

THE L'OCCITANE GROUP **CARES**

L'OCCITANE INTERNATIONAL S.A. - STOCK CODE 973

THE L'OCCITANE GROUP
CARES

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**FY2017 ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**
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L'OCCITANE
EN PROVENCE

Melvita
french organic beauty care since 1983

erborian
PARIS • SEOUL

L'OCCITANE
AU BRÉSIL

The information provided in this report relates mainly to the Group's French entities, and especially Laboratoires M&L, French subsidiary of the L'OCCITANE Group, responsible for product formulation and production.

Indicators and information relate to the financial year 2017

(April 1, 2016 to March 31, 2017).

When information does not relate to this period, this will be indicated.

CONTENTS

A message from the CEO
The Group in figures

01 OUR ENVIRONMENTAL COMMITMENTS

Preserving biodiversity
Producing sustainably

02 RESPONSIBLE PURCHASING AND QUALITY

Informing, auditing and training
Sustainably sourcing our ingredients
Guaranteeing the safety and quality of our products

03 SOCIAL RESPONSIBILITY

Embracing talents and managing careers
A "Great place to work"

04 OUR CONTRIBUTION TO THE COMMUNITY

Union for vision 10by20
Supporting traditional skills and regional development
Promoting women's leadership



A MESSAGE
FROM THE CEO

“

The L'OCCITANE Group has been built around strong values and is committed to developing products that are increasingly respectful of both man and his environment.”

— Reinold Geiger



Respect for the environment, employee development and support for our communities are at the heart of what we do. We are determined to take our commitments even further not just by pursuing the actions we have already taken, but also by embarking upon new projects.

This year, the Group signed a three-year partnership with the IUCN France*. The partnership aims to identify the impact of our activities on biodiversity and implement an action plan so that we can do more in this area.

All of our activities – from designing to distributing products – are covered by an ISO 14001-certified management system. This guarantees that we work in a logical way so as to limit our most significant impacts on the environment.

Furthermore, we are continuing our efforts to develop the naturality of our formulae. In 2016, over 89% of the new products launched by L'OCCITANE en Provence contained at least 90% naturally-derived ingredients.

We are also dedicated to making our Group an inspiring, stimulating and enjoyable workplace. This year, once again, several Group subsidiaries got involved in the “Great Place to Work” survey. As a result of this survey, we have been able to identify strong points in terms of well-being at work, while also highlight areas for improvement.

Finally, the Group believes that contributing to communities is fundamental. In December 2016, within the framework of the L'OCCITANE Foundation's “Union for Vision” programme, an international partnership was signed with UNICEF.

Through this partnership, we are contributing to the prevention of childhood blindness by providing them with Vitamin A supplements. The programme should benefit 1.7 million children across the world between now and 2020.

*International Union for Conservation of Nature, French Committee.

Consolidated turnover
1.32 billion

3,037
Outlets including
1,514 company-owned

Growth
(constant exchange rate)
1.7%

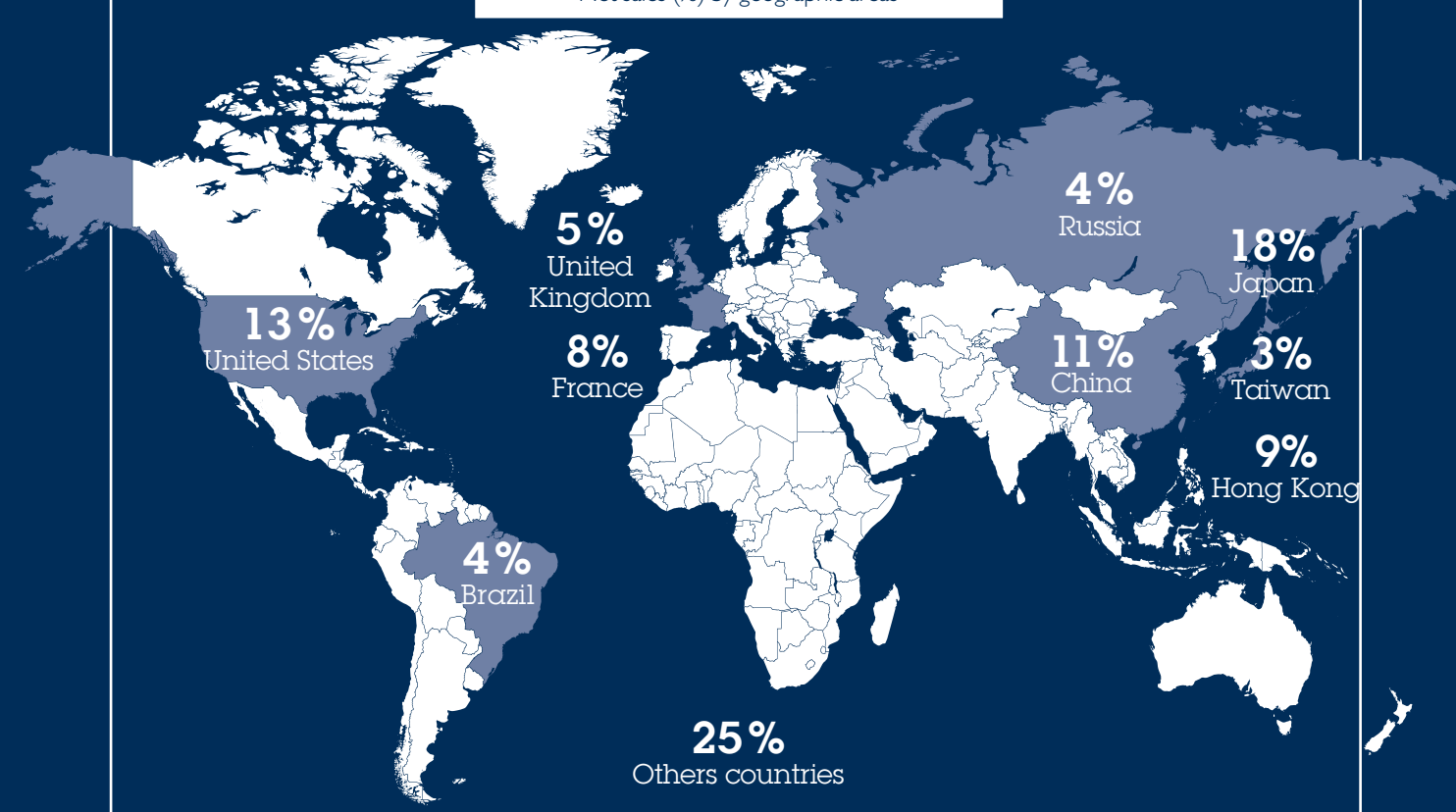
Over
8,500
employees in the world

THE GROUP IN FIGURES



OUR ACTIVITY WORLDWIDE

Net sales (%) by geographic areas





01
OUR ENVIRONMENTAL
COMMITMENTS

CO₂ EMISSIONS  14% REDUCTION IN CARBON INTENSITY between 2010 and 2016 for all of our activities (excluding used and discontinued products)	REDUCTION IN THE USE OF AIR TRANSPORT  1.6% OF OUR PRODUCTS TRANSPORTED BY AIR	WASTE RE-USED OR RECYCLED  70% OF WASTE RECYCLED from our industrial sites	NATURALITY  89% OF NEW PRODUCTS LAUNCHED by LOCCITANE en Provence contained at least 90% natural ingredients
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PRESERVING BIODIVERSITY

The “Mediterranean Basin” is an exceptional, albeit fragile environment. It has been identified as one of the world’s 34 most sensitive areas in terms of biodiversity . The L’OCCITANE Group is committed to both promoting biodiversity and reducing the impact of its activities on biodiversity .

ASSESSING THE IMPACT OF OUR ACTIVITIES ON BIODIVERSITY

In 2016, the Group entered into a three-year partnership with the IUCN.This partnership focuses on:

- identifying the impact of our activities on biodiversity and implementing an action plan to reinforce our commitments;
- supporting the IUCN project in France to produce a red list of ecosystems for France’s Mediterranean coastlines and forests so as to increase knowledge about biodiversity and raise awareness of the challenges involved.

*International Union for Conservation of Nature.

EVALUATING THE SUSTAINABILITY OF OUR KEY SUPPLY CHAIN

The department responsible for the Group’s key ingredients has set up a tool to evaluate its natural ingredient supply chains, based on essential sustainability criteria.These criteria focus mainly on environmental matters and include:

- water management;
- energy sources;
- waste management;
- cultivation techniques;
- biodiversity-friendly practices (planting hedges, grazing).

AN ORGANIC IMMORTELLE SUPPLY CHAIN

The organic immortelle plantation programme, launched in 2004 in Corsica, has enabled us to address several challenges:

- reduction of the impact on the natural environment by providing an alternative to picking wild immortelle;
- provision of a sustainable supply of organic immortelle essential oil;

- preservation of the genetic heritage of Corsican immortelle, achieved by taking seeds from wild plants for use in the plantations.



SUSTAINABLY MANAGING THE HARVESTING AND PROCESSING OF SHEA NUTS

The Group has set itself the goal of a 100% organic supply of shea butter by 2018.

To do this, it has developed a project to secure the certified-organic shea parklands.

In Burkina Faso, we are working on setting up agreements between the cooperatives of women shea butter producers and local authorities so that access to the harvesting areas can be sustainably managed. These are often protected areas where biodiversity is an important issue.

Furthermore, the Group has been working in partnership with the NGO⁽¹⁾ RONGEAD + Etc Terra⁽²⁾ in order to reduce the environmental impact of processing shea nuts to make the butter. Through R&D, technologies have been designed that make it possible to stop using wood for heating, reduce wastewater discharge by 30% and make use of 100% of waste materials. These new technologies are currently being deployed within the shea butter cooperatives.

(1) NGO: Non-Governmental Organisation. (2) RONGEAD + Etc Terra: an NGO based in Lyon whose activities cover the areas of agricultural industries, agro-industrial and NTFPs (Non-Timber Forest Products) with an aim to facilitating market access for value chain actors, strengthening producer organisations capacities, reducing environmental externalities in the process of transformation and promoting adapted agricultural policies in developing countries.

PALM OIL: COMMITTED TO RSPO⁽³⁾ CERTIFICATION

The Group neither purchases nor uses palm oil directly in its formulae. However, our soap flakes and certain derivatives may contain it. Since 2011, the Group has been committed to the RSPO process, with the aim of ensuring that the palm oil it sources is sustainably produced.

At present, 94.5% of our soap flakes are RSPO⁽³⁾-certified, segregated⁽⁴⁾.

In 2016, we started to reformulate our products that contain palm oil derivatives.

Our objective is to use 100% RSPO⁽³⁾-certified derivatives by 2020.

(3) RSPO: Roundtable on Sustainable Palm Oil.

(4) Segregated: the highest level of RSPO-certification that guarantees lasting and traceable palm oil that is separate to oils that originate from other sources.



SAFEGUARDING THE FUTURE OF BEES WHILE HELPING TO BUILD COMMUNITIES

Since 2010, MELVITA has been supporting projects to protect nature and biodiversity. More recently, MELVITA has developed flagship programmes that aim to protect bees, but which also have benefits for society.

An example of this is MELVITA's support for the "Argan Bees" programme in Morocco.

Successive droughts and intensive farming have had an impact on ecosystems and, particularly, on bee populations in the Sahara. In the past, bees were hugely abundant in this area. Today, however, they are in decline.

Since 2015, working in partnership with the NGO Man & Nature, MELVITA has allocated €30,000 every year to projects focused on setting up new beehives in the "Arganeraie" – Morocco's argan tree region.

200 hives, providing a home for 10 million bees, have been set up at the heart of the argan oil cooperatives in the regions of Essaouira and Taroudant. Committed, determined and trained in beekeeping, the Berber women in our partner argan oil cooperatives contribute to maintaining the balance of local ecosystems by keeping these bees.

Furthermore, by developing beekeeping, they are able to generate an additional source of income.

Through this project, 240 Moroccan women are helping to protect both bees and biodiversity.

PROTECTING THE NATURAL HERITAGE OF PROVENCE

The land that inspires L'OCCITANE boasts an exceptional biodiversity. It is for this reason that the brand – through its L'OCCITANE Foundation – is committed to protecting the natural heritage of Provence. In 2016, L'OCCITANE strengthened its partnerships with local players. €125,000 was allocated to the following public interest projects and organisations.

- IUCN: to draw up the *red list* of ecosystems for France's Mediterranean coastlines.
- The *Conservatoire d'Espaces Naturels de Provence-Alpes-Côte d'Azur* and the *Fédération des Conservatoires Botaniques Nationaux et Alpin (FCBN & CBNA)* nature conservation organisations so as to implement a joint project that protects aromatic and medicinal plants, as well as meadow plants, and to promote the "Végétal local" and "Vraies messicoles" quality labels for local and meadow plants.
- The Parc Naturel Régional du Verdon (Verdon National Park) so as to lead a project that plants hedges and trees on 11 farmlands on the Valensole plateau (4,216 trees, 3.3km of hedges planted).





PRODUCING SUSTAINABLY

Aware of the environmental impact of its business and its role as a company in the fight against climate change, the Group works to reduce its CO2 emissions. In 2016, the Group extended its carbon footprint analysis so that it covered all activities.

In addition, our production sites have been awarded ISO 14001 certification (international environmental management standard).

REDUCING OUR EMISSIONS AND PROTECTING RESOURCES

MEASURING OUR EMISSIONS

Since 2010, the Group has conducted a carbon footprint analysis of its production and supply chain activities.

In 2016, the scope of the analysis was extended to include all activities: industrial activities, logistics, administration and distribution, from the extraction of the raw ingredient through to its delivery to the customer, excluding discontinued products and out-sourced activities.

The conclusion of this evaluation is that carbon intensity is 87 tCO2e*/€ million revenues.

Three main sources of carbon emissions have been identified: inputs (raw materials, packaging), freight and energy.

*tCO2e: metric tons of carbon dioxide equivalent.

By 2020, the Group aims to reduce its carbon intensity by 30% compared with 2010 levels.

OPTIMISING OUR LOGISTICS CHAIN

Our aim is to optimise the logistics and the loading of goods, in particular by:

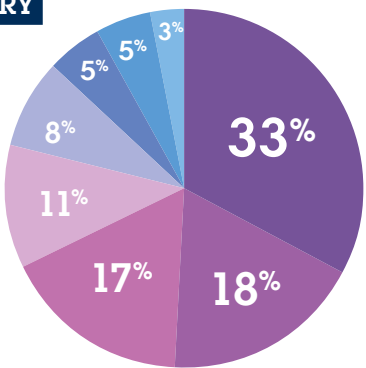
- optimising large storage facilities across the world;
- optimising the fill rate of shipping containers, notably by the stacking of pallets;
- reducing the use of air transport for the delivery of goods throughout the production chain;
- switching to modes of transport that have a lower environmental impact, such as intermodal rail/road transport.

During the 2017 financial year, just 1.6% of volumes were transported by air.



BREAKDOWN OF CARBON EMISSIONS PER CATEGORY

- Freight
- Raw materials
- Energy
- Packaging
- Commuting
- Professional trips
- Fixed Assets
- Other



Total tCO2e* = 111, 786



REDUCING ENERGY CONSUMPTION

Throughout the 2017 financial year, our industrial sites reduced their energy consumption for each unit consumed: 11% reduction in electricity (kWh/unit produced) and 6% reduction in gas (kWh/ton manufactured) in comparison to 2016.

DEVELOPING THE USE OF RENEWABLE ENERGY

The Group already uses 28% renewable energy. Our goal is to bring this figure to 100% step-by-step.

Step 1: France

- For this initial phase, the objective has already been met:
- 100% of company-owned stores in France function on 100% renewable energy;
- All the Group's industrial sites are also supplied with 100% renewable energy.

Step 2: the main subsidiaries

- The L'OCCITANE Group is investigating solutions that could enable its stores and main distribution subsidiaries (excluding transportation) to receive electricity that comes from a renewable source;

- given that those subsidiaries consume 80% of the Group's total electricity.

Step 3: Rolling out the approach in other distribution subsidiaries.

REDUCING WASTE

RECYCLING IN OUR FACTORIES

As part of the measures that were taken so as to obtain ISO 14001 certification, the Group's industrial sites committed to reducing waste.

To manage its waste as efficiently as possible within the production framework, the Group monitors levels of waste per disposal method (landfill, incineration and recycling) on a monthly basis.

This year, two additional recycling systems were set up: one for our packing straps and the other for our label backing paper. Overall, during the 2017 financial year, 70.1% of waste produced on our industrial sites was recycled, 27.2% was used as an energy source and 2.7% was buried as landfill.

We aim to continue our efforts to increase the amount of waste recycled and hope to reduce the amount of landfill waste to zero between now and 2020.

RECYCLING IN OUR STORES

We are working on ways to recycle our products in partnership with Terracycle – an innovative company specialising in processing difficult-to-recycle materials.

In 2014, a programme to recycle our empty containers was launched in our L'OCCITANE and MELVITA stores in France.

In 2016, the programme was extended to include stores in Australia. The aim of this partnership is to encourage our customers to recycle. Since its launch, some 53,000 containers have been collected and recycled.

Our objective for 2018 is to involve more subsidiaries in this programme.

WATER DISCHARGES

The water discharged from our Laboratoires M&L* industrial sites is compliant with industry standards and regulations.

*Laboratoires M&L, french subsidiary responsible for products formulation and production.

CREATING ECO-FRIENDLY FORMULAE AND PACKAGING

ECO-FRIENDLY FORMULAE

Our formulae are developed in accordance with rigorous guidelines that demonstrate respect for man and the environment. We always give priority to natural ingredients.

89% of the new products launched by L'OCCITANE en Provence contain over 90% natural ingredients.



MORE SUSTAINABLE PACKAGING

Efforts continue to be made to reduce the environmental impact of our packaging. Much of our packaging is made with recycled materials, using resources that are renewable or from sustainably managed forests.

We design our packaging so that it is easy to recycle, and we also make eco-refills.

Eco-refills are available for 13 products, representing an overall saving of 153 tons of material.

L'OCCITANE brand packaging contains 19.4% materials with a reduced environmental impact (recycled or renewable).





02

RESPONSIBLE PURCHASING AND QUALITY

TRACEABILITY



47

TRACEABLE INGREDIENT
SUPPLY CHAINS

representing almost 235 hectares
of cultivation (Laboratoires M&L)

PARTNERS



We work directly with over

140 PRODUCERS

and over

10 000 PICKERS

RESPONSIBLE PURCHASING TRAINING



OVER 170 PEOPLE

have been given training
in responsible purchasing and
product eco-design since 2012

INFORMING, AUDITING AND TRAINING

Being a responsible business partner for subcontractors and suppliers is one of the Group's priorities. The Group's purchasing policy combines several elements: a code of ethics; requesting of certifications and auditing of suppliers when necessary; providing training for purchasing staff; and building long-standing relationships with our key suppliers.

AN ETHICAL COMMITMENT

With a focus on transparency and continuous improvement, Laboratoires M&L has been a signatory to the United Nations Global Compact since 2011. Consequently, fair practices and fighting corruption are included in the company's concerns.

A Code of Ethics has existed since 2009.

It is based on standards of practice (respect for the law, fair treatment and transparency, health and safety in the workplace, respecting the rights of employees, respect for the environment) and standards of conduct (professional responsibility, confidentiality, conflicts of interest, relationships with clients and suppliers, political activities).

PURCHASING PROCESS

The Group has set up a process to select suppliers who share our CSR* priorities in order to have greater control over traceability and quality, from the raw materials to the finished products.

Suppliers and subcontractors must meet social, ethical and environmental requirements. For areas where the national and regional legal frameworks are less restrictive, recognised international references – such as the Business Social Compliance Initiative (BSCI) and SA 8000 certification – are requested of suppliers. In this way, we can ensure that they adhere to standards relating to working conditions, the environment and business ethics.

A non-certified supplier may be subject to a specific social and quality audit conducted either by our in-house teams or by an authorised independent auditor.

Chosen suppliers are required to sign the L'OCCITANE Group CSR Charter (based on the principles of the UN Global Compact).

By signing this charter, the supplier commits to complying with labour, health and safety, environmental and business ethics standards.

In parallel, various tools help our teams to move towards increasingly responsible purchasing, such as a guide that covers the overall approach that should be taken and specific eco-design guides (for stores, merchandising elements and products).

*CSR: Corporate Social Responsibility





AUDITING AND SELECTING SUPPLIERS

Our Internal Auditing department regularly carries out audits to test that existing purchasing rules are applied within the Group's main entities.

At present, the Group is working on ways to:

- systematically take into account social risks in countries where there is less awareness of these issues due to the country's regulations;
- optimise information gathering (legal, social, environmental, etc.) from the first contact with suppliers and enable entities to join forces and share information, thereby increasing their knowledge and giving them more control;

- raise competition between suppliers as standard practice, as a means to continuing to improve the social and environmental performance.

Along with other companies, the Group contributes to the SEDEX* collaborative platform, which allows for greater transparency of information relating to the CSR performance of suppliers.

This type of tool helps companies to make their decisions in terms of selecting and maintaining suppliers, and demanding corrective actions if necessary.

* SEDEX: a global not-for-profit membership organisation, home to the world's largest collaborative platform for sharing responsible sourcing data on supply chains.

TRAINING IN RESPONSIBLE PURCHASING

The Group trains its teams and works with its subsidiaries in the areas of responsible purchasing and eco-design.

Since 2012, in-house training sessions have been organised for a large number of staff across our subsidiaries in order to provide them with knowledge, tools and an understanding of the Group's vision of responsible purchasing and eco-design. (This training is organised within the framework of our ISO 14001 process.).

In all, from 2012 until the end of 2016, over 170 people received training in these areas.

We give recommendations to all of our subsidiaries spread across the world to help them select environmentally friendly materials and suppliers who ensure correct working conditions during the production process.



SUSTAINABLY SOURCING OUR INGREDIENTS

The Group has chosen nature as its source of inspiration and draws on the natural properties of plants for the well-being of its customers. A team of agricultural experts is dedicated to sustainably securing plant supply chains and works directly with producers on the continuous improvement of our supply chains.

COMMITTING TO LONG-LASTING AND SUSTAINABLE RELATIONSHIPS WITH OUR SUPPLIERS

For our key ingredients, the Group builds long-term, trusting partnerships that are strengthened, whenever possible, by multi-year contracts with our producers.

These contracts guarantee suppliers a minimum purchase volume with a price that is agreed by all parties.

The price is set based on research and ensures that it generates a fair income. We make a down payment of up to 80% so that producers have the cash flow needed for the harvest.

- 47 traceable sourced ingredients, including 28 multi-year contracts.



IMMORTELLE: A SUPPLY CHAIN THAT BEGAN OVER 10 YEARS AGO

The large-scale organic immortelle plantation programme was launched in 2004. Help on the ground and funding from the L'OCCITANE Group, along with the support of local organisations, encouraged farmers to get involved in the adventure.

They were particularly motivated by the possibility to form multi-year contracts, which provide producers with the guarantee of a lasting outlet for their produce.

- More than 50 hectares of cultivated natural immortelle.

FAIR TRADE SHEA BUTTER SUPPLY CHAIN IN BURKINA FASO

Through multi-year contracts and the provision of technical support on the ground throughout the year, we have been forging strong relationships in Burkina Faso for the past 30 years.

In 2009, the Group helped this supply chain by providing the finances required to obtain Ecocert ESR certification*, as well as technical support. The women's cooperatives can also use the Fair Trade label to make their produce more attractive to international clients, which in turn helps to secure their long-term emancipation.

The shea butter purchase price is the subject of a study conducted by an NGO. Every year, the price is revised at a pricing committee meeting with the women, in the presence of an independent observer.

On the ground, three people are in charge of working with the cooperatives on traceability, orders and projects.

* According to the ESR standard (Fairness, Solidarity and Responsibility), available on www.ecocert.com.

- Several tons of shea butter ordered every year.
- Over 10,000 women involved.



FAIR TRADE ARGAN SUPPLY CHAIN IN MOROCCO

We have worked with our two local suppliers to obtain ESR FairTrade* certification.

Since 2014, the Group has also been working with the women who collect the argan nuts to help them develop a beekeeping activity. This enables them to generate an additional income and, more generally, encourages young people and the most isolated local communities to get involved in beekeeping.

* Fair Trade approved by ECOCERT Environment according to the ESR standard (Fairness, Solidarity and Responsibility), available at www.ecocert.com.

- More than 50 tons ordered;
- 250 women involved.

GUARANTEEING THE SAFETY AND QUALITY OF OUR PRODUCTS

The quality and safety of our products are among our key priorities. Tests are carried out throughout the different stages of product development and regular checks are conducted during the manufacturing process. If, despite all the efforts and care taken during these stages, we are unable to achieve customer satisfaction, we carefully follow up and do our best to resolve any complaints made about the quality of our products or relating to their safety (cosmetovigilance).



TRACEABILITY OF OUR KEY INGREDIENTS

Precise specifications apply to our key raw materials, focusing on:

- how the plant is grown and processed – for example, it might be a specific variety of plant or extraction method (distillation, etc.);
- ingredient quality criteria, such as a specific active molecule content.

Our team of agronomists regularly conducts audits with our suppliers. The aim of this is to ensure that our practices comply with industry standards, and to work with suppliers on the continuous improvement of our supply chains.

MAKING INFORMATION ACCESSIBLE

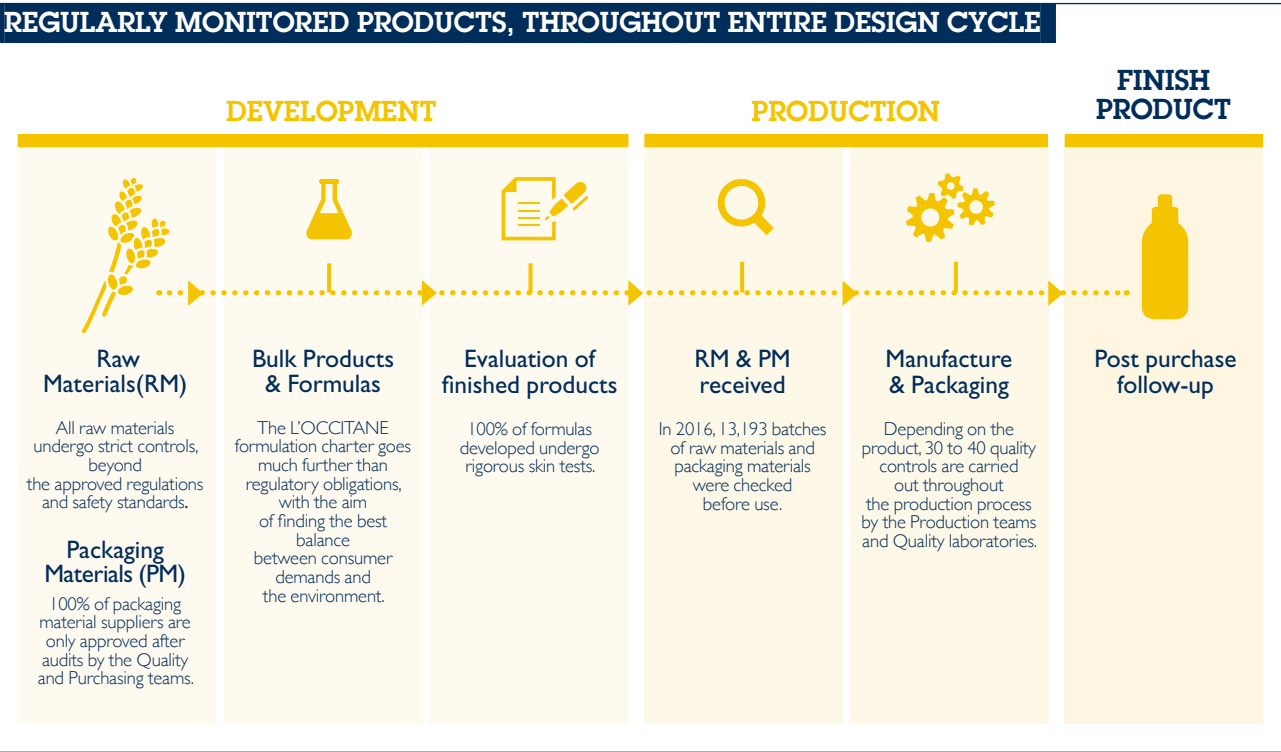
Key ingredients are rigorously monitored. One of the ways we do this is by setting up indicators that are regularly communicated internally and externally.

ADVERTISING, LABELLING AND DATA PRIVACY

For advertising, labelling and privacy matters relating to our products and services, we ensure that appropriate measures and clear procedures are put into place and that these are followed by relevant personnel.

Statutory requirements are strictly adhered to and employees are required to retain in confidence any and all information obtained in connection with their employment, including but not limited to trade secrets, client personal data and information, supplier information and other proprietary information.

For the year ended 31 March 2017, the Group is not aware of any incidents of non-compliance with laws and regulations concerning advertising, labelling and privacy matters relating to our products and services and methods of redress that could have a significant impact on the Group.



EMBRACING TALENTS AND MANAGING CAREERS



CREATING OPPORTUNITIES

The Group employs over 8,500 people across the world and offers numerous opportunities for young and aspiring candidates.

Within Laboratoires M&L, 909 people received training during the 2017 financial year, with training expenditure representing 3.3% of total payroll.

In total, Laboratoires M&L has invested 1.4M € in training.



HELPING EMPLOYEES TO DEVELOP THEIR CAREERS

One of the priorities of the Group's Human Resources department is to build solid, committed teams by developing their skills with the help of an ambitious career development plan. The Group offers its employees training and professional development opportunities, enabling them to improve both their performance and their employability.

INTEGRATING DISABLED WORKERS

The staff at our industrial sites include disabled workers. During the 2017 financial year, the percentage of disabled workers at Laboratoires M&L was 8.1%.

03

SOCIAL RESPONSIBILITY

TRAINING



909

PEOPLE TRAINED
From Laboratoires M&L
benefitted from at least
one training course in 2017

DIVERSITY



Laboratoires M&L
has employed
the equivalent of

8.1%

DISABLED WORKERS



A “GREAT PLACE TO WORK”

ENSURING THE HEALTH AND SAFETY OF OUR EMPLOYEES

The health and safety of our employees on our sites is of utmost importance. The “Santé & Environnement au Travail” (health and the environment at work) prevention policy is implemented at each production site so that any problems or malfunctions can be dealt with directly.

Within the framework of its commitment to meeting occupational health and safety management requirements, Laboratoires M&L obtained OHSAS 18001* certification for its two production sites this year.

*OHSAS 18001: Occupational Health and Safety Assessment Series 18001 is an international standard for occupational health and safety management systems.

Laboratoires M&L includes actions and preventative measures in its annual Prevention and Safety at Work plan, which it shares with social partners during the HSWC (Health, Safety & Working Conditions) committee meetings.

Working in consultation with the occupational health team, various preventative measures (noise, position and posture, psychosocial risks, etc.) are implemented.

These measures are regularly covered during HSWC meetings, and by specific and multidisciplinary working groups.



“GREAT PLACES TO WORK” SURVEYS

This year, for the second year running, the Group launched the “Great Place to Work” (GPTW) survey in several of its subsidiaries. Through this employee and company culture survey, we have been able to identify our strong points in terms of ensuring employee well-being at work, while also highlight areas for improvement.

In addition to being a useful evaluation tool, the GPTW enables the Group to exchange regularly with other member companies and, where suitable, to share best practices.

As such, we continue to work on ways to make improvements where needed.

ZOOM Q



As part of the L’OCCITANE brand’s 40th anniversary, the company organised the “Race for Vision” – its first “connected” race, open to all employees.

From June 6 to 26, 2016, employees participated in a running race to help fund eye care. For each kilometre ran, the company increased its contribution towards the L’OCCITANE Foundation and its eye care projects.

This first Race for Vision was a huge success, with many employees keen to get involved.

Over 5,000 members of staff in 45 countries took part, running a total of 95,000 kilometres, thereby raising €95,000. As a result, more than 32,000 people have since benefitted from eye care support.



04

OUR CONTRIBUTION TO THE COMMUNITY

HELPING PEOPLE



500 000

PEOPLE
have received eye care

WOMEN LEADERSHIP



13,000 **WOMEN**

have been given support
to help them develop
their business

BEING A SOCIALLY RESPONSIBLE AND PHILANTHROPIC COMPANY

The L'OCCITANE Group is dedicated to being a socially responsible and committed company. Every year, we give our support to various initiatives and public interest projects, working with organisations and philanthropy programmes that are supported by the Group.

ZOOM Q

FOR
UNION
VISION
10 BY 20

In 2016, the L'OCCITANE Foundation also presented two €50,000 awards to fund research and support innovation in the field of ophthalmology:

- The L'OCCITANE Sight Award for Research, to fund research into fighting preventable blindness in developing countries. This award was presented to Doctor Wondu Alemayehu for his research into the behavioural and environmental determinants affecting the prevalence of trachoma in Ethiopia.

- The L'OCCITANE Sight Award for Innovation, that recognises innovative solutions and approaches in the field of eye care. The award was attributed to Doctor Zareen Khair for her project to improve vision in rural areas of Bangladesh for the benefit 135,000 people.

The Group's subsidiaries are also involved in this international programme and support local projects in their respective markets.

UNION FOR VISION 10 BY 20

Through its flagship programme, UNION FOR VISION 10by20, the L'OCCITANE Foundation focuses on fighting preventable blindness by improving access to quality eye care throughout the world. Our objective is to provide eye care to 10 million people by 2020.

Working in partnership with expert NGOs, this programme aims to support research, training for medical teams, vision screening treatments and surgical operations, as well as awareness campaigns.

In December 2016, the Foundation signed an international partnership with UNICEF* so as to contribute to the prevention of childhood blindness by providing them with vital Vitamin A supplements.

Between now and 2020, 1.7 million children across the world should benefit from the programme. In order to have a greater impact on the ground, L'OCCITANE chose to focus on three countries where there is a high prevalence of Vitamin A deficiency: Papua New Guinea, Bolivia and Myanmar.

*UNICEF: United Nations International Children's Emergency Fund;



SUPPORTING TRADITIONAL SKILLS AND REGIONAL DEVELOPMENT

OUR SUSTAINABLE COMMUNITIES POLICY

Our team of agricultural experts is dedicated to sustainably securing plant supply chains. We work directly with producers to continually improve our supply chains and we forge long-term partnerships based on trust and respect so as to build sustainable “communities”. We give priority to local purchasing to help develop the social fabric of the region and support its traditional crops.

Whenever possible, we use short, integrated supply chains to provide more added value for the producers and to have control over the traceability of extracts.

SUPPORTING TRADITIONAL CROPS

ALMOND

Some of the scents and flavours of Provence are simply unforgettable. Almonds have long been associated with Provence and the almond tree is a strong symbol of the Provençal landscape. Yet it has almost disappeared from the region, making way for more profitable crops.

Jean-Pierre Jaubert is an almond farmer on the Valensole plateau where he has planted over 15,000 almond trees since 2002. By purchasing all his reject almonds*, the Group helps to support this traditionally grown crop. The Group is also involved in a project to boost the cultivation of almond trees in Provence, led by the PACA (Provence-Alpes-Côte d’Azur) Regional Chamber of Agriculture.

*While reject almonds cannot be sold to confectionary manufacturers, they still contain the same properties as whole almonds.

SHEA BUTTER

We purchase shea butter that has been produced by the traditional method. By doing so, we improve the end value for our shea butter women by 40% in comparison to the basic business of trading shea nuts. This use of traditional techniques keeps a close link with local society and helps to maintain the passing of information from one generation to another, integrating modern adaptations as required.

LAVENDER

The L’OCCITANE Group sources its lavender supplies directly from Provence cooperatives in Sault, Simiane la Rotonde and from the Bleu Provence distillery. As such, our purchases provide valuable support for the local economy.

L’OCCITANE also supports an endowment fund to save Provence’s lavender heritage, set up in 2012 by the CRIEPPAM* – an agronomic research centre.

The fund is dedicated to finding ecological solutions to protect this plant which faces the challenges of climate change.

*CRIEPPAM: Centre Régionalisé Interprofessionnel d’Expérimentation en Plantes à Parfum Aromatiques et Médicinales.

- 3 multi-year contracts.
- Approximately 170 hectares of cultivation.

REGION THAT EXCELS IN NATURAL PRODUCTS

Since late 2016, Laboratoires M&L has been involved in the Opérations d’Intérêt Régional (Operations of Interest for the Region) project. Headed by the PACA (Provence-Alpes-Côte d’Azur) region, it aims to make the area a centre of excellence in the field of natural products, to create jobs and attract businesses.





PROMOTING WOMEN'S LEADERSHIP

Since the 1980s, L'OCCITANE has committed to a lasting partnership with the women who produce shea butter. As an extension of this commitment, the L'OCCITANE Foundation works to promote women's leadership throughout the world.

PARTNERSHIP WITH UN WOMEN

On an international level, the L'OCCITANE Foundation works directly with UN Women – the United Nations entity for gender equality and the empowerment of women.

More specifically, in March 2016, we contributed €200,000 to the UN Women Fund for Gender Equality. This fund is dedicated to the political and economic empowerment of women by providing technical and financial support to innovative strategic initiatives.

Since 2009, the fund has delivered grants to 120 programmes in 80 countries, helping almost 10 million beneficiaries.

RÊV'ELLES AND THE LA FLAMME MARIE CLAIRE CAMPAIGN

In 2016, L'OCCITANE France once again supported the "La Flamme Marie Claire" campaign, an operation that is organised by the women's magazine, Marie Claire.

The brand donated the profits from the sale of fund-raising candles in L'OCCITANE stores and, by doing so, the L'OCCITANE Foundation supported (among others) the "Rêv'Elles" not-for-profit organisation in France.

Created in 2013, "Rêv'Elles" works to promote gender equality and equal opportunities. To do this, it helps young women (14 to 22 years old) from disadvantaged backgrounds to build careers. In addition to providing financial support to "Rêv'Elles", in April 2016 and February 2017, L'OCCITANE also held two "Rêv'Elles moi L'OCCITANE" information days at its site in Paris.

Young women from the organisation were able to meet and chat with employees, learn about different professions and get an insight into the world of work.



LITERACY AND MICROCREDITS IN BURKINA FASO

In Burkina Faso, the L'OCCITANE Foundation supports the economic emancipation of women, and their education.

Literacy: since 2010, the Foundation has worked with "Aide et Action" – an NGO that oversees the building and running of literacy centres, in collaboration with nine local organisations.

Microcredits: L'OCCITANE supports the Entrepreneurs du Monde project. The project aims at promoting women's self-sufficiency and entrepreneurial spirit by making it easier for those who are unable to raise capital to have access to microcredits.

L'OCCITANE POUR ELLES

To strengthen its commitment to women entrepreneurs in Burkina Faso, the L'OCCITANE Foundation launched the "L'OCCITANE pour Elles" programme.

This competition invites proposals for projects from female entrepreneurs and supports the winners for a period of two years, through a multi-partner approach.

SUPPORTING WOMEN'S UNIONS IN BURKINA FASO

In Burkina Faso, the Group has committed to supporting the NGO RONGEAD + Etc Terra* with a new R&D project. The aim of the project is to further improve the mechanical tools that the women use to produce shea butter, making it possible to duplicate the tools on a large scale with minimum impact of the environment.

When necessary, L'OCCITANE calls in external trainers to treat specific subjects. Furthermore, the team in Burkina Faso has reinforced its efforts to support the financing of the unions' projects in order to complete the funds brought in by L'OCCITANE.

Finally, so as to develop the diversification of the way in which the women can earn a living, L'OCCITANE has financed a study that has been conducted by an NGO. The study looks at opportunities to develop new remunerable activities and analyses potential markets.

L'OCCITANE is committed to evaluating the project proposals that it receives and to supporting those which are more relevant.

*RONGEAD + Etc Terra: an NGO based in Lyon whose activities cover the areas of agricultural industries, agro-industrial and NTFPs (Non-Timber Forest Products) with an aim to facilitating market access for value chain actors, strengthening producer organisations capacities, reducing environmental externalities in the process of transformation and promoting adapted agricultural policies in developing countries.

APPENDIX 1: HONG KONG STOCK EXCHANGE ESG SUBJECTS AREAS, ASPECTS, GENERAL DISCLOSURES AND KPIS – CORRELATION TABLE

COMPLY OR EXPLAIN PROVISIONS	GROUP L'OCCITANE DISCLOSURES
A. ENVIRONMENTAL	
Aspect A1 : Emissions	
General disclosure Information on: - the policies; and - compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Ref. Reducing our emissions and protecting resources (pages 11 to 13).
KPI A1.1 The types of emissions and respective emissions data.	Ref. Measuring our emissions (page 11).
KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	111,786 tonnes of CO2e (page 11).
KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	We track the quantity of waste that has been recycled, incinerated and sent to landfill at our industrial sites (page 12).
KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	We track the quantity of waste that has been recycled, incinerated and sent to landfill at our industrial sites (page 12).
KPI A1.5 Description of measures to mitigate emissions and results achieved.	Ref. Optimising our logistics chain (page 11); Reducing energy consumption (page 12); Developing the use of renewable energy (page 12).
KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	We track the quantity of waste that has been recycled, incinerated and sent to landfill at our industrial sites (page 12).
Aspect A2: Use of Resources	
General disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Ref. Reducing energy consumption (page 12); Developing the use of renewable energy (page 12); Recycling in our stores (page 13); More sustainable packaging (page 13).
KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Ref. Appendices 3 and 4.

KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Ref. Appendix 2.
KPI A2.3 Description of energy use efficiency initiatives and results achieved.	Ref. Reducing energy consumption (page 12); Developing the use of renewable energy (page 12).
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	We are working towards optimising the cleaning process at our industrial sites.
KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Ref. More sustainable packaging (page 13).
Aspect A3: The Environment and Natural Resources	
General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Ref. Pages 7 to 13.
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Ref. Pages 7 to 13.
B. SOCIAL	
EMPLOYMENT AND LABOUR PRACTICES	
Aspect B1 : Employment	
General Disclosure Information on: - the policies; and - compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Our ethical charter and CSR policy are compliant with regulations and law relating to these subjects. Ref. Integrating disabled workers (page 23); "Great Place to Work" surveys (page 25).
Aspect B2: Health and Safety	
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Our ethical charter and CSR policy include our respect or regulations and law relating to these subjects. OHSAS 18001 certification for our 2 industrial sites.

Aspect B3: Development and Training	
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Ref. Helping employees to develop their careers (page 23).
Aspect B4: Labour Standards	
General Disclosure Information on: - the policies; and - compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Our ethical charter and CSR policy include our respect for regulations and law relating to these subjects.
OPERATING PRACTICES	
Aspect B5: Supply Chain Management	
General Disclosure Policies on managing environmental and social risks of the supply chain.	Ref. Responsible purchasing and quality (pages 15 to 19).
Aspect B6: Product Responsibility	
General Disclosure Information on: - the policies; and - compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Ref. Guaranteeing the safety and quality of our products (pages 20 & 21).
Aspect B7: Anti-corruption	
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Ref. An ethical commitment (page 15).
COMMUNITY	
Aspect B8: Community Investment	
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Ref. Sustainably sourcing our ingredients (pages 17 to 19); Our contribution to the community (pages 26 to 31).

APPENDIX 2 : WATER CONSUMPTION IN M3 AT OUR INDUSTRIAL SITES

	In m³	
	FY 2016	FY 2017
MANOSQUE	97 740	102 448
LAGORCE	23 179	19 994

APPENDIX 3 : ELECTRICITY CONSUMPTION IN MWH AT OUR INDUSTRIAL SITES

	MWh		kWh per kU*	
	FY 2016	FY 2017	FY 2016	FY 2017
MANOSQUE	7 200	6 740	147	121
LAGORCE	3 354	3 462	52	51

*kU : thousands of units.

APPENDIX 4 : GAS CONSUMPTION IN MWH AT OUR INDUSTRIAL SITES

	MWh		kWh per T*	
	FY 2016	FY 2017	FY 2016	FY 2017
MANOSQUE	8 203	8 954	841	751
LAGORCE	1 262	1 224	449	489

*T: tonne of fabrication

APPENDIX 5 : LEVELS OF WASTE PER WASTE DISPOSAL METHOD

	% waste sent to landfill		% waste recycled		% waste incinerated	
	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017
MANOSQUE	4	2	63	66	33	32
LAGORCE	8	4	82	79	10	17