Pack" new employees, Manosque

« *Our mission is to develop a stimulating environment, where our employees, in all their diversity, can grow, develop and give their very best....* »

Frédérique CHEMALY,
International Human Resources Director



ACTIONS

SOCIAL DIALOGUE

The year 2011-2012 was particularly rich in terms of social dialogue. The merging of two industrial production companies resulted in the creation of a new structure: Laboratoires M&L. This operation provided an opportunity to develop a high-quality social dialogue between social partners. Over the year, some thirty meetings were held to discuss the creation of the new company. This led to four company agreements being signed by all trade union organizations. Thanks to these many exchanges, the quality of the mobility support plan and the rapid growth in our workforce, the merging of these activities has not had a negative effect on employment.

In parallel, in an ongoing effort to improve the work environment and keep employees informed as much as possible, several round tables were set up so that they could listen, share and discuss at every level of our organization. As a result, several points of focus were identified, such as the necessity of sharing information so that everyone can move forward at the same pace, or more rapidly developing skills and career opportunities.

L'OCCITANE, CREATOR OF JOBS

A major employer in Manosque, we created over 100 new jobs in 2011-2012. Among our new employees are several young people for whom (in most cases) L'OCCITANE is the first company to provide a long-term contract. We are always keen to reinforce our commit-

ment to jobs in the Manosque region and, in March 2011, we signed a partnership agreement to promote employment with Pôle Emploi (France's national employment agency) and Mission Locale (helping young job-seekers), under the leadership of the regional prefect.

DEVELOPING HUMAN RESOURCES

The development of human resources is part of the strategic vision of the company. It accompanies our growth, while also letting each individual express his/her potential and professional aspirations. In France, 100% of employees are given an annual performance evaluation interview. In 2011, we began personal development interviews, which provide employees with an opportunity to

discuss – with their managers – their skills, training needs and professional development.

In 2011, two thirds of employees attended at least one training course. 4.2% of payroll was spent on training for those working at the L'OCCITANE industrial site (figures from L'OCCITANE SA).*

* the legal obligation is 0.9% of payroll

A CSR "WELCOME PACK" FOR ALL NEW EMPLOYEES

Adhering to our social and environmental policy is key to successfully integrating the company. This is why, from now on, all new employees are provided with specific information on this theme.

SOCIAL RESPONSIBILITY & EMPLOYEES

QUALITY OF LIFE AT WORK

A CLOSER LOOK AT BALANCING PROFESSIONAL AND PRIVATE LIFE

In 2009, L'OCCITANE led the project to open an inter-company child day-care service in Manosque, with the aim of striking a better balance between professional and private life for employees with young children.

This day care centre, which is located close to the factory in Manosque and run by the company "La Maison Bleue", has been named "Le Caloupilé".

THREE YEARS ON FROM ITS OPENING, 32 "L'OCCITANE babies" have now had

their first experience of community life at Le Caloupilé. Today, 14 families – with one of the parents working at the Manosque site – are able to take advantage of this exceptional privilege: having a high-quality day care structure for their children near their place of work. 14 of the places available are reserved for L'OCCITANE employees, representing an annual budget of around €60,000, from which the family tax credit can be deducted.

As an extension of this aim to better reconcile private and professional life for employees, in 2011, the L'OCCITANE Group was also actively involved in financing five places (reserved for workers at the Lagorce site) at a day care centre under construction in Voguë (Ardèche). Again at the Lagorce site, the decision was made to give all employees access to company-subsidized CESU universal service employment vouchers, which have been made available since September 1, 2010.



Birthday Party in the nursery !

Opposite, Laure Delauney with her daughter at L'OCCITANE nursery >



32

IT IS THE NUMBER OF "L'OCCITANE BABIES" WHO HAVE SPENT THEIR FIRST EXPERIENCE OF LIFE IN COMMUNITY IN THE NURSERY.

SOCIAL RESPONSIBILITY & DISABILITY



Career Workshop Forums, Paris

ACTIONS

A PARTNERSHIP CONVENTION AGEFIPH

In September 2010, the L'OCCITANE Group signed a partnership convention, for a two-year period, with AGEFIPH (a French agency that promotes the employment of disabled workers). This enables the disability contact person at the Paris, Manosque and Lagorce sites to follow through objectives by taking concrete actions with real resources. Thanks to all the efforts made, in 2011, the percentage of disabled workers in our production sites (7.41%) was higher than the minimum required by law (6%).



Aurélie URICHER,
Disability Project Manager

« In over 80% of cases, a person's disability is not visible. How can we raise disability awareness in the workplace and implement actions that will enable people with disabilities to be understood and therefore better integrated? How can we prepare for the arrival of a disabled worker – and what can we do to ensure that the manager is also prepared – so that this new employee can be successfully integrated into the company? Such are the ambitious challenges of the Group's "Mission Handicap" service. »

PARTNERSHIP WITH ARPEJEH

In September 2010, we also signed a partnership agreement with ARPEJEH (Accompagner la Réalisation des Projets d'Etudes de Jeunes Elèves et Etudiants Handicapés – an organization that promotes the employment of disabled young people). The aim of this partnership is to give young people the confidence to continue their studies, and also to raise awareness of disability among our employees. This is why, throughout the year, we invite them to get involved in various initiatives:

EXPLORATION DES MÉTIERS INSOLITES (EXPLORING UNUSUAL PROFESSIONS) IN LAGORCE AND PARIS Pupils aged 14-15 are welcomed by employees, who tell them about their job and open up new professional perspectives.

ATELIER DÉCOUVERTES DES MÉTIERS (CAREER WORKSHOP FORUMS) IN PARIS AND LYON

Group employees meet young people at these forums, where they can answer questions about their profession.

INTERNS WITH DISABILITIES During the year, four interns with disabilities worked in Paris and in stores.

PROFESSIONAL TUTELAGE Four young people, under the tutelage of a group employee, are supported through their university and professional courses for one year or more

RAISING DISABILITY AWARENESS

AN EXHIBITION WITH A DIFFERENCE: in November 2011, eight employees of the L'OCCITANE Group agreed to take part in our campaign to raise disability awareness by showing off their skills and demonstrating that their disabilities did not impact on their ability to work. From machine operators to managers, all had the courage to take on this

challenge and show what they could do.

« UN JOUR, UN MÉTIER » (ONE DAY, ONE PROFESSION) OPERATION: for the third year, the L'OCCITANE Group got involved in this national operation by inviting some twenty job seekers with disabilities, from all backgrounds, to come and learn about different work skills and occupations.

700

ALTOGETHER, ALMOST 700 EMPLOYEES HAVE BEEN MADE MORE AWARE OF DISABILITY, AND OVER 850 PEOPLE WITH DISABILITIES HAVE COME INTO CONTACT WITH OUR EMPLOYEES.

SOCIAL RESPONSIBILITY & DISABILITY

RECRUITMENT

AS WITH EVERY YEAR, L'OCCITANE has taken part in employment forums specifically for people with disabilities, which were held this year in Marseille and Paris.

IN 2011, L'OCCITANE wanted to take this even further by organizing a recruitment forum dedicated to diversity, including disability. Over 30 candidates were met by eight managers at the Manosque site.

WITH THE AIM OF INDIRECTLY SUPPORTING EMPLOYMENT OPPORTUNITIES FOR DISABLED WORKERS, we offered employees the opportunity to visit an ESAT (vocational centre for people with disabilities) during their working time. Almost 30 employees gladly accepted the invitation and went on to support the ESAT in question by purchasing products made there

INTEGRATING DISABLED WORKERS

THERE ARE MANY HEARING-IMPAIRED WORKERS AT THE COMPANY, and some of their colleagues have taken a training course in French sign language.

To get people communicating in sign language, we organized a café débat discussion in sign language.

AFTER THIS DISCUSSION, we made several videos with the people involved, to introduce all employees on the site to learning sign language. In fact, if you get the opportunity, you should ask one of our employees to say "Bonjour" in French sign language!



Exhibition of employees' pictures with disability

Opposite, French sign language debate



The direct and indirect employment of people with disabilities represents 7.41% of the workforce at the industrial sites

SOCIAL RESPONSIBILITY & THE COMMUNITY



Pandathlon 2011, Mont Ventoux

« The company is growing, and it is important to stay true to our roots and to make sure our employees remain motivated by the values of the brand. To do this, we continue to anchor projects in the surrounding regions and local communities. L'OCCITANE is constantly strengthening its links with Provence by supporting the preservation of knowledge of plants, while the L'OCCITANE Foundation continues to play a driving role in developing links between associations and employees. In the wake of the natural catastrophes in Japan, both employees and shareholders showed their support for our Japanese colleagues by financing the reconstruction of community centres in northern Japan. Everyone gets involved to give meaning to the future. »



Mary BONNEAUD,
Philanthropy Group Manager



Estelle Gréau (Geneva) in
Burkina Faso

ACTIONS

THE DONS SOLIDAIRES ASSOCIATION: For the past two years, we have donated down-graded products to charitable organizations via the Dons Solidaires association. With 69 pallets of products given to charities in 2011, L'OCCITANE accounts for 20% of the market value redistributed to these charities by Dons Solidaires, which receives donated products from 43 companies.

THE PANDATHLON: For the second time, eleven employees from the L'OCCITANE Group took part in the Pandathlon – a sporting event organized by the WWF and dedicated to preserving biodiversity in the Mediterranean. In 2011, L'OCCITANE allowed almost a hundred pandathletes to enjoy a free massage given by visually impaired people who had taken a well-being training course with the support of the

THE EMPLOYEE COMMITMENT PROGRAMME

To give its employees the desire and opportunity to strengthen their commitment, the L'OCCITANE Group offers them three ways to get involved:

1 - FINANCIALLY, BY MAKING A DONATION to the employee association Coordination Parrainage, which supports the emancipation of women in Burkina Faso.

2 - BY GOING ON A MISSION TO BURKINA FASO with the Nord & Sud employee association, whose aim is to send volunteers to Burkina Faso to teach women basic soap-making skills.

SOCIAL RESPONSIBILITY & THE COMMUNITY



Aromatic & Medicinal plants teaching kit

3 - BY GIVING SOME TIME TO A LOCAL PROJECT. The third option in this programme aims to motivate employees and get them involved by giving them the opportunity to draw attention to or take part in meaningful projects that are consistent with the commitments of the Group.

L'OCCITANE PATRONAGE IN PROVENCE

Based in the Alps of Haute Provence and firmly anchored in its "territory", L'OCCITANE is a brand that is very involved in local activities and projects. We value the men and women who give life to this region, and we give them our support. The brand has been built around the values of respect, authenticity and sensoriality – values that lie at the heart of its commitments and which are part of a real desire to preserve and share knowledge and skills related to nature.

As part of our role as a patron in Provence, we support initiatives that aim to perpetuate knowledge of plants in the "PACA" (Provence-Alpes-Côte d'Azur) region and their usage. A selection committee meets once a year to choose the projects it will support

EXAMPLES OF PROJECTS SUPPORTED IN PROVENCE

ENCOURAGING ORGANIC FARMING AGRIBIO 04 is an association that unites organic farmers from the Alpes de Haute-Provence region and is dedicated to developing and defending organic farming. L'OCCITANE supports this association by helping to finance its "Objectif Bio 2013" project. The objective of this project is to increase the area of organically farmed land in the Alpes de Haute-Provence region so that 20% of land is organically farmed by 2013. The aim is to make this French département the first organic one in France BIO de France.



Association AGRIBIO 04

PRESERVING AND PROMOTING LAVENDER

One of the key programmes supported by local patronage aims to identify the causes of lavender decline (see Responsible Purchasing and Ingredients chapter). Lavender represents ancestral skills and occupations that should be preserved. In partnership with L'OCCITANE, the Routes de la Lavande (Lavender Routes) association offers an itinerant photo exhibition, with images of lavender producers, pickers, distillers, etc.

HIGHLIGHTING AND INFORMING PEOPLE ABOUT AROMATIC AND MEDICINAL PLANTS Within the framework of our patronage in Provence, the European University of Scents and Flavours has acquired a copper distillation still and offers workshops for children and adults, where they can learn about the art of distillation, aromatic plants, and the properties these plants have.

Financing has also been provided for a teaching kit to accompany visits to the scented garden at the Salagon Museum. This kit is used during workshops that focus on touch and other senses while exploring the plants and their properties. Every year, the International Perfume Museum in Grasse organizes a symposium dedicated to learning all about a fragrant plant from the region that is used as a raw material in perfumery. The 2011 edition, supported by L'OCCITANE, was all about immortelle – a plant that

symbolizes our brand's expertise in research and development and the star of our organic cultivation programmes.

L'OCCITANE AND ITS FONDATION

The L'OCCITANE Foundation was created in 2006 and has an average annual budget of 1 million euros.



Jury members for the grant

It supports about fifteen associations, with projects focused around two fields of action:

SUPPORT FOR THE VISUALLY IMPAIRED: in France, it promotes the integration of visually impaired people into the workplace; abroad, in developing countries, it supports projects aimed at combating avoidable blindness.

THE ECONOMIC EMANCIPATION OF WOMEN IN BURKINA FASO: the Foundation is continuing the joint-development activities led by L'OCCITANE by supporting community literacy projects and developing income-generating activities through microcredit programmes and professional training.

DEVELOPING PATRONAGE INTERNATIONALLY The employees in our subsidiaries also want to unite to save sight. And so, in 2011, ten L'OCCITANE subsidiaries launched initiatives to support the visually impaired.

SOCIAL RESPONSIBILITY & THE COMMUNITY

EXAMPLES OF INITIATIVES: KEY PROJECTS IN 2011-2012

- Support for the construction and running of literacy centres, working with the NGO Aide et Action, to enable women in central-western Burkina Faso to gain autonomy.

- A €10,000 L'OCCITANE Foundation PÉPITE award (pépité means golden nugget in French), in partnership with the Maison de l'Entreprise du Burkina Faso (a non-profit association that supports business development in the country), given to a Burkinabé woman in recognition of her entrepreneurial spirit, and to help her develop her project.

- In 2011, the L'OCCITANE Foundation granted the L'OCCITANE Sight Award (€50,000) to Professor Volker Klaus

for his ophthalmic research aimed at fighting avoidable blindness in developing countries.

- Sales of the fund-raising soap in October 2011 raised over €210,000, which will fund a project by the NGO ORBIS in Burkina Faso. The objective is to improve eye health in underprivileged communities living in isolated areas.

- L'OCCITANE employees in Russia decided to support the "Illustrated books for blind children" Foundation, which provides special books for visually impaired children. Thanks to their involvement, €18,000 were raised and 370 books distributed.



1 - Rosine Bonkougou, winner of the 2011 Pépité award

2 - L'OCCITANE Sight Award 2011

Community literacy projects >



RESPONSIBLE PURCHASING & INGREDIENTS



Emmanuel Rose

ACTIONS

Our Sustainable Ingredients department oversees the provision of plants for the L'OCCITANE Group and secures their sustainability. We work directly with producers on the continuous improvement of the plant networks and build long-lasting partnerships on the basis of trust and respect.

PRIORITY N°1

LOCAL PURCHASING: the preferred choice, to reduce our carbon footprint and support local business, for the benefit of the regional social fabric.

TRACEABILITY: from planting to the arrival of the raw material in our factory.

« The story of L'OCCITANE is intimately linked to plants, but also to the men and women who grow them. »

Maud REBOUL,
Sustainable Ingredients Manager



THANKS TO THE CITES DATABASES, WE ARE ABLE TO VERIFY THAT OUR INGREDIENTS ARE NOT AT RISK AND THAT THE COMMERCIALIZATION OF OUR PRODUCTS WILL HAVE NO NEGATIVE IMPACT ON THE FAUNA AND FLORA.

QUALITY CRITERIA defined with independent technical partners and formalized in stringent specifications, which promote:

- Cultivations, most often in accordance with the principles of organic farming
- The picking of wild plants, always within the framework of sustainable harvesting guidelines.

FAIRNESS in our partnerships, based on win-win exchanges and multi-year contracts.

* Convention on International Trade in Endangered Species of wild fauna and flora

THE SEARCH FOR NEW PLANTS, without compromising the protection of endangered species or the skills of communities.

IMMORTELLE: OUR CORSICAN SUNSHINE

Today, 50 hectares of organic immortelle are grown to produce our essential oil, on the eastern plain of Corsica and in Balagne.

Over 100 tons of flowers have already been harvested and the renewal of plantations is underway to ensure the sustainability of this industry, which was launched eight years ago. Once again, L'OCCITANE is committed to purchasing five harvests to ensure a trade outlet and technical support for the six farmers/distillers working for the immortelle plantation programme.

This year, small-scale distillation trials are being carried out so that the immortelle can be harvested at the very best times, thus preserving all the richness of the plant and ensuring that it grows back very well the following years.



Organic Immortelle fields in Corsica

RESPONSIBLE PURCHASING & INGREDIENTS

SHEA BUTTER: MORE THAN JUST A BUSINESS RELATIONSHIP

L'OCCITANE orders for shea butter continue to increase and have now reached some 500 tons. As a result, the women's cooperatives in Burkina Faso have stepped up production, with over 15,000 women now working to supply shea butter.

This industry has become increasingly professional and mature. For three years, L'OCCITANE has been handling the procedures involved in Fair Trade certification and has now handed over the reins to the cooperatives, so that they can drive the Ecocert Fair Trade label project themselves. "Emancipation is about being economically independent and finding

new markets!" Since the beginning of our partnership, a community social fund has been used to finance projects such as literacy programmes or access to medical treatment. From now on, a QUALITY bonus encourages women to deliver an optimal amount of shea nuts and shea butter. Future objectives include creating an ENVIRONMENTAL fund to make better use of waste generated by the production process, and to reduce wood and water consumption.

More about our Shea Butter network:

THE INGREDIENTS unit has once again overseen the production of a Women's Day Soap (over 40,000 soaps made) that is "100% Made in Burkina Faso". Improving quality, respecting schedules, logistics follow-up, purchasing new materials...
SUCCEED IN THIS PROJECT AND DEVELOP



« The PDO specifications enable us to identify a lavender essential oil that has a traditional quality. As part of the work of this committee, we do blind smelling tests to check different batches of essential oil and proceed with physicochemical analysis to select the very best quality. »

Jennifer BARACHET,
is in charge of the lavender project and is also a member of the PDO committee



Shea Butter

OTHER SKILLS,
To succeed in this project and develop other skills, Barkissa Bassia, manager of the NUNUNA soap factory, came to our industrial site in Manosque for a two-month "industrial accompaniment" course.

PDO FINE LAVENDER ESSENTIAL OIL FROM HAUTE PROVENCE: A GUARANTEE OF QUALITY AND TRACEABILITY

L'OCCITANE is the biggest purchaser of PDO fine lavender essential oil from Haute Provence (over 50% of production) and thus helps maintain the rural economy in our region. At least 250 hectares of land must be cultivated to meet our annual lavender needs. In the face of lavender decline

caused by a phytoplasma transmitted by the leafhopper insect, L'OCCITANE has gone one step further in its commitment and financed research programmes initiated by CRIEPPAM* and APAL**. The €50,000 start-up in the ENDOWMENT FUND will make it possible to create more resistant varieties of lavender. Anyone can donate to this endowment fund – so for all lavender lovers who want to fight their cause, please do!

* Centre Régionalisé Interprofessionnel d'Expérimentation en Plantes à Parfum Aromatiques et Médicinales
** Association des Producteurs d'Appellation Lavande A.O.P.

PALM OIL: PLAYING OUR PART

Although L'OCCITANE is not a major user of palm oil derivatives, it has been focusing its attention on the subject of palm oil and its link to

deforestation in south-east Asia for many years. We do not actually purchase palm oil directly, but we do buy supplies of raw materials that contain palm oil, such as soap flakes.



Lavender fields, Haute-Provence

RESPONSIBLE PURCHASING & INGREDIENTS

L'OCITANE is now a member of the RSPO* and develops soap ranges that use oils from "segregated" supply chains, which guarantee the sustainability and traceability of the palm oil from cultivation to the end product.

In parallel, we are leading an ambitious project for the supply and processing of palm oil from old village palm groves in West Africa. The land is farmed organically and the oil is fair trade. The aim is to provide a sustainable and verifiable solution to the difficult issue of palm oil.

* RSPO: a not-for-profit organization that unites stakeholders from all sectors of the industry (producers, processors, consumer goods manufacturers, traders, investors, NGOs) with the aim of developing and implementing global standards for sustainable palm oil.



*Palm oil from old village palm groves
in West Africa.*

*Barkissa in "industrial accompaniment"
in Lagorce*



THE ENVIRONMENT & FORMULAS



Immortelle flowers

« Since the day the company was born, in 1976, we have incorporated some of the green chemistry principles that are much talked about today »

Laure PIERRISNARD,
Prospective Innovation Sustainable Projects Director



ACTIONS

Since the very beginning of L'OCITANE, we have maintained the same convictions with regard to research and development. Our intention has always been to create high-quality, sensorial fragrances and beauty products developed in accordance with the principles of phytotherapy and aromatherapy. We adhere to strict formulation guidelines so as to guarantee the very best quality, optimal effectiveness and pure pleasure of use, while respecting others and the environment.

ACTIVE INGREDIENTS THAT ARE EXCLUSIVELY PLANT-DERIVED AND, FOR THE MOST PART, HAVE PROVEN TRACEABILITY

We always strive to use natural, traceable, quality ingredients. We use more than 200 plant-derived ingredients (over a quarter of

OVER **800**
TONS

of plant oils and butters every year

We give priority to plant oils or butters rather than using petrochemical products (mineral oils). They are produced from seeds or fruits and are the result of a biological process.

Mineral oils are composed of hydrocarbon chains, and particularly paraffin, and cannot be absorbed by the epidermis, so they form an occlusive film on the skin. Plant oils, on the other hand, have a perfect affinity with the skin and are active substances, due particularly to their rich fatty acid content.

which are certified organic) that have been carefully selected for their effective action. These ingredients are incorporated into our formulas at the best concentration. We systematically give priority to natural ingredients. However, to ensure that a product offers optimum safety and effectiveness, we may use synthetic molecules when no reliable and effective natural alternative exists, while always erring on the side of caution.

RESPECTFUL BEAUTY CARE

RESPECTING CONSUMERS: every one of our raw materials is carefully studied to ensure that it is gentle on the skin both immediately after application and also over the long term. All of our formulas are dermatologically tested to make sure that they are perfectly safe for the skin. To evaluate their effectiveness, our products are tested by volunteers and independent

laboratories, under medical supervision.

RESPECTING THE PLANET: our textures and scents are inspired by the Mediterranean art de vivre and traditions. We develop our products with respect for nature, limiting the environmental impact throughout the different stages of the formulation process: growing and harvesting the plant, the methods used to extract and obtain the raw materials, and the design of the final formula, integrating any constraints relating to their biodegradability and ecotoxicity.

RESPECTING ANIMALS: we do not use any animal-derived ingredients, with the exception of bee products (honey, propolis, royal jelly). L'OCITANE has never tested its products on animals and guarantees that its products – as well as the active ingredients and raw materials they contain – are never tested on animals during their development and manufacture.

THE ENVIRONMENT & FORMULAS

STATEMENT FROM L'OCCITANE ON ANIMAL TESTING

L'OCCITANE does not and never has tested its products, its active ingredients or its raw materials, on animals at any point in the product development or manufacturing process.

L'OCCITANE HAS ALWAYS BEEN COMMITTED TO THE SUPPRESSION OF ANIMAL TESTING FOR BEAUTY PRODUCTS, along with associations including One Voice and PETA. L'OCCITANE was one of the first companies to be in the positive list of the British Union for the Abolition of Vivisection (BUAV) in 1997. Nevertheless, in December 2011 the BUAV decided to remove their accreditation from all companies operating in China. PETA followed suit this year. This was decided because Chinese authorities still request testing on all cosmetic products sold on the Chinese market, as they view it as the better way to safeguard their consumer's safety. Our company does

not conduct those tests; they are done by Chinese laboratories, approved by local authorities on a restricted animal panel.

L'OCCITANE IS FUNDAMENTALLY COMMITTED TO THE ABOLITION OF ANIMAL TESTING OF BEAUTY PRODUCTS WORLDWIDE. Unfortunately given the limited economic and political weight of L'OCCITANE, ceasing to sell our products in China will not do anything to change local regulations. Instead, to move forward we decided to develop relationship with the Chinese authorities to pledge the case for the ending of animal testing for beauty products, through open dialogue. Since December 2010, L'OCCITANE has been meeting with representatives from the Chinese authorities to find promote alternative tests to animal testing. L'Occitane was also one of the leading European companies to attend

a colloquium on this topic in Beijing in February 2011, together with the BUAV and the Chinese authorities.

L'OCCITANE keeps working alongside the BUAV as one of the main beauty brands represented on its dedicated taskforce called « China Cosmetics Cooperative Group ». This entity works with European and Chinese officials to promote alternative testing methods. The first meeting took place in May 2012 and regular meetings are organized in London, Paris or Brussels. On their side, the Chinese laboratories certified by authorities have recently launched a programme to investigate alternative testing protocols. On sun care, animal tests has been stopped and our method on humans has been accepted. This is a first step. L'OCCITANE will keep working proactively for these alternatives to be implemented as soon as possible for all its products.



PDO Essential oil from Haute-Provence

CONTINUOUS IMPROVEMENT: we revise our formulas should any questions arise regarding the ingredients we use in relation to health (parabens, phthalates, BHT) or the environment (silicones, SLES), and in doing so, anticipate changes to legislation.

Within the framework of our general approach of continual improvement, our charter will continue to change in the years to come, with an increasing emphasis on eco-design. This is why we have set up a working commission that focuses on this theme and is in charge, in particular, of establishing an evaluation model that measures the environmental impact of our formulas based on objective criteria such as biodegradability, the level of naturalness, and the processes used to obtain the ingredients included in them

NO PHTHALATES IN FRAGRANCES SINCE 2005

The beauty industry only uses one phthalate: DEP (diethyl phthalate). Its function is to make alcohol unfit for drinking, in accordance with the rules and regulations of health authorities. It has been considered to present a low risk of toxicity, and strict guidelines have been issued regarding the maximum amount that can be used in fragrances (eaux de toilette, eaux de parfum, etc.). Since 2005, L'OCCITANE has stopped using it in its fragrances and now uses pure alcohol.

THE WITHDRAWAL OF PARABENS

Parabens are preservatives, i.e. molecules that prevent the microbiological contamination of cosmetic formulas. Formulas need to include preservatives so that they can be used in normal conditions (kept in a bathroom, exposed to daily contact with the hands of the user). A study questioned the safety of parabens – a study that was refuted by the European Union Scientific Committee. And yet these preservatives have been approved for use by regulators, are considered to be safe, and are permitted (at certain levels of concentration) by the various cosmetic regulatory authorities worldwide. Some are also used in medicines and food products. L'OCCITANE has always used parabens in very low doses, below those authorised by international legislation. However, as we prefer to err on the side of caution, since 2005, our new products have been formulated without parabens, and our aim is to remove parabens from all existing formulas. Today, 99% of our products are paraben-free. BHT is a chemical antioxidant that may potentially disrupt the endocrine system. To avoid using this preservative, all our beauty products that are exposed to oxidation are developed with a rosemary extract preservative, all our beauty products that are exposed to oxidation are developed with a rosemary extract

THE ENVIRONMENT & PACKAGING



Eco-refills in Shea Butter range

« We want to offer, to consumers, choices that reflect a commitment to protect the planet. This year, the environmental measures we have taken have enabled us to focus our actions on reducing the carbon footprint of products and not shifting environmental problems. Among other things, we have concentrated on increasing the use of 100% recycled PET and developing 100% recyclable plant-based polyethylene. We intend to continue looking into all possible ways of reducing our environmental footprint »



Philippe DE BRUGIERE,

Prospective Pack & International Outsourcing Director

ACTIONS

L'OCCITANE has made the eco-design of its products – and particularly its packaging – a major component of its environmental policy. All of the departments involved in packaging design strive to find the best compromise between aesthetics, ease of use, environmental impact and the basic functions of the packaging (protection, transport and information).

A COMMITMENT THAT IS PART OF THE HISTORY OF THE BRAND

Since its creation in 1976, L'OCCITANE has introduced an environmental dimension into its commitments. The brand encourages its consumers to recycle all glass containers.



« This old, creased label is the only one that we have kept, by chance. It dates back to the early days of L'OCCITANE, in 1976. It was stuck onto the back of bottles to raise awareness among our customers of how important it was to re-use glass. The idea has come a long way since then. » Fifteen years on, and L'OCCITANE has chosen to use plastic – a more modern, more "comfortable" material – and collects used bottles so that they can be recycled into plant boxes, floor tiles, park benches and children's toys.

These first awareness-raising actions are behind the current eco-design policy, which is dictated by the eco-design charter (see the 2010 Sustainable Development report).

ECO-DESIGN TRAINING

A training course explains the Group's eco-design policy to the Marketing, Packaging Development and Purchasing departments. In 2011, all new arrivals took this packaging eco-design course.

ECO-REFILLS

2x Twice as many refillable products available in 2011

Eco-refills allow consumers to re-use a bottle several times. Up to 80%* less plastic (*liquid soaps range) is needed to make an eco-refill, compared with the amount required to make the standard packaging. In 2011, thanks to eco-refills, we made plastic savings of 32

tons. Because consumers were so quick to adopt the use of eco-refills – available for the liquid soaps and products from the Aromachologie and Immortelle ranges – L'OCCITANE has continued its efforts to protect the environment. There are now twelve products available in an eco-refill format – double the amount available in 2010.

ECO-DESIGNED RANGES: PART OF OUR COMMITMENT TO CONTINUAL IMPROVEMENT

AROMACHOLOGIE L'OCCITANE uses recycled materials whenever possible. In our hair care ranges, the bottles and jars that hold the shampoos, conditioners and hair masks are made from 100% recycled and recyclable PET plastic. This year, the tubes in the Radiance & Colour Care range were also made from partially recycled plastic (100% recycled plastic does not allow for optimal formula protection).

THE ENVIRONMENT & PACKAGING

BONNE MÈRE

In order to limit its use of petroleum-based materials, L'OCCITANE research focused its attention on plant-based plastics. Having analysed the different materials available on the market, L'OCCITANE chose the most environmentally friendly plastic that would also meet our technical and aesthetic criteria. L'OCCITANE launched its first bottles made with this plastic for the Bonne Mère range. 100% recyclable, they are made with 95% sugar cane-based plastic.

GREENER PACKAGING FOR B-TO-B TOO

The L'OCCITANE range of hotel products includes shower gels, body lotions, shampoos and conditioners held in small bottles made from 100% recycled PET plastic. To take eco-design even further and reduce the environmental

impact of the packaging, the caps are no longer given a decorative coating (fewer industrial processes, less materials used, etc.).

ENVIRONMENTAL EVALUATIONS AND LIFE CYCLE ASSESSMENT (LCA)

Environmental evaluations help decision-making in product development. They make it possible to compare several different design scenarios before committing to the final product design (our in-house eco-design tools evaluate criteria such as weight, recycling, etc.).

To take this further, L'OCCITANE began to focus on Life Cycle Assessment (LCA). The LCA method is an eco-design tool that allows for the scientific evaluation of the potential environmental impacts of a product throughout its life cycle –

from the extraction of the raw materials to its end-of-life processing, taking into consideration the processes involved, transportation and use of the product.

The LCA method is a complex tool, but by using it, "false good ideas" and greenwashing can be avoided. These analyses have guided our choice of materials, design, production location, etc.

We also referred to the LCA method to publish our environmental information.



ENVIRONMENTAL INFORMATION: COMPARING PRODUCTS BEYOND THEIR PRICE

WHAT PROMPTED THIS ENVIRONMENTAL INFORMATION PROJECT IN FRANCE? Environmental information allows consumers to be informed of the environmental impact of the products they are purchasing, and guides them in their choice.

WHAT PROMPTED THIS ENVIRONMENTAL INFORMATION PROJECT? The decision to disclose our environmental information was adopted within the framework of the Grenelle de l'Environnement (environmental round table). As part of the provisions of the Grenelle 2 environmental law, an experimental phase – lasting at least one year and starting on July 1, 2011 – aims to test an

environmental labelling scheme. L'OCCITANE was selected from among the 230 companies that applied to take part in this project. At the end of the experimental period, the government will decide whether – and how – to generalize environmental labelling.

WHAT IS MEASURED?



Impact on the climate



Water consumption



Non-renewable resources

Valeurs calculées pour un soin des mains :



THE ENVIRONMENT & PRODUCTION



ACTIONS

ECO-SOCIAL DESIGN OF INDUSTRIAL BUILDINGS

2011 was marked by the launch of projects to upgrade our production tools, starting with the construction of a new factory in Lagorce, in the Ardèche.



Jean-François GONIDEC
Manufacturing Deputy Managing Director

In the heart of the magnificent Ardèche countryside, the original workshop made from old stones has now been replaced by a cutting-edge eco-factory with 80 m² of solar thermal panels, 241 m² of photovoltaic panels, 180 m³ of collected rain water, light wells, a semi-underground storage area, large south/east facing windows, 1000 m² of green roofing, presence detectors

for lighting, 100% electricity from renewable sources (green certificates), etc.

As for the factory in Manosque, which is due to be upgraded in 2013, a seminar was held in 2010 with the aim of drawing up the sustainable development road-map for this new factory. It brought together all the departments involved, but also local authority and local employment representatives. This road-map serves as a guide to integrate environmental, social and societal concerns throughout the development of this project for the new factory, which should be operational in mid-2013.

As an example of this eco-social design of industrial tools, the new emulsifying machine – which is a very important machine in the manufacturing process – has been

completely redesigned with the aim of optimizing the production and cleaning processes, for a more energy-efficient solution. The manufacturers who usually work with this equipment were very closely involved in its design, from drawing up the specifications to finalizing the design directly with the supplier.

SETTING UP AN ENVIRONMENTAL MANAGEMENT SYSTEM

The L'OCCITANE Group is working to obtain ISO 14001 certification. This approach, which was initiated at the highest level of the company, by senior management, will apply to a pilot production site (the Lagorce factory), the administrative sites in Paris and Geneva, and company-owned stores in France.

« We are aware of the environmental impact of our activities, especially as we are a growing company. Our ambition is to become an exemplary company that sets the standard in environmental protection. To do this, we must work hard every year to reduce the environmental impact related to our activities. »

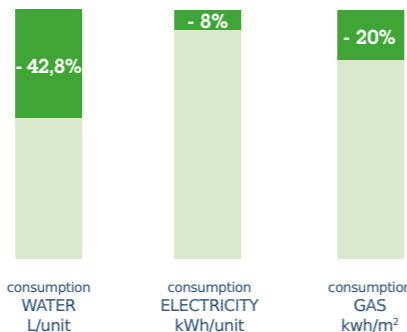
Emmanuel OSTI,
Managing Director, L'OCCITANE Group

The production sites, which are particularly affected by the growth of our business, will not only be subject to increasing environmental regulations associated with the status of an Installation Classée pour la Protection de l'Environnement (ICPE – which refers to a facility that must be declared to the authorities as it may pose risks to the environment), but also to alterations that the Group sees as opportunities to limit our environmental impact.

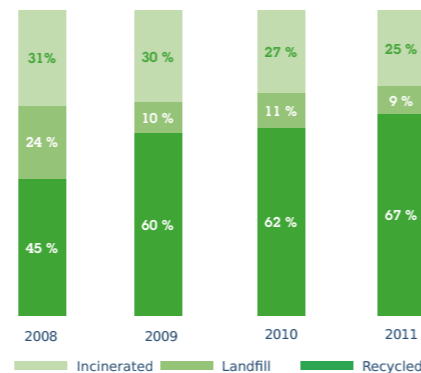
THE ENVIRONMENT & PRODUCTION

The ISO 14001 certification process, started at the Lagorce site, therefore appeared the best option to identify the significant environmental impacts of this site, and to establish which priority actions should be taken to control this impact as part of an environmental management plan involving all workers, at every level.

This process, which has been extended to the design of our products, our distribution network in France and our head offices in Paris and Geneva, will be extended again in late 2013 to encompass the industrial and logistics sites in Manosque.



Comparison of consumption at the Manosque site between 2008 and 2011



Breakdown of waste disposal, Manosque

The Lagorce factory, Ardèche



THE ENVIRONMENT & LOGISTICS



Grandes Terres export plateforme, Manosque

« *Every year, over 200 million L'OCCITANE Group products pass through the Grandes Terres logistics platform in Manosque before being delivered to all our customers throughout the world. Controlling the environmental impact of all our logistics activities is not only the obvious thing to do, but also imperative for a company.* »



Jean-Luc ROHOU,
Manosque Factory Director

ACTIONS

THE NEW EXPORT PLATFORM:
A HIGH-PERFORMANCE
BUILDING

2011 was a very important year as we began to completely redesign the physical distribution network. The most obvious sign of this transformation was the construction of the new, 12,000 m² export platform, in the Grandes Terres industrial zone in Manosque. It is situated opposite the Group's biggest production centre. All products that come from our factories will go through this platform before being shipped all over the world.

HQE

ONE OF THE FIRST LOGISTICS PLATFORMS TO CARRY THE HQE LABEL

This building is designed to HQE (high environmental quality) standards. It is the second logistics building in France to be awarded this prestigious label.

The most important characteristics are the following:

- Energy performance of the offices and platform equivalent to the BBC 2005 Effinergie label, which equates to a 50% reduction in energy consumption compared with a "standard" building.

- The warehouse is heated by local, renewable resources (wood chips).
- Permanent monitoring of the building's energy usage, to optimize performance in real time
- Efficient, optimized lighting solutions to light the warehouse
- Provisions made in the building plan so that a photovoltaic system could be integrated into the roof
- A "landscaped" concept, compatible with the requirements of areas that border the "Natura 2000" network of protected areas. This translates, for example, into the choice of local, non-allergenic plant species and the installation of six bee hives on the roof, to help protect biodiversity
- An emphasis on natural lighting, with wall light strips, but also 4% "zenithal" lighting
- A bioclimatic building design (orientation of the building, sun protection in the operations).



1



2

1 - Grandes Terres Reception, Manosque
2 - Grandes Terres Warehouse, Manosque

THE ENVIRONMENT & LOGISTICS

Thanks to this new platform, six external warehouses are no longer used, which means a significant reduction in the carbon footprint of our operations. This gain can be put into figures: over 420 CO²-equivalent tons per year.

LIMITING THE CARBON FOOTPRINT OF FREIGHT

After an initial carbon footprint evaluation, focused on downstream logistics (delivery of our finished products), a new carbon footprint analysis was conducted for all of the activities associated with production for the whole world: materials used to manufacture the products, production processes, production waste, freight associated with the delivery of the finished products, business travel, fixed assets. The results of this carbon footprint evaluation carried out in 2011, based on data from the 2009 fiscal year (01/04/09 to

31/03/10), show that 27% of greenhouse gas emissions in this area are related to freight, making freight the second-highest producer of emissions, after production input.

This environmental evaluation of greenhouse gas emissions confirms that transportation is responsible for a large proportion of the carbon footprint related to our activities. The best way to reduce this impact continues to be a reduction in air transportation, which alone accounts for over 75% of the carbon footprint of downstream logistics. In 2011, in the light of this, Operations Management implemented an awareness-raising campaign for the distribution subsidiaries and set up a procedure that ensures that any use of air transportation must be approved. This procedure has generated positive results since 2011: the tonnage transported by air was reduced in absolute terms by over 25% between September 2011 and March 2012, despite the increase in tonnage transported.

TWO IMPORTANT PROJECTS UNDER WAY

- The management of logistical operations to end customers in continental Europe will be optimized via a warehouse in the north of France. Supplies will be delivered to this warehouse by rail and road, allowing for additional savings of 850 CO²-equivalent tons (900 tons per truck – 50 tons per train) per year.
- Electric transport will be used for deliveries to our stores in France, which will allow for additional savings of 3 tons of CO² per year, i.e. the equivalent of three return flights from Paris to New York.

EMPLOYEE TRANSPORT: PUTTING A STOP TO INDIVIDUAL CAR TRIPS

The two industrial sites – where the highest number of Group employees work – have both set up, on a voluntary basis, a green transport plan, aimed

at reducing individual car trips from home to work. There are two main points of focus:

CARPPOOLING: every year sees new incentives to encourage more and more employees to carpool when they come to work:



Winners of the Carpooling incentive

-communication campaigns, parking spaces nearest the staff entrance reserved for carpoolers, a monthly prize draw for carpoolers to win a tankful of fuel, etc. Today, 150 employees at Manosque (20% of the workforce) and 64 employees at Lagorce (22% of the workforce) practise carpooling.

THE SHUTTLE BUS FOR EMPLOYEES: after looking at all the public transport solutions in the areas where the factories are located, it became clear that the service was not sufficiently flexible or regular. And so, in 2009, the Group decided to finance a permanent bus service that allows employees working in teams on the three eight-hour shifts to come to work without using their own car and without having to pay. The first bus service in Manosque began running in 2009 and this good practice was extended to the Lagorce site in 2011. Today, 60 employees in Manosque (8% of the workforce) and 52

employees in Lagorce (18% of the workforce) make use of this service.

The Geneva site also initiated a carpooling project, with great success. By introducing incentives similar to those used for the industrial sites, the number of carpoolers went from 8 to 19 (i.e. 21% of the workforce).

EMPLOYEE TRANSPORT: LIMITING BUSINESS TRAVEL

Significant investments were made, in terms of both materials and staff training, to develop video conferencing and long-distance collaboration. All workers now have access to these new services via their individual workstations or by using meeting rooms equipped with video conferencing facilities. By implementing these new practices, we can dramatically reduce the number of business trips and, therefore, their environmental impact.



The shuttle bus for employees, Lagorce

THE ENVIRONMENT & STORE

« *Our stores are a reflection of our values and our commitments to our customers. The design of our stores, the way they are run, but also the messages communicated by our staff and our merchandising tools, encouraging more responsible consumption, are all opportunities that we have been given to express how much these values and these commitments matter to us.* »



Isabelle ALLOUCH,
France General Managing Director

ACTIONS

ECO-DESIGNING STORES

THE USE OF ENVIRONMENTALLY FRIENDLY MATERIALS: the Concept department, which is responsible for the design of our stores, makes sure that the materials used are environmentally friendly. This includes low-VOC paints, mineral lime and FSC or PEFC wood – certifying that the wood has been sourced from sustainable forests.

ENERGY-EFFICIENT LIGHTING: we make every effort to reduce our energy consumption. Our stores are no longer lit exclusively by halogen spotlights, but with metal iodide lamps and LEDs. The units in the new-concept stores are also lit by LEDs or compact fluorescent lamps, which allow for up to 40% energy savings on lighting.

In order to ensure that environmental considerations are taken into account at every stage in the construction or renovation of a store (design, planning, work), a checklist has been drawn up to remind all departments concerned. This checklist has already been tested on a few pilot stores and will become standard for all projects throughout the world in 2013.

ENVIRONMENTAL MANAGEMENT OF STORES

Company-owned stores in France are pilot stores for the ISO 14001 certification process. Few specialized distribution networks have begun this process, so why are we doing it? We want to involve all stores concerned in a progress plan devised with their management to reduce their significant environmental impact.

One of the first measures of this progress plan was the implementation

of environmental audits, which are carried out internally by regional managers to ensure that environmental guidelines are followed. This includes using cleaning products that carry the eco label, switching off illuminated store signs from 10 p.m. to 7 a.m., using air-conditioning systems as efficiently as possible, etc.

RENEWABLE ENERGY All company-owned stores in France for which we had direct access to the energy contract (stores that are not in shopping centres or in a building run by a property management company, i.e. 39 stores) have switched over to a contract for 100% electricity from renewable sources. Our new electricity provider guarantees that the electricity is produced exclusively by hydropower, PV panels, wind turbines or biomass, while meeting our electricity needs.

New store concept

40%

40% OF COMPANY-OWNED STORES IN FRANCE SORT AND RECYCLE, AND THIS FIGURE CONTINUES TO GROW

