

A close-up photograph of two hands, one above the other, holding small clusters of purple lavender flowers. The hands are positioned over a vast field of similar lavender plants, which are slightly out of focus in the background. The lighting is bright and natural, suggesting a sunny day. The overall composition is clean and evokes a sense of nature and sustainability.

L'OCCITANE *Group* CARES

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**FY2018 ENVIRONMENTAL,
SOCIAL AND GOVERNANCE
REPORT**



L'OCCITANE
EN PROVENCE

Melvita



erborian
PARIS / SEOUL



L'OCCITANE
AU BRÉSIL



LimeLife by Alcone

The information contained in this report covers all activities of the L'OCCITANE Group and its four brands – L'OCCITANE en Provence, Melvita, Erborian and L'OCCITANE au Brésil – in respect of the financial year starting 1 April 2017 and ending 31 March 2018.

The LimeLife brand, in which the Group has held a majority stake since January 2018, is not included within the scope of this report. The majority of the information provided concerns Laboratoires M&L, a French subsidiary of the L'OCCITANE Group with responsibility for product formulation and manufacturing. Any information provided that exceeds this scope will be indicated clearly. Throughout the report, the term "Group" will be used to refer to the L'OCCITANE Group.



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- 02 Formulating responsible products
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EDITORIAL

REINOLD GEIGER

CEO of the L'OCCITANE Group

The 2018 financial year was a very productive one for the L'OCCITANE Group in terms of sustainable development projects. A new Corporate Responsibility Policy was signed in December 2017 and this has brought a renewed drive to the Group's commitments, as well as to our relationships with external partners.



Out of the most notable developments during the past year, I would like to highlight the social and environmental risk assessment that was carried out for our supply chain. This assessment has enabled us to determine the performance of our suppliers, streamline our supply chain and put in place an evaluation system for our partners.

Furthermore, our "Sustainable Sourcing" team has entered into a number of new partnerships. These include with the IUCN¹ in France to analyse our biodiversity activities; with the NGO RONGEAD + Etc Terra to launch the RESIST² project for the sustainable development of shea nuts in Burkina Faso; and with The Forest Trust to improve the traceability of palm oil.

The Group also continues to pursue its environmental objectives and, in particular, is set to ensure that 100% of its electricity requirements worldwide are met by renewable sources, and that none of its production waste is sent to landfill.

Both the launch of the "My True Story" digital learning platform in April 2017, which is accessible to more than 4,100 beauty consultants, as well as the inclusion of our L'OCCITANE subsidiaries in the UK and Australia in the Sunday Times list of Best 100 Companies to Work For, illustrate the Group's commitment to the professional development and well-being of its employees.

In addition to its corporate responsibility initiatives, the Group continues to dedicate significant resources to its philanthropy programmes, with a particular focus on preventing avoidable blindness and promoting female entrepreneurship. Through our socially responsible products and financial support from the Group and its local subsidiaries, as well as external partnerships and the active participation of our own employees, I believe that our philanthropic work duly reflects the passion and multi-pronged commitment that our Group withholds.

¹ International Union for Conservation of Nature, French Committee

² Resilience, Ecology, Strengthening, Independance, Structuration, Training

OVERVIEW

Through its bid to promote a concept of beauty that respects both consumers and the environment, the Group designs, manufactures and distributes high-quality natural beauty products. With presence in over 90 countries worldwide, the Group's activities are structured into two main areas:

- Sell-in sales (25% of all sales) are focused on products that are designed and manufactured by the Group and sold to distributors such as multi-brand beauty stores, hotels and airport terminal outlets.
- Sell-out sales (75% of all sales) involve the direct sales of the Group's products to consumers through its own network of stores and online distribution channels.

The Group consists of five beauty brands, of which the two largest represent more than 90% of overall revenue:

- **L'OCCITANE en Provence**, a natural beauty brand created in 1976 that offers a range of fragrances as well as skincare, haircare and bodycare products, the majority of which are manufactured in the south of France.
- Founded by a beekeeper thirty years ago, **Melvita** provides 100% organic beauty products that have been awarded the Cosmebio organic label and certified by Ecocert.
- **Erborian** develops hybrid products that bridge the gap between skincare and makeup, inspired by traditional Korean pharmacopoeia and product formulation technology.

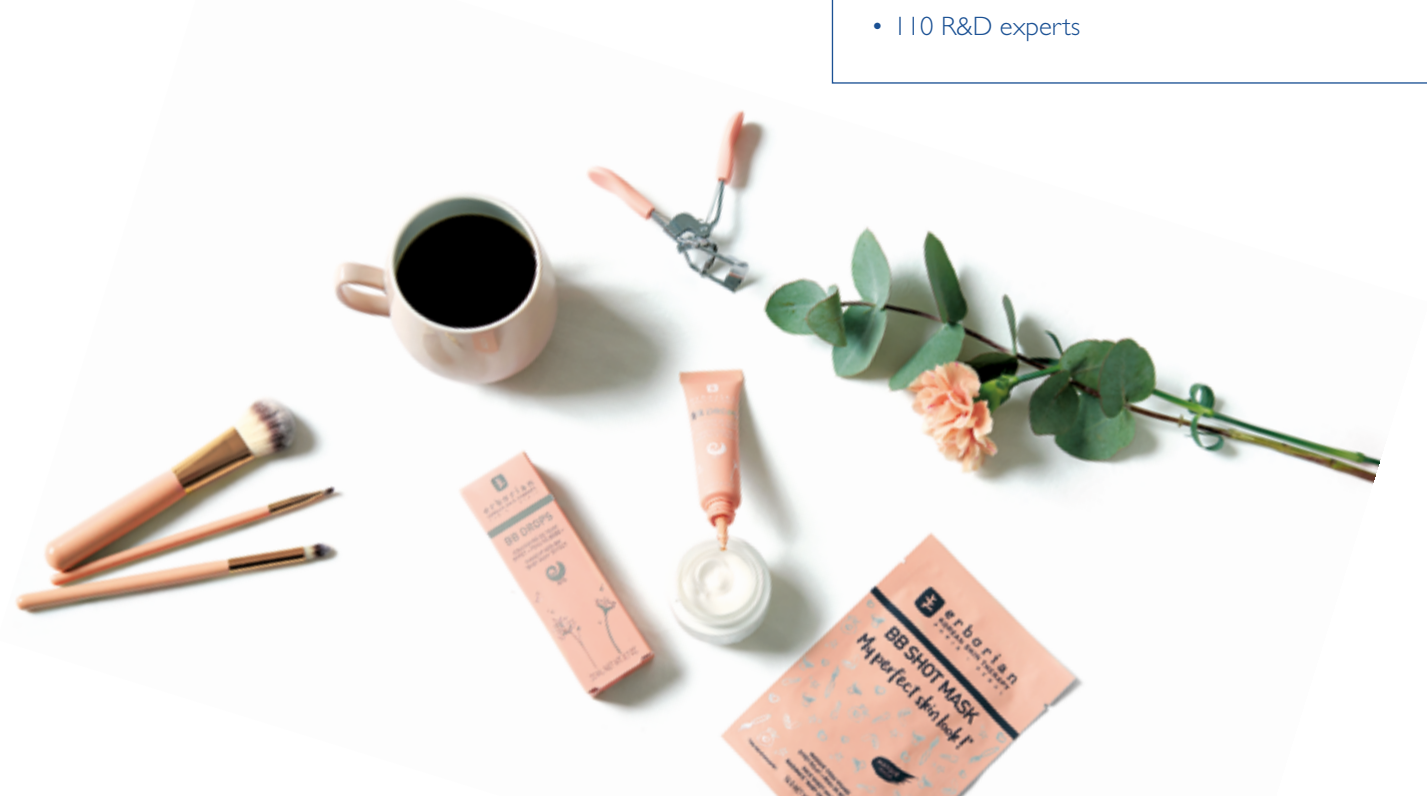
- Established in 2013, the **L'OCCITANE au Brésil** brand offers a range of fragrances as well as haircare and body-care products that promote the natural wealth and cultural richness of Brazil.

- **LimeLife by Alcone** is a US beauty and makeup brand that became a fully integrated member of the Group on 1 January 2018.

One of the major trends in the cosmetics industry is the growing demand among consumers for more natural beauty products. The Group is in a particularly strong position to respond to these expectations. The acquisition in early 2018 of makeup brand LimeLife by Alcone reflects the Group's desire to diversify its offering in this segment. Another key trend in this sector is the drive towards digital, representing a strategic focus for the Group and one in which it intends to strengthen its position in the coming years.

2018 FINANCIAL YEAR – KEY FIGURES

- €1,319 million in consolidated revenue
- 8,500+ employees
- 3,285 stores, of which 1,555 are owned by the Group
- 50+ patents granted or filed in France
- 4,000+ formulas
- 110 R&D experts



THE L'OCCITANE GROUP AND SUSTAINABLE DEVELOPMENT

As the Group is listed on the Hong Kong Stock Exchange, it is required to publish certain social, environmental and governance information each year. The Group is also required to comply with the provisions of the EU Directive 2013/34/EU regarding the publication of non-financial information and information relating to diversity, and its transposition of this information into Luxembourg law in July 2016.

The purpose of this report is to fulfil both of these non-financial reporting obligations. A cross-reference table listing the requirements of the Hong Kong Stock Exchange is provided as an appendix at the end of this report.

Sustainable development strategy of the Group and its brands

In 2015, the Group consulted with its internal and external stakeholders in order to assess the importance and priority of the various sustainable development challenges that it was facing. This comprehensive analysis allowed the Group to identify 17 key areas for consideration, that the Group has classified under three major commitments: to offer consumers respectful products; to engage as an ethical and responsible partner; and to develop local communities and heritage.

During the 2018 financial year, a number of specific initiatives were launched with respect to the sustainable development strategy of the L'OCCITANE en Provence brand. The Group plans to update its this analysis in the coming years, notably so that it is aligned with the future commitments of the L'OCCITANE en Provence brand.

Analysis of non-financial risks

The Group has put together a risk matrix in which financial and non-financial risks are identified, assessed and monitored by means of checks carried out by the Group's internal audit team. The main non-financial risks are as follows:



Main non-financial risks:

RISK CATEGORY	EXAMPLE OF RISK	POLICIES AND ACTIONS IMPLEMENTED	PERFORMANCE INDICATORS
RISKS ASSOCIATED WITH OUR PRODUCTS	• Use of ingredients that have an undesirable effect on a person's health or the environment • Product recalls for reasons relating to consumer health and safety • Loss of CSR certification (Cosmebio organics label, ESR standard, etc.)	• Monitoring of regulations • Quality control checks • Raw materials charter • L'OCCITANE Nature Lab • Sustainable development of formulas • Cosmebio organics label obtained for the Melvita brand	• Number of product recalls for reasons relating to consumer health and safety • Formula biodegradability • Percentage of product ingredients of natural origin (currently being redefined)
RISKS ASSOCIATED WITH THE ENVIRONMENTAL IMPACT OF OUR FACTORIES	• Pollution generated by factories	• Environmental management system and ISO 14001 certification • Checks carried out on waste matter discharged into the air and water • Reduction and recycling of waste • RE100 commitment (100% renewable energy)	• Water and energy consumption • Waste generation and processing types (landfill, incineration, recycling) • Greenhouse gas emissions • Percentage of sites using renewable electricity
RISKS ASSOCIATED WITH THE SUPPLY CHAIN	• Non-compliance with human rights obligations by suppliers or subcontractors • Pollution generated by suppliers or subcontractors • Unavailability of a key raw material	• Group CSR policy • Auditing of supply chain risks • Evaluation of suppliers in terms of CSR • Multi-year contracts with producers • Organic and fair-trade certifications for key raw materials	• Percentage of suppliers evaluated in terms of CSR • Number of producers covered by multi-annual contracts • Percentage of key raw materials certified as organic or fair trade
RISKS ASSOCIATED WITH HUMAN RESOURCES	• Behaviour that infringes human rights (discrimination, bullying, etc.) • Accidents in the workplace • Redundancy plan	• Group CSR policy • Diversity charter • OHSAS 18001 certification • Accident prevention and workplace safety plan • Internal job board	• Absenteeism rates • Absenteeism frequency and severity
RISKS ASSOCIATED WITH ETHICS	• Fraudulent behaviour (corruption, tax fraud, etc.)	• Ethics charter • Code of ethics for purchasing	• Number of legal proceedings for corruption

The Group's Corporate Responsibility Policy

The Corporate Responsibility Policy defines the Group's key commitment principles, and was renewed in December 2017:

- Respectful working conditions: appropriate working hours, freedom of association and right to collective bargaining, elimination of insecure jobs, fight against discrimination, and a ban on forced labour and child labour;
- Protecting health and safety: safeguarding consumer health and occupational hygiene, preventing work-related illnesses and accidents in the workplace;
- Protecting the environment: no animal testing used in the development and manufacture of products, protecting biodiversity and ensuring that the Group's impact on the environment is minimal;
- Ethical compliance: apolitical approach, integrity, safeguarding privacy, preventing corruption, and practising responsible purchasing of raw materials.

All Group entities are required to adhere to these core principles, which take into account the relevant laws of the countries in which the Group is based. These principles must also be respected by the Group's employees, as well as by its suppliers and partners.

The Group's Corporate Responsibility Policy also requires its entities to put into place procedures for the assessment of risks relating to the environment, health, local communities and ethics. Checks and audits may be carried out in order to verify and ensure compliance with the Group's policy.

LABORATOIRES M&L AND THE UNITED NATIONS GLOBAL COMPACT

Laboratoires M&L has been a signatory to the United Nations Global Compact since 2011. Under this programme, the company has pledged to respect 10 core principles relating to human rights, working conditions, environmental protection and the fight against corruption.



Ethics

In 2009, the Group established an Ethics Charter founded on the following:

- Action-based principles, in relation to respect for legislation, loyalty and transparency, respect for health and safety in the workplace, respect for the rights of employees and respect for the environment.
- Behaviour-based principles, with respect to professional responsibility, confidentiality, conflicts of interest, relationships with customers and suppliers as well as political activities.



Confidentiality is taken particularly seriously, and the Group and its employees undertake to keep all information obtained within the scope of its activities confidential, where this includes personal data and information passed on by customers and suppliers.

A number of measures have been put into place to ensure compliance with the Ethics Charter. For example, the L'OCCITANE au Brésil brand has made an anonymous hotline service that is managed by a third party available to all employees. Furthermore, the Group's French subsidiaries plan to implement an internal alert procedure for the reporting of ethical breaches. A dedicated code of ethics for purchasing, built around the principle of maintaining strong working relationships with suppliers, will be established and distributed to the purchasing teams over the course of the 2019 financial year.

During the 2018 financial year, the Group was not involved in any legal proceedings relating to corruption.



PROMOTING SUSTAINABLE
SOURCING AND PURCHASING

SUSTAINABLE PURCHASING POLICY

Overview of the Group's policy

The Group has implemented an internal responsible purchasing policy that focuses on the traceability, sustainability and quality of its purchases, from raw materials to the finished products. All suppliers working with the Group's subsidiaries are required to sign the Group's Corporate Responsibility Policy. In regions where legislative requirements are not as strict as they are in Europe, suppliers may also be required to have social and environmental audit reports conducted by third-party organisations based on internationally recognised standards (such as BSCI, SMETA or SA 8000).

Audits are also conducted within the Group to ensure that its responsible purchasing policy is being implemented effectively by the various subsidiaries.

In 2017, a new function exclusively dedicated to responsible purchasing was set up within the Group to support a more rigorous implementation of the Group's policy across all subsidiaries. Each year, the purchasing teams receive training on the Group's responsible purchasing policy, as well as on specific topics such as eco-friendly design.

Evaluating social and environmental risks within the supply chain

In 2017, the Group engaged an external independent consultancy firm to evaluate the social and environmental performance of its suppliers. The evaluation focused on a range that covered all of the Group's suppliers, with the exception of Erborian suppliers. The evaluation revealed that the risks associated with the purchase of raw materials and packaging items were low, whereas the risks associated with the purchase of merchandising, furniture and gifts were higher.

OVER 260

Laboratoires M&L suppliers were assessed as part of our in-depth evaluation system to analyse the social and environmental risks during the 2017 calendar year.



The Group's efforts have therefore focused on these three purchasing categories, and has carried out an in-depth evaluation of more than 260 merchandising, furniture and gift suppliers. In total, these evaluations covered 23% of the value of all Laboratoires M&L purchases across all categories.

Based on these results, measures were subsequently identified to enable the Group to drop any suppliers that failed to reach the required performance level by the end of 2018. In the long term, the Group is aiming to roll out this evaluation system right across its supply chain and to all purchasing categories.

Breakdown of Laboratoires M&L suppliers by geographic region (in terms of purchase amount) in 2017

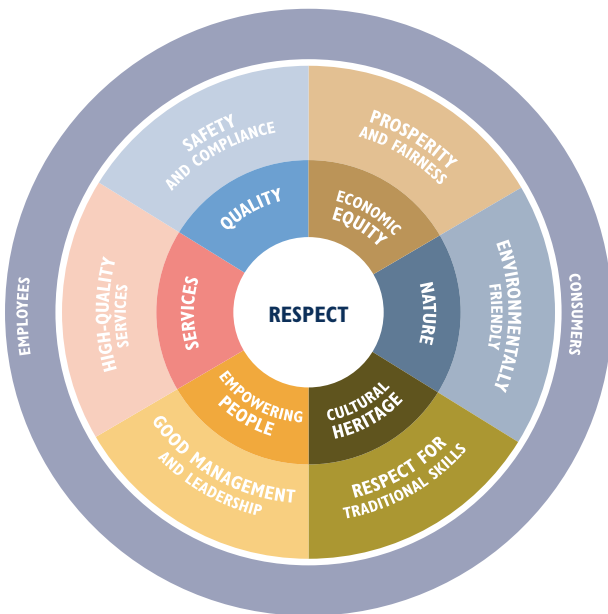
53% IN FRANCE

24% IN EUROPE
(excluding France)

21% IN ASIA

1% IN AFRICA

SUSTAINABLE SOURCING OF KEY RAW MATERIALS



The Group has undertaken a number of proactive initiatives regarding three categories of **key raw materials**:

- For raw materials classed as sensitive i.e. rare plants and plants for which there are uncertainties in the supply chain, the Group ensures end-to-end traceability, and enters into commitments with producers with respect to purchase volumes prior to the plants being harvested.
- For key raw materials that require enhanced monitoring, the Group has defined a special set of requirements with the relevant producers. These requirements can relate to the cultivation of plants, processing methods used or specific quality criteria for individual ingredients.
- For key raw materials that constitute the flagship ingredients of the Group's product ranges, multi-year partnerships based on fixed purchase volumes and prices are agreed with producers in advance. Down-payments and zero-interest loans can also be made available to producers.

Sustainable sourcing, a dedicated Group department

Given the Group's passion for natural beauty products, one of the key challenges it faces is the need to safeguard the sustainability of its supply chains for plant-based ingredients. This sustainability covers a number of dimensions: protecting plants and biodiversity but also supporting producers, sharing the benefits of added value, preserving traditional skills, both now and in the future, and developing local communities and regions.

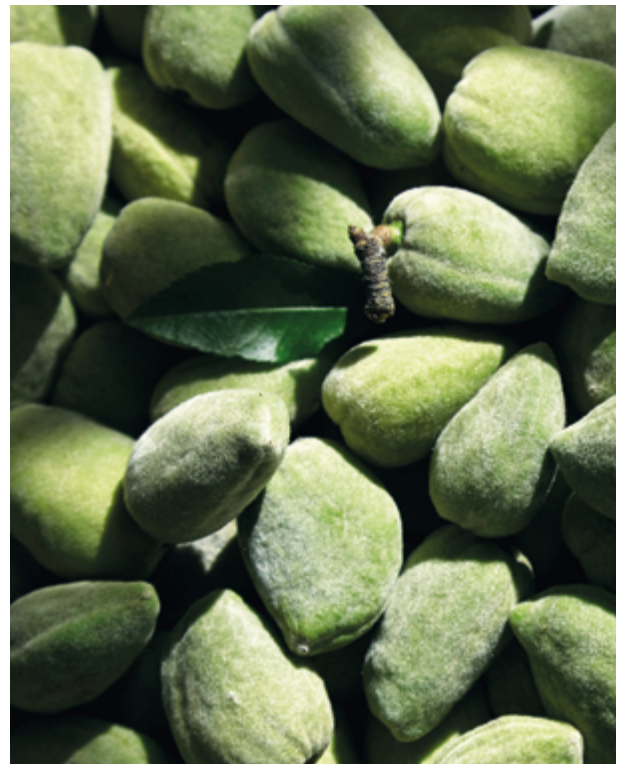
Within the Group, a team of nine employees is solely dedicated to the managing key natural supply chains for the L'OCCITANE en Provence, Melvita and L'OCCITANE au Brésil brands. The objectives of this internal strategy, known as the "Sustainable Communities" strategy, are as follows:

- To enable the Group to innovate responsibly, using natural ingredients.
- To secure key supply chains in the long term while also ensuring maximum traceability.
- To preserve biodiversity.
- To play a role in developing of producer regions.

66 STRATEGIC SUPPLY CHAINS

were developed by the Group by the end of March 2018, the equivalent of 120 ingredients





To assess the sustainability of these key ingredients, the Group has developed an evaluation tool on the basis of criteria that focus on safety and quality, economic fairness, respect for the environment, respect for traditional skills and cultural heritage, governance and management, and business relationships with producers.

Within the scope of conducting these evaluations and monitoring the various supply chains, the dedicated sustainable sourcing team conducted more than 220 on-site visits over the course of the 2018 financial year.

As of the end of March 2018, these key raw materials represented the following for the L'OCCITANE en Provence and Melvita brands:

13% of the volume of all purchased ingredients

12% of the value of all purchased ingredients

Supporting local producers and economies

The Group's sourcing strategy for key raw materials has enabled it to support the economic development of producers as well as the local regions in which they are located. This support takes the form of a number of initiatives, and includes prioritising local supply channels, signing multi-year contracts with producers and committing to fair-trade practices in developing countries.

The Group also voluntarily supports the cultivation of traditional crops from specific regions. One example is Provence almonds, the cultivation of which had almost disappeared in favour of more profitable crops.

In an effort to counter this, the Group is currently involved in a replanting programme supported by the Regional Chamber of Agriculture for the southern region of France.

In 2017, a study funded by Laboratoires M&L was conducted to identify areas most favourable to the planting of almond trees in the region. One of the Group's longstanding almond growing partners has replanted more than 15,000 almond trees since 2000.

The Group agrees multi-year contracts with its key materials producers so that they are guaranteed a fixed income over a period that can extend between two and ten years.

These contracts set a minimum purchase price and/or volume, which effectively marks a commitment on the part of the Group to prefund harvests so that producers have access to the cashflow they need during these periods. For the 2018 financial year, prepayments represented 42% of the overall budget for key raw materials for the L'OCCITANE en Provence and Melvita brands.

One flagship ingredient that illustrates this approach can be seen in the immortelle programme in Corsica. L'OCCITANE en Provence has signed contracts ranging between five and seven years with nine immortelle producers and distillers, and has prefunded 80% of all harvest costs.

Prepayments can sometimes cover up to 80% of the purchase price of an ingredient.

80% OF THE GROUP'S KEY

raw materials (in terms of volume) were certified as fair trade as of the end of March 2018



100% OF THE GROUP'S
PRODUCERS OF KEY RAW
MATERIALS WITH FAIR-
TRADE CERTIFICATION,
AND 35% OF ALL OTHER
PRODUCERS OF KEY
RAW MATERIALS,
BENEFITED FROM
MULTI-YEAR CONTRACTS
AS OF THE END OF
MARCH 2018.

Certain key ingredients used by the L'OCCITANE en Provence and Melvita brands are certified as fair trade.

As of the end of March 2018, three supply chains have been awarded "Fair for Life" certification: shea butter in Burkina Faso, and argan and orange blossom in Morocco.

The "Fair for Life" standard is based on a number of core commitments, classified under the following headings: fairness (fair prices to ensure that producers receive a decent wage); social aspects (respect for human rights, decent working conditions, right to collective bargaining); the environment (sustainable farming practices); sustainable local development (development projects tailored to the local context); and the fostering of strong, long-term commercial partnerships.

ARGAN SUPPLY CHAIN IN MOROCCO, 100% FAIR TRADE CERTIFIED

Argan oil is used by the Melvita brand as part of its commitment to use 100% fair-trade, organic ingredients in partnership with its two suppliers. Together they have been working closely with a number of women's cooperatives. This local supply chain involves the participation of 250 women and supports 24 jobs.

SHEA BUTTER IN BURKINA FASO, AT THE HEART OF L'OCCITANE'S COMMITMENTS

For over 30 years, the Group has been working with women's cooperatives in Burkina Faso that specialise in the production of shea butter. Today, more than 10,000 women provide the Group with several hundred tonnes of shea butter every year.

This supply chain has had full fair-trade certification since 2009, and the Group's objective is to have achieved 100% organic certification for its shea butter by the end of 2018.

The various initiatives undertaken by the Group are aimed at improving the social, economic and environmental benefits of producing shea butter:

- The Group buys shea butter, as opposed to shea nuts, which increases the added value generated by the women's cooperatives
- The purchase price, which is reviewed each year by a committee made up of women producers, and then evaluated separately by an independent NGO, amounts to twice the average export price for shea butter
- "Fair for Life" certification and the availability of technical support has enabled producers to raise their profile amongst other national and international customers
- The Group has developed new technologies that have enabled a significant reduction in the use of firewood through the recycling of waste produced by the processing of shea butter as well as a 30% reduction in the discharge of wastewater and the recycling of 100% of all waste materials

Launched in 2017 by the Group in partnership with the RONGEAD + Etc Terra NGO and Burkina Faso's women's cooperatives, the RESIST (*Resilience, Ecology, Strengthening, Independence, Structuration, Training*) programme is actively involved in bringing together the Group's partner cooperatives in Burkina Faso and ensuring the diversification of their income.



Over its three-year term, and thanks to an overall budget allocation of US \$2 million, to which Laboratoires M&L has contributed the equivalent of US \$1.4 million, the programme has planned for the construction of 10 warehouses, the planting of 45,000 shea trees in six different villages, and the training and mentoring of 8,500 women. These women will learn how to develop their own businesses, manage the shea parklands and ensure the environmentally friendly processing of shea.

Agreements have also been signed between the producer cooperatives and the local authorities to safeguard the forested areas in which the shea trees are grown, protect local biodiversity and manage access to the harvesting areas.

Furthermore, in a bid to strengthen the cooperatives' resilience and autonomy, the Group will be supporting them in setting up new businesses to generate new sources of income that do not depend on shea, such as the production and sale of bissap (hibiscus), for example.



Preserving biodiversity

• Biodiversity study in partnership with the IUCN in France

In 2016, the Group entered into a three-year partnership with the IUCN (International Union for Conserving Nature) in France. The objective of this partnership is twofold:

- To determine the impact of the activities of the L'OCCITANE en Provence brand on biodiversity and implement a dedicated action plan.
- To support IUCN France with its "red list" project in relation to Mediterranean ecosystems, enhance existing knowledge of biodiversity and raise awareness amongst stakeholders as to the importance of these issues.

An initial study was conducted by IUCN France to assess the impact of the activities of L'OCCITANE en Provence on biodiversity. The study assessed all points of the value chain, from sourcing to manufacturing, packaging to logistics, right through to distribution. The study revealed that the main challenges facing the Group relate to the sourcing of natural raw materials, which account for the vast majority of the raw materials purchased by the brand.

The study was followed by the launch of a number of internal initiatives that aimed to improve the traceability of raw materials and implement the necessary tools to ensure that the sourcing of natural raw materials does not pose a threat to biodiversity.

The next step in the partnership is to define a biodiversity strategy and create a dedicated action plan. This plan will be submitted to IUCN France for appraisal.

77% OF THE GROUP'S KEY

raw materials (in terms of volume) were certified as organic as of the end of March 2018

• Initiatives aimed at promoting biodiversity throughout the supply chain

The Group's efforts to preserve biodiversity are centered on two main initiatives: purchase of certified organic ingredients and reliance on RSPO (Roundtable on Sustainable Palm Oil) certification when purchasing raw materials that contain palm oil.

Of the Group's 66 key supply chains, 35 are certified as organic. The Melvita brand already has full Cosmebio certification, with at least 95% of its plant-based ingredients certified as organic. As for the L'OCCITANE en Provence brand, 71% of its plant-based ingredients are certified as organic in terms of volume, the equivalent of roughly 5,000 hectares of land that has been cultivated or reserved for harvesting and certified as organic.

The supply chain for immortelle illustrates L'OCCITANE en Provence's commitment to organic farming and biodiversity. Up until 2004, immortelle was a completely wild plant. As L'OCCITANE's demand for the essential oil obtained from the immortelle plant grew, a more sustainable supply source became necessary to avoid placing too much strain on natural habitats. This prompted the Group to set up a 100% organic-certified immortelle planting programme in Corsica. As of March 2018, L'OCCITANE worked with nine Corsican producers on the cultivation of over 50 hectares of immortelle.

A Mediterranean Garden at our Manosque site, a sanctuary for bird life

In 2017, the Mediterranean Garden at the Laboratoires M&L factory in Manosque, Provence, was awarded "Refuge LPO®" status by the Provence-Alpes-Côte d'Azur branch of the French league for the protection of birds (Ligue de Protection des Oiseaux PACA). This accreditation recognises the site as a location that promotes and preserves biodiversity, from its use of gardening techniques that respect the local ecosystem to its choice of plants, most of which are native to the locality. Following a study of the site, a number of recommendations were made in relation to the installation of new features aimed at further developing and protecting the biodiversity of the site (insect shelter, nesting boxes for birds, plant-based mulching etc.)





Aqua Réotier, respect for the environment at its source

Launched in March 2018, the Aqua Réotier range of beauty products uses Réotier water from a natural spring located high in the Hautes-Alpes region of France. The range represents the fruit of over three years of work carried out by the Group in partnership with naturalists and hydrogeologists with the aim of preserving the natural spring at Réotier, the beauty of the surrounding area and local biodiversity. Exceeding the scope of regulatory requirements, Laboratoires M&L carried out an inventory of the local flora and fauna in order to identify vulnerable species and habitats that require protection.

This coincided with the establishment of a concerted management plan involving the key stakeholders for the site. By deploying removable infrastructure in order to minimise the impact on the site, Laboratoires M&L now uses a maximum of just 0.04% of the overall volume of water generated by the spring each year.

Palm oil has been the subject of controversy in terms of its social and environmental impact, in particular regarding deforestation. The Group does not directly purchase or use palm oil in any of its formulas. However, certain products, such as soap flakes and some derivative products, may contain palm oil.

Since 2011, Laboratoires M&L has been a member of RSPO, a non-profit organisation aimed at promoting and certifying the sustainable production of palm oil. As of the end of 2015, 100% of the Group's soap products (with the exception of shaving foams and special B2B soap ranges) are formulated using palm oil that has been certified based on one of the RSPO's most rigorous traceability levels. The goal for 2020 is for 100% of all raw materials containing palm oil derivatives to have achieved RSPO certification by means of physical traceability systems. To help with this traceability strategy, Laboratoires M&L sought the support of The Forest Trust NGO in January 2018.

• Compliance with the Nagoya Protocol

The Nagoya Protocol is an international agreement aimed at ensuring the fair and equitable sharing of benefits arising from the use of genetic resources. In 2017, Laboratoires M&L worked with the Union for Ethical Biobusiness (UEBT) on the implementation of a dedicated Nagoya Protocol strategy as part of the Group's wider biodiversity policy. The Group plans to implement the UEBT's recommendation in 2018, which will include, most notably, the incorporation of national Nagoya regulations into the Group's approval procedures for natural raw materials.





FORMULATING RESPONSIBLE PRODUCTS

QUALITY AND SAFETY OF OUR PRODUCTS

The Group's primary responsibility toward its consumers is to guarantee the quality and safety of its beauty products. A number of measures have been put in place in order to ensure the quality and safety of all its beauty products, right throughout the value chain.

For each of the countries and geographic regions in which the Group's products are sold, a proactive monitoring system has been put in place to track changes to regulations that concern ingredients, cosmetics and food products.

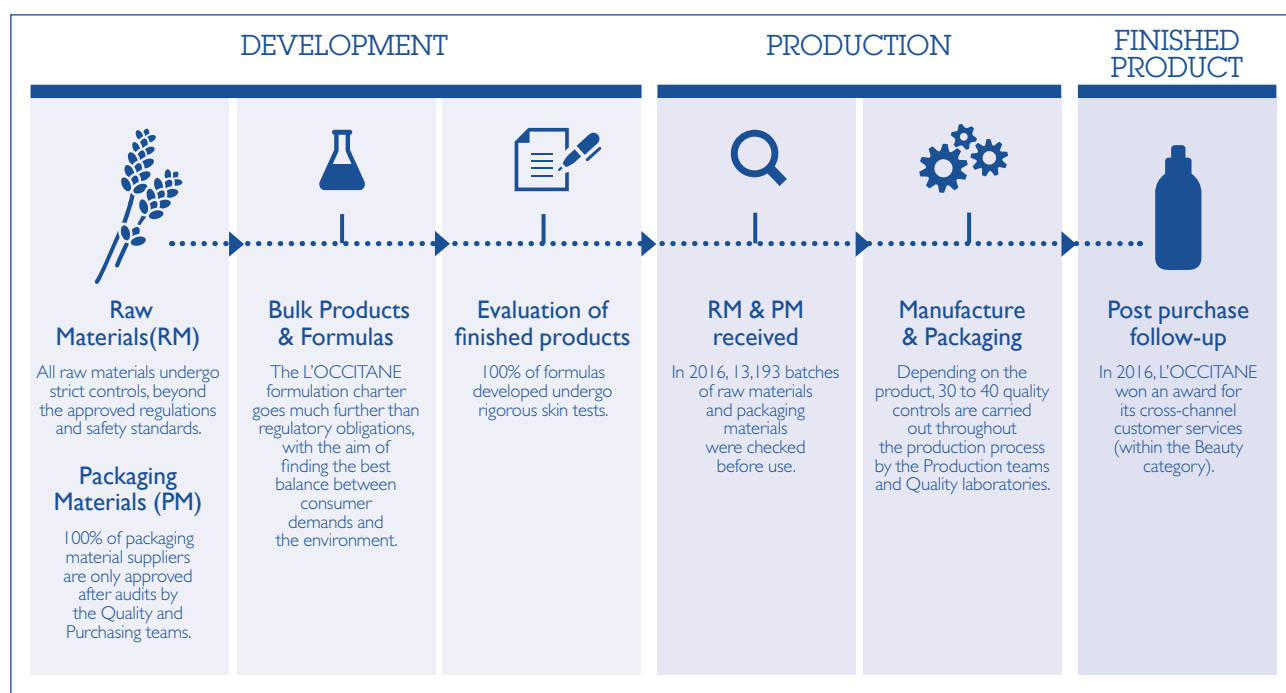
This allows the Group to anticipate regulatory changes coming down the line, and thus ensure the compliance of its products on an international scale.

On a broader level, quality inspections are carried out at each step of the product development process – from the receipt of raw materials and packaging items, through to formulation and manufacturing, right down to the finished product.

During the 2018 financial year, there were no recalls or withdrawals for products sold under the L'OCCITANE en Provence, Melvita, Erborian or L'OCCITANE au Brésil brands as a result of adverse effects on the health and safety of consumers.



Regularly monitored products, throughout entire design cycle :



ECO-FRIENDLY PRODUCT DESIGN

The Group works hard to enhance the natural content and biodegradable properties of its products.

A raw materials charter serves as a guide for the various teams within the company and is also used by the suppliers and subcontractors that work with Laboratoires M&L on the development of more natural beauty products. It sets the rules to be followed in relation to formulas and includes a list of banned ingredients as well as ingredients for which restrictions apply. The charter was drawn up on the basis of existing regulations (such as the ban on using plastic microbeads, for example) but also incorporates voluntary commitments (such as the ban on using genetically modified products or preservative such as parabens and formaldehyde). It is updated on a regular basis in order to take into account the latest scientific developments.

The Group also has a L'OCCITANE Nature Lab that focuses on making improvements to new and existing formulas. For each formulation or reformulation of a L'OCCITANE en Provence product, an eco-design rating is assigned, based on a number of criteria: proportion of natural ingredients used, number of ingredients used that pose a risk to the environment, number of ingredients used in the formula, and the percentage of ingredients used that are easily biodegradable.

Organic beauty brand Melvita

Since 2002, the Melvita brand's entire product range has been awarded the Cosmebio organic label and Ecocert Environnement certification.

To be awarded the Cosmebio label, the following criteria must be met:

- At least 95% of the ingredients used in the overall product must be of natural origin
- At least 95% of the plant-based ingredients must be organic
- At least 10% of the ingredients used in the overall product must be organic (water and mineral-based ingredients are not considered to be organic as they are not derived from a life form)

Melvita's formulas are guaranteed not to contain petrochemicals of low biodegradability, such as paraffin, silicones, parabens, formaldehyde and ethoxylates.



Increasing focus is given to the biodegradability of formulas. The goal for the L'OCCITANE en Provence brand is for the percentage of biodegradable ingredients used in 100% of its rinse-off products to have reached 95% by 2030.

A number of L'OCCITANE en Provence products have been successfully eco-designed in the recent past:

- Réotier's ultra-thirst quenching gel, one of the latest products to be launched by the brand, is free of both silicone and PEG (polyethylene glycol).
- Its Rose Originelle shower gel has also been reformulated so that it uses 30% less ingredients.
- 98% of the ingredients used in the Aromachologie shampoo range are now biodegradable.

In late 2017, the ISO 16128 standard was published. This important document contains guidelines on technical definitions and criteria applicable to natural and organic cosmetic ingredients and products. In 2018, the Group launched a project to assess the natural content of its products based on this standard. The project also sought to determine the Group's overall position in terms of compliance with the standard. The Melvita brand already has full Cosmebio certification, which imposes even tougher demands than the ISO 16128 standard.

SUSTAINABLE PACKAGING

The Group's sustainable packaging strategy comprises the following:

- Reducing the weight of packaging;
- Using recycled and/or renewable materials;
- Using recyclable materials and components that can be easily separated/segregated in order to facilitate waste sorting;
- Offering consumers refillable containers (eco-refills).

The L'OCCITANE en Provence and Melvita brands have pledged that 25% of their packaging will contain either recycled or renewable materials by 2020.

In order to ensure that sustainable packaging is systematically taken into account in the design of new development processes, the Group has implemented an eco-design rating system to evaluate the environmental performance of its packaging. This tool allows the packaging used in the Group's products to be improved year on year.

Furthermore, the various teams involved in product development (purchasing, marketing, etc.) receive regular training on the design of eco-friendly packaging so that they are better equipped to integrate the Group's strategy within their own processes.

Recent examples of eco-friendly packaging initiatives include the following:

- The new Aqua Réotier range by L'OCCITANE en Provence, which features 100%-recyclable pots made from 25% recycled glass;
- Melvita's range of floral waters, which features recyclable bottles made from 100% recycled plastic.

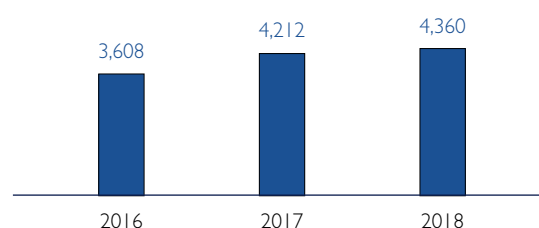
L'OCCITANE en Provence's eco-refills are yet another example of an initiative that has met with success. Now available for 15 different products, eco-refills have enabled the brand to reduce its annual plastic consumption by 7%, representing a saving of 121 tonnes over the 2018 financial year.

In order to step up its efforts in this area, in 2018 and 2019 the Group plans to participate in a working group led by FEBEA³ that will focus on incorporating recycled plastics into beauty product packaging.

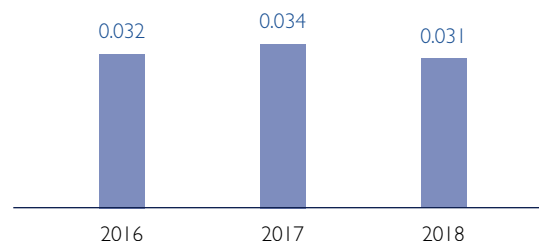
In the 2018 financial year, Laboratoires M&L used over 4,300 tonnes of packaging material in total. When calculated on the basis of units produced, the consumption levels of these materials have remained stable over the past three years.

The proportion of recycled or renewable materials used in L'OCCITANE en Provence and Melvita packaging has also remained consistent, amounting to approximately 21% in 2018. Today, over 70% of both brands' products can be recycled using traditional waste sorting methods (PET⁴ bottles, aluminium and glass).

Consumption of Laboratoires M&L packaging material (in tonnes)

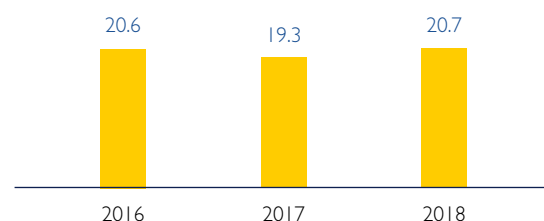


Consumption intensity of Laboratoires M&L packaging material (in tonnes/thousand units produced)



In order to strengthen its commitment to the use of eco-friendly packaging, L'OCCITANE en Provence has set itself the goal of using 100% recycled plastic in its plastic bottles by 2025 (today, the total figure is 30%).

Proportion of recycled or renewable materials in packaging used by the L'OCCITANE en Provence and Melvita brands (as a %)



³ Fédération des Entreprises de la Beauté
(French Federation of Beauty Product Manufacturers)

⁴ Polyéthylène Téréphtalate



REDUCING OUR ENVIRONMENTAL
FOOTPRINT RIGHT THROUGHOUT
OUR VALUE CHAIN

03



ENVIRONMENTAL MANAGEMENT SYSTEM

The Group manufactures its own products. Its Laboratoires M&L subsidiary comprises two factories at Manosque and Lagorce in France which handle the manufacturing of all products from the L'OCCITANE en Provence and Melvita brands (with the exception of a few outsourced products), while all Erborian and L'OCCITANE au Brésil products are custom manufactured by external suppliers. The Group also has its own network of stores. All of these value chain operations, from manufacturing to logistics and distribution, have an impact on the environment, one which the Group strives to minimise.

In 2012, the Group voluntarily undertook an initiative that aimed at achieving ISO 14001 certification for the Group's core activities. Today, product development and manufacturing operations at both Laboratoires M&L factories are ISO 14001 certified, as are the headquarters in Geneva, the administrative offices in Paris and all Group-owned stores in France under the L'OCCITANE en Provence and Melvita brands.

As part of this certification process, the Group defined an environmental policy that sets out its overall aims with respect to conserving the environment. In addition to monitoring regulatory changes, and thereby ensuring that the Group's sites are in compliance with the latest environmental and safety regulations, this environmental policy includes concrete measures to be implemented at the various sites, for example measures relating to waste management, air quality, and water and energy conservation.

CONSERVATION OF NATURAL RESOURCES

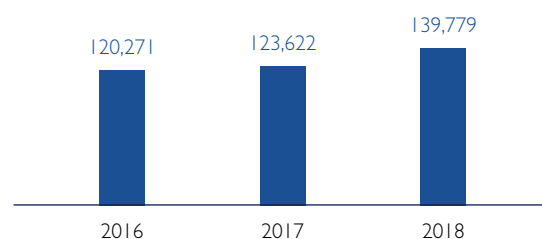
Optimising water consumption

Water is an important resource for the Group - it is both a key ingredient in product formulas and an essential material used in manufacturing processes.

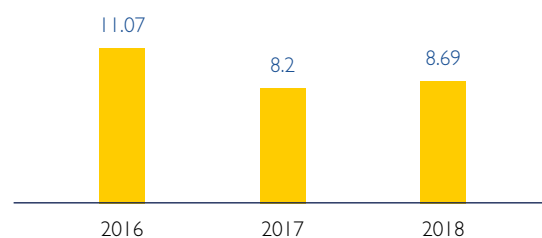
All of the water used directly by Laboratoires M&L comes from the public water supply. As such, the factories are not subject to supply constraints. However, in order to minimise the impact of its water usage, the Manosque site has set itself the target of reducing its water consumption per tonne produced by 5% by the end of 2018.

During the 2018 financial year, Laboratoires M&L used almost 140,000 m³ of water. In comparison to 2016, water consumption intensity (m³ per tonne produced) fell by 22%.

**Total water consumption at Laboratoires M&L
(in m³)**



**Water consumption intensity
at Laboratoires M&L (in m³/tonne produced)**



Reducing energy consumption

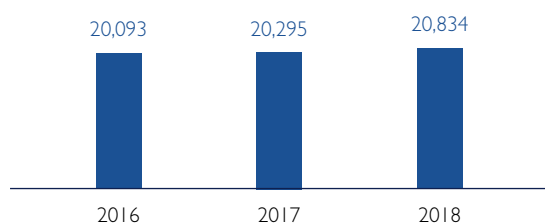
A number of initiatives have been launched to enable the Group to minimise its energy consumption. In terms of production processes, the Group prioritises manufacturing methods that use less energy, such as cold processing and shorter manufacturing times.

The Group has committed to using LED lighting only in all of its stores worldwide by 2020.

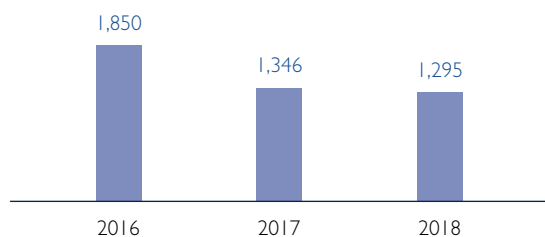
During the 2018 financial year, Laboratoires M&L consumed over 20,800 MWh of energy (electricity and natural gas).

In comparison to 2016, the Group's sites have achieved a 30% reduction in energy consumption intensity in kWh per tonne produced.

Total energy consumption (electricity and natural gas) at Laboratoires M&L (in MWh)



Energy consumption intensity at Laboratoires M&L (in kWh/tonne produced)



0 WASTE SENT TO LANDFILL:

target achieved by Laboratoires M&L in March 2018



+ 70% OF WASTE

of our industrial sites are recycled in 2018

REDUCTION OF POLLUTION AND WASTE

Emissions to water and air

Laboratoires M&L's emissions to water are compliant with current regulations.

The Manosque factory has a wastewater pretreatment facility. Wastewater treated at this facility is then transferred to the local water treatment plant. The Lagorce site has its own treatment facility for wastewater, which is based on a biological treatment and ultra-filtration system.

Laboratoires M&L's main air emissions are CO₂ emissions (see next section on climate change). Apart from CO₂, the sites' emissions include volatile organic compounds (VOCs) and NO₂. Regular emissions checks are carried out in order to ensure that the sites are compliant with the relevant regulations.

Waste treatment

As part of the ISO 14001 certification process undertaken by Laboratoires M&L, a number of measures for optimising waste treatment have been implemented. During the 2018 financial year, the total volume of waste produced amounted to 3,274 tonnes. When calculated on the basis of tonnes produced, Laboratoires M&L generated 0.04 and 0.16 tonnes of hazardous and non-hazardous waste respectively. In comparison to 2016, this represents a reduction of 32% and 21% respectively.

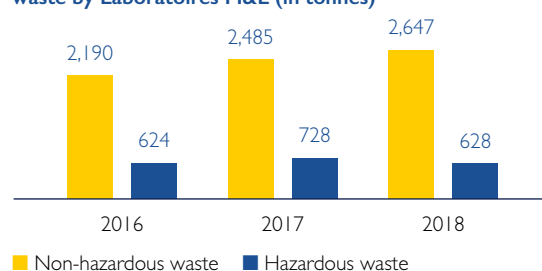
In addition to reducing waste generation upstream, Laboratoires M&L is endeavouring to increase its waste recovery rates downstream.

Two new waste sorting facilities were put in place in the 2017 financial year; one for strapping and one for labels. Organic food waste from the company canteen at the Manosque site is recovered by means of bimethanisation.

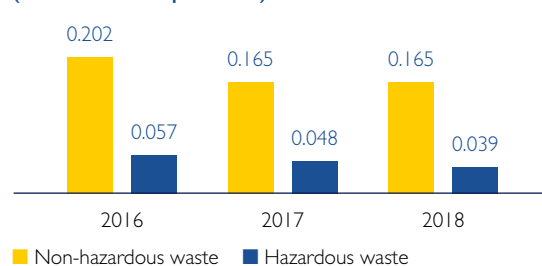
Laboratoires M&L has also made a commitment not to send any of its waste to landfill, a target it succeeded in meeting in March 2018.

Over the course of the 2018 financial year, the Laboratoires M&L sites succeeded in recovering (via agricultural, material or energy recovery) 98.2% of the total volume of waste generated, meaning that just 1.8% of their waste was sent to landfill.

Generation of hazardous and non-hazardous waste by Laboratoires M&L (in tonnes)



Intensity of hazardous and non-hazardous waste generation by Laboratoires M&L (in tonnes/tonne produced)



Innovative recycling programme in partnership with TerraCycle

Since 2014, L'OCCITANE en Provence and Melvita stores have been working in partnership with TerraCycle to offer their customers a recycling programme for empty packaging containers. Initially launched in France, the programme has now been extended to Australia, the US, Canada and Brazil.

The aim is to encourage customers to recycle by specifically targeting packaging made from materials that are difficult to recycle. In France, customers who take part in this eco-friendly scheme receive a 10% discount on purchases made on the day they drop off their used packaging in store. Since the programme was launched, 67,000 packaging containers have been brought back to French stores, representing a total of 2,100 kg of materials. At an international level, more than 38,000 packaging containers were recycled by TerraCycle during the 2018 financial year alone.

COMBATING CLIMATE CHANGE

2016 carbon footprint analysis

In 2016, the Group carried out an analysis of its carbon footprint. The scope of analysis covered the industrial, logistic, administrative and distribution activities of the Group's industrial subsidiary and five other subsidiaries. From the extraction of raw ingredients through to delivery to the customer – excluding usage, product end-of-life and outsourced activities – these activities represented 43% of the revenue figure for the 2016 financial year. This data was then used as a basis to estimate the carbon footprint of all of the Group's distribution subsidiaries.

The results of the carbon footprint analysis showed that the Group generated 113,000 tonnes of CO₂ equivalent during the 2016 financial year, which equates to a carbon intensity of 10.4 tonnes of CO₂ per tonne produced. Inputs (raw materials and packaging), freight and energy were identified as the Group's three main sources of emissions.

Following this analysis, the Group set itself the objective of achieving a 30% reduction in its levels of emissions recorded in 2010 by the year 2020.



113,000 TONNES

of CO₂ equivalent were generated by the Group in the 2016 financial year, amounting to 10.4 tonnes of CO₂ per tonne produced.

Reducing CO₂ emissions

To meet this target, the Group put in place a number of measures aimed at reducing CO₂ emissions at source. A transport plan for employees was rolled out at the Manosque and Lagorce industrial sites as well as the Geneva site. During the 2018 financial year, an average of almost 30% of employees at these sites used a mode of transport other than their private cars (car-sharing, public transport or company-provided bus). Car-sharing is encouraged by means of reserved parking spaces and incentives for those who participate in a car-sharing scheme.

The Group has also implemented a number of projects to reduce CO₂ emissions within its logistics chain. In July 2017, the Group decided to add a new 10,000 m² logistics hub in Singapore under a subcontracting arrangement. This platform is LEED Platinum certified (equivalent of French HQE certification), which means that it meets the required efficiency criteria in terms of energy, water and heating consumption. This development is in keeping with the strategy launched by the Group in 2012 for the Manosque warehouse and in 2017 for the Lagorce warehouse, both of which have HQE certification.

A further recent measure implemented within the Group involves the use of double stacking, a technique that facilitates optimised stacking of pallets in containers shipped to the US or Singapore. In the case of shipments to the US, use of this technique has resulted in container loading rates increasing from 43% to 66% in terms of volume.

The Group is also increasingly using modes of transport that have a lower environmental impact, such as inter-modal rail/road transport.

Each year, 99% of the finished products at the Manosque site are transported to the logistics warehouse in Aisne (France) via rail and road.

As of this year, the Group is also using the intermodal rail/road corridor that links China to Europe. The goal is to avoid the need for air transport to the greatest extent possible. As in previous years, just 1.6% of the products shipped from the Laboratoires M&L warehouse to the Group's subsidiaries worldwide were transported by air in the 2018 financial year.



Promoting the use of renewable energy

In May 2017, the Group became one of the first natural beauty brands to join the international RE100 initiative. RE100 is a global initiative that brings together companies that have committed to using 100% renewable electricity.

A number of steps have been defined to enable the Group to progressively reach its target of achieving 100% renewable energy worldwide by 2030:

- The first step, which involved switching all Group-owned stores in France as well as all industrial sites (Manosque and Lagorce) to renewable electricity sources, was achieved in 2018. In 2019, solar photovoltaic panels will also be installed in the car parks at the Manosque sites.
- The second step will involve using renewable energy within its stores and at the various sites of its major distribution subsidiaries, which represent 80% of the Group's total electricity consumption.
- The third and final step will involve implementing this strategy across the remaining distribution subsidiaries.

1.6% OF THE GROUP'S PRODUCTS (excluding the L'OCCITANE au Brésil brand) shipped from the Laboratoires M&L warehouse to the various subsidiaries worldwide were transported by air in the 2018 financial year.

100% OF THE ELECTRICITY used by Laboratoires M&L, the equivalent of over 10,622 MWh in the 2018 financial year, comes from renewable sources.



ENSURING THE WELL-BEING AND
PROFESSIONAL DEVELOPMENT
OF OUR EMPLOYEES

MANAGING CAREERS AND DEVELOPING TALENT

• Overview of employment figures within the Group

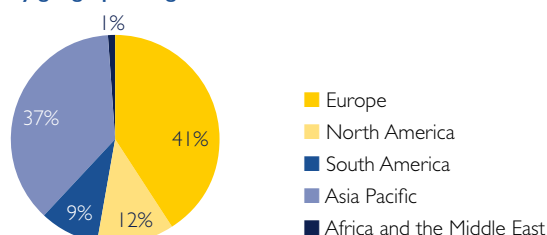
The Group employs 8,672 people.

Almost half of this number (4,207 employees) are located in the following countries: France, Switzerland, Germany, Ireland, Luxembourg, the United Kingdom, Brazil, Canada, Hong Kong and Macau. Of these⁵, 75% are women. The Group also favours long-term contracts: 94% of its employees are permanent.

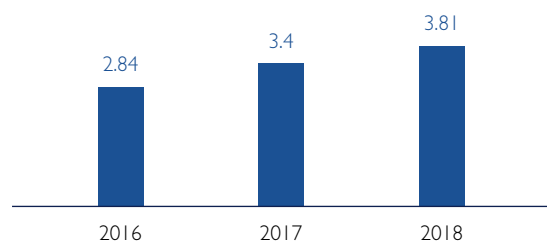
• Developing talent

One of the priorities of the Group's Human Resources department is to offer all employees training and professional development opportunities, enabling them to improve both their performance and their employability.

Breakdown of L'OCCITANE Group employees by geographic region



Portion of wage bill devoted to training within Laboratoires M&L and M&L Distribution (as a % of total payroll)



Several measures have recently been put into place and now coexist within the Group.

- Online training in sales techniques, product expertise and personal development has been made available for the Group's beauty advisors via a digital learning platform called "My True Story" since 2017. At present, the tool has been deployed in France, the US, Canada, the United Kingdom, Australia, Brazil, Germany and Switzerland, where it is available to more than 4,100 beauty advisors. The platform can be accessed from a variety of devices, such as smartphones, tablets and in-store tills. The success of the tool is illustrated by the fact that by the end of March 2018, the sign-up rate to the platform was 91%. The Group has decided to extend access to the platform to 24 additional countries by the end of 2018.

- A managerial development plan was put into place to specifically support management employees. Already implemented in France and Switzerland, the "Future Managers" programme comprises a number of different elements, including manager meetings and gatherings, HR focus groups and support, and conferences. Similar manager programmes also exist in Hong Kong and the US.

- A leadership programme has been developed in partnership with INSEAD⁶ and the Wharton School⁷ and will enable 45 employees to receive training between 2017 and 2019. During the 2018 financial year, 11 employees completed the programme.

In France, Laboratoires M&L provided almost 20,000 hours of training (excluding internal training) during the 2018 financial year. In terms of average number of hours of training, this equates to 18.1 hours per employee, a 14% increase in comparison with 2016. 78% of the workforce at Laboratoires M&L completed at least one training course during the 2018 financial year.

⁵ Information relating to gender, age group or contract type is not available at Group level.

⁶ Institut Européen d'Administration des Affaires (European Institute of Business Administration)

⁷ Wharton School of the University of Pennsylvania

Breakdown of employees within Laboratoires M&L that received training by the end of March 2018, by occupational category:

OCCUPATIONAL CATEGORY	WORKFORCE	NUMBER OF EMPLOYEES THAT RECEIVED TRAINING	PERCENTAGE OF EMPLOYEES IN THE WORKFORCE THAT RECEIVED TRAINING
Production workers and admin staff	380	283	74%
Supervisory staff	262	215	82%
Managers	446	356	80%
Senior executives and board members	14	10	71%
Total	1,102	864	78%



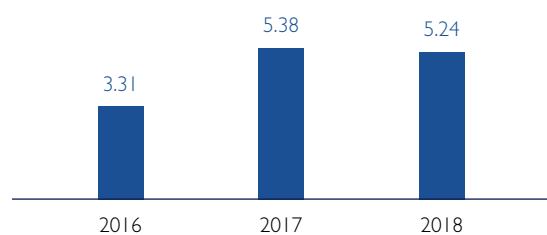
HEALTH, SAFETY AND WELL-BEING IN THE WORKPLACE

Employee health and safety

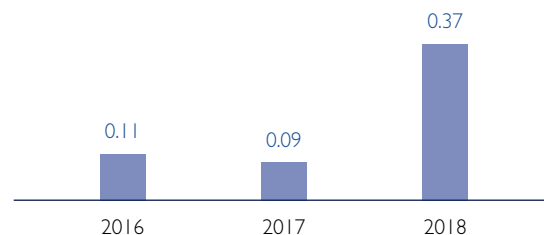
Laboratoires M&L has created a prevention policy to promote health and safety in the workplace so that it is in a position to anticipate and manage the associated risks at the production sites. Demonstrating their strong commitment to safety management, the two sites at Manosque and Lagorce have obtained OHSAS 18001 certification.

During the 2018 financial year, Laboratoires M&L recorded an accident frequency rate of 5.24 and a severity rate of 0.37, representing an increase in comparison to 2016. This increase can be explained by longer leave of absence periods.

Frequency rate - Laboratoires M&L



Severity rate - Laboratoires M&L





Well-being in the workplace

Every year since 2015 several of the Group's subsidiaries have taken part in the "Great Place To Work" (GPTW) programme. This important barometer identifies a company's strengths in terms of well-being in the workplace, whilst also highlighting areas that need to be improved.

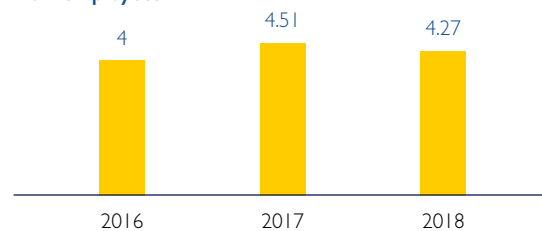
It is based on a 15-minute survey that is sent out to all employees as well as a series of questions relating to company culture, referred to as the "Culture Audit" survey, which is sent to the Human Resources departments exclusively. The GPTW programme has enabled the Group to learn important lessons each year as to how employee well-being in the workplace can be improved.

In 2017, more than 5,100 employees across multiple geographic regions (Europe, Asia, South America, North America and Australia) were invited to respond to the "Great Place to Work" survey. Achieving an overall score of more than 70%, the Group's entities in the US, Canada

and Ireland were each awarded "Great Place to Work" status.

Furthermore, Group entities in Australia and the United Kingdom secured a place on their respective country's SundayTimes List of Best 100 Companies to Work For.

**Absenteeism rate for Laboratoires
M&L employees**



DIVERSITY AND INCLUSION

Gender equality

In 2013, Laboratoires M&L set itself four commitments in relation to gender equality. At the end of 2017, a review was conducted to assess progress made in relation to each of these commitments:

Increase the number of male applicants for certain positions, based on the imbalances observed

2017 assessment: job advertisements systematically state that they are open to "Male/Female" applicants. Women have been recruited into the Production and Logistics departments, whereas men have been recruited into the Research & Development department.

Better prepare for the start and end of maternity leave

2017 assessment: meetings between employees and managers are now held systematically at the start and end of each employee's maternity leave.

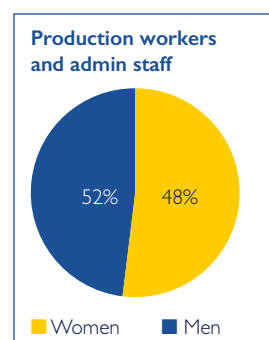
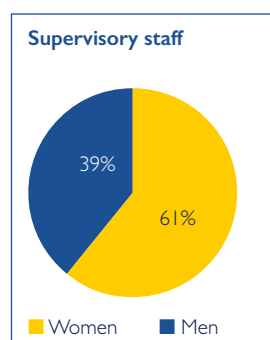
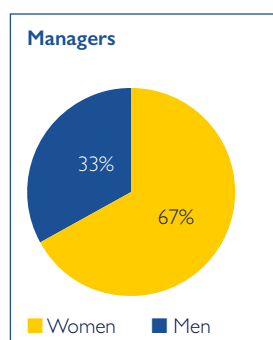
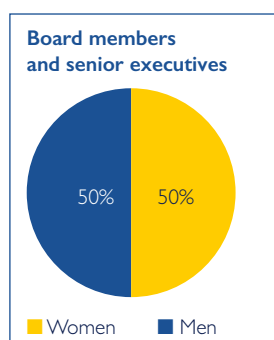
Reduce the pay gap within management

2017 assessment: a pay gap adjustment package valued at approximately 0.5% of total payroll was implemented as part of the mandatory collective bargaining deal (Négociation Annuelle Obligatoire) signed in 2016.

Pursue a policy aimed at increasing female participation at executive level

2017 assessment: within the Laboratoires M&L subsidiary, six of the ten most highly remunerated employees are women. A leadership programme for women is going to be rolled out in the coming years.

Breakdown by gender of Laboratoires M&L employees during the 2018 financial year, by occupational group:



Employment of people with disabilities

The integration of people with disabilities represents a major commitment under Laboratoires M&L's diversity policy. A tailored Human Resources policy enables employees with disabilities to take sick leave for doctor visits.

Specific support plans have been put in place and ergonomic modifications are made to workstations based on the individual's specific disability.



Since 2010, Laboratoires M&L has also been working in partnership with ARPEJEH, a French public interest association that supports students with disabilities. The goal of this partnership is to build the confidence of young people with disabilities so they can pursue their studies as well as to raise awareness among company employees in relation to the issue of disability in the workplace.

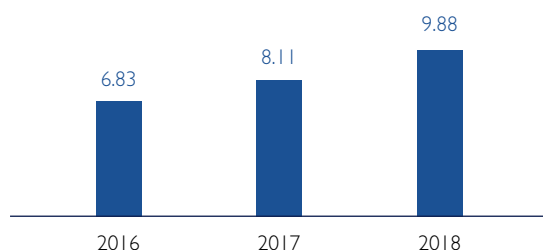
In 2018, the rate of employment of individuals with disabilities stood at 9.88% of the overall Laboratoires M&L workforce. This represents an increase of 45% in comparison with 2016.

EMPLOYEE COMMUNITY INVESTMENT PROGRAMME, ACTING IN SOLIDARITY WITH THOSE LESS WELL OFF

Established by Laboratoires M&L, the community investment programme (Programme Engagement Salariés (PES)) allows employees to take concrete action in support of social causes. Employees can get involved in one of two ways:

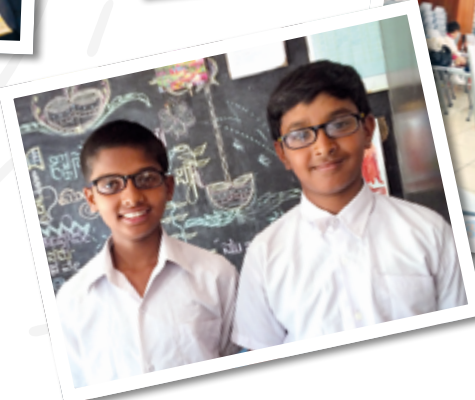
- By volunteering with charitable associations: the Group offers its employees in France and Switzerland one day per year to be spent volunteering with a charity that has been recommended by an employee of the company. In 2018, 193 employees made use of these "community investment" days.
- By making a monetary donation to a charitable association: employees in France can use a solution provided by social enterprise micro-DON to "round up their salary" and donate the difference to charity. These donations of just a few euro cent per month – or more, depending on the employee – help to support charitable projects nominated by the L'OCCITANE Foundation. The Foundation then doubles the amount of the donations made by the employees. During the 2018 financial year, an average of 213 donors contributed to an overall donation of €8,118 to charity.

Proportion of employees with disabilities within the overall Laboratoires M&L workforce (as a %)





COMMITTING TO PROJECTS THAT
DELIVER A POSITIVE IMPACT



OVERVIEW OF THE GROUP'S PHILANTHROPIC PROGRAMMES

Since it was founded, the Group has attached special importance to the welfare of those who are less well off. Today, the Group uses a range of mechanisms to support projects that deliver a positive impact: a L'OCCITANE company foundation, an endowment fund that enables the collection of profits from the sale of designated "solidarity" products in particular; an employee community investment programme as well as donations made directly to charities by the Group's subsidiaries.

The Group's philanthropic work extends to a wide variety of areas:

- L'OCCITANE en Provence is deeply committed to combating preventable blindness, promoting female leadership (principally in Burkina Faso) and preserving the natural heritage of the Provence and Mediterranean region.
- Melvita is committed to preserving biodiversity and demonstrates by safeguarding bees and promoting beekeeping.

COMBATING PREVENTABLE BLINDNESS

The Group's flagship "Union forVision 10 by 20" programme brings together all of the initiatives of the Group and its Foundation that relate to combating preventable blindness. The programme has set the objective of funding eye care projects for 10 million people worldwide by 2020.

The programme is supported by a number of partnerships with non-governmental organisations (NGOs) and has contributed to multiple screening, treatment and surgery projects as well as providing funding for equipment and the training of medical teams.

In 2016, the L'OCCITANE Foundation entered into a major international partnership with UNICEF⁸. The three-year partnership, which includes funding of €1 million per year, is aimed at helping to prevent blindness in Bolivia, Myanmar and Papua New Guinea by developing supplement programmes for vitamin A, which is essential for children's immune systems.

The Foundation also supports the "Light for the World" and "Sight Savers" NGOs in their campaigns against preventable blindness in Burkina Faso. The Foundation helped to fund the training of four Burkinabé doctors specialising in ophthalmology at the African Institute of Tropical Ophthalmology (AITO) in Mali. In collaboration with the "Light for the World" NGO, it also contributed to the upskilling of the Ophthalmology department of a university-affiliated hospital in Burkina Faso.

In addition to the various programmes undertaken by the Foundation, more than twenty of the Group's subsidiaries, distributors and production sites funded local eyesight-related charities during the 2018 financial year.

In order to give consumers the opportunity to take part in charitable initiatives, L'OCCITANE en Provence has brought out a dedicated "solidarity" product every year since 2000. The profits from the sale of this product (i.e. the in-store sales price, excluding taxes and transport and production costs) are donated to the fight against preventable blindness.

During the 2018 financial year, the Group allocated a total figure that exceeds €1,300,000 towards NGOs that fight against preventable blindness. It is estimated that in 2018, the Group has enabled more than 1.78 million people to access eye-care services.

⁸ UNICEF does not endorse any company, brand or product.



PROMOTING FEMALE LEADERSHIP

Given its presence in Burkina Faso since the 1980s through the purchase of shea butter, the Group has decided to extend its collaboration with Burkinabè women and to promote entrepreneurship and independence amongst the women of Burkina Faso more widely.

The L'OCCITANE Foundation is active in four key areas:

- Literacy
- Microcredit
- Education of young girls
- Entrepreneurship

During the 2018 financial year, the L'OCCITANE Foundation lent its support to three main partners:

- The "Aide et Action" NGO and its literacy programme for rural women
- The "Entrepreneurs du Monde" association, which works to increase the self-sufficiency of vulnerable communities in Burkina Faso. The association facilitates access to micro-credit, promotes savings and helps rural Burkinabè women to obtain an education in socio-economics
- UNICEF and its education programme for young women at post-primary level in Burkina Faso's Centre-Ouest region

The L'OCCITANE Foundation also launched a "L'OCCITANE pour Elles" competition in 2016 to promote female entrepreneurship. This programme currently offers its four winners tailored coaching and technical support, increased visibility as well as financial support to help develop their businesses.

As with its preventable blindness programmes, L'OCCITANE en Provence has launched an exclusive "solidarity" product every year since 2012, donating the profits⁹ towards promoting female leadership.

Finally, L'OCCITANE en Provence is continuing to support the "La Flamme Marie Claire" campaign (organised by the women's magazine Marie Claire) by donating the profits⁹ from the sale of "solidarity" candles in its stores.

Overall in 2018, more than €370 000, have been donated to programmes that promote female leadership and more than 13,000 women in Burkina Faso have received support from The Foundation.

MEASURING THE ECONOMIC AND SOCIAL IMPACT OF THE GROUP'S PROGRAMMES IN BURKINA FASO

In 2017, as a member of the "Business Call To Action" alliance led by the United Nations Development Programme (UNDP), the Group took part in a study relating to the impact of its activities on women shea producers in Burkina Faso. The results of the study showed that the combined activities of the Group and the Foundation have had the following effects:

- 40% of the 1,890 women surveyed had access to a microcredit system
- 84% were able to start making a financial contribution to their households as a result of the increase in their own incomes
- 43% benefited from literacy programmes
- 75% enrolled their children

⁹ Profits: in-store sales price, excluding taxes and costs related to transport and production.



PRESERVING NATURAL HERITAGE

Since 2006, the L'OCCITANE Foundation has supported numerous initiatives aimed at preserving natural heritage.

During the 2018 financial year, the Foundation contributed to seven awareness-raising projects as well as multiple concrete initiatives aimed at preserving the biodiversity of Provence and the Mediterranean region.

As part of its partnership with the French Committee of the International Union for Conservation of Nature (IUCN), the Foundation is supporting the creation of a "red list" for endangered Mediterranean ecosystems. This red list represents a key source of information and an important decision-making tool when it comes to defining priority actions for the conservation of natural habitats. To date, 31 ecosystems in the region have been identified and studied.

The Foundation has also financed the following:

- The planting of 1 kilometre of hedgerows and 894 trees on farmland on the Valensole Plateau, in partnership with the Verdon regional nature park.
- The creation of supply chains for the production of local wild flora and the planting of meadow flowers in collaboration with the Federation of national and Alpine botanical conservatories (Fédération des Conservatoires Botaniques Nationaux et Alps).
- The founding of the Artemisia Museum, a museum dedicated to aromatic and medicinal plants from the Lure Mountain, a UNESCO¹⁰ listed site in Haute-Provence.

During the 2018 financial year, the Foundation allocated a total of more than €60,000 to projects such as these. All the projects aimed at preserving the natural heritage of Provence and the Mediterranean region.

PROTECTING BEES

Since 2010, the Melvita brand has been running a philanthropic programme aimed at preserving biodiversity by safeguarding bees and promoting beekeeping.

During the 2018 financial year, Melvita donated more than €60,000 to the following three programmes:

- The "Cocagne Bees" programme in conjunction with "Réseau Cocagne"; a programme for developing beekeeping in organic market gardens set up to help integrate people back into the workplace;
- The "Argan Bees" programme in conjunction with the Man & Nature association; a programme for developing beekeeping among women working in argan oil cooperatives in Morocco;
- The "Le Rucher du Cade" programme in conjunction with dedicated L'OCCITANE employees set on raising awareness of the importance of safeguarding bees and promoting beekeeping.

As a result of these programmes, 250 beehives have been set up and 370 people have been trained in beekeeping.

¹⁰The United Nations Educational, Scientific and Cultural Organisation.

CROSS-REFERENCE TABLE OF INFORMATION REQUIRED BY THE HONG KONG STOCK EXCHANGE

ENVIRONMENTAL INDICATORS		DISCLOSURE
ASPECT A1 Emissions	A1. Information on: - the policies; and - compliance with the 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.	Pages 20 to 24
	A1.1 The types of emissions and respective emissions data. Laboratoires M&L's main emissions to air relate to CO ₂ emissions. Apart from CO ₂ , the sites' emissions include volatile organic compounds (VOCs) and nitrogen dioxide (NO ₂). Regular emissions checks are carried out in order to ensure that the sites are in compliance with the relevant regulations.	Page 22
	A1.2 Total greenhouse gas emissions (in tonnes) and, where applicable, their intensity (e.g. unit of production volume, per facility).	Pages 22 to 24
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 23
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Page 23
	A1.5 Description of measures taken to mitigate emissions and results achieved.	Pages 22 to 25
	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Page 23
ASPECT A2 Use of resources	A2. Information on policies relating to efficient use of resources, including energy, water and other raw materials.	Page 18 to 22
	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).	Page 22
	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Page 21
	A2.3 Description of energy-use efficiency initiatives and results achieved.	Page 22
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Page 21
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Page 19
ASPECT A3 The environment and natural resources	A3. Policies on minimising the issuer's significant impact on the environment and natural resources.	Pages 13 to 15 and 18 to 25
	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Pages 13 to 15 and 18 to 25

SOCIAL INDICATORS		DISCLOSURE
ASPECT B1 Employment	B1. Information on : - the policies; and - compliance with the 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.	Pages 6 and 27 to 31
	B1.1 Total workforce by gender, employment type, age group and geographic region.	Page 27
ASPECT B2 Health and safety	B2. Information on : (a) the policies; and (b) compliance with the 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.	Page 28
	B2.1 Number and rate of work-related accidents.	Page 28
	B2.2 Lost days due to work injury.	Page 28
	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Page 28
ASPECT B3 Development and training	B3. Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Page 27
	B3.1 The percentage of employees trained, by gender and employee category.	Page 27
	B3.2 The average training hours completed per employee, by gender and employee category.	Page 27
ASPECT B4 Labour standards	B4. 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.	Pages 6 to 9
	B4.1 Description of measures to review employment practices to avoid child and forced labour.	Pages 6 to 9
	B4.2 Description of steps taken to eliminate such practices when discovered.	Pages 6 to 9
ASPECT B5 Supply chain management	B5. Information relating to managing environmental and social risks of the supply chain.	Pages 4 to 13
	B5.1 Number of suppliers by geographic region.	Page 9
	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Pages 6 to 9

SOCIAL INDICATORS (continued)		DISCLOSURE
ASPECT B6 Product responsibility	B6. 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.	Pages 5 and 17 to 19
	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Page 17
	B6.4 Description of quality assurance process and recall procedures.	Page 17
	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Page 7
ASPECT B7 Anti-corruption	B7. 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.	Page 7
	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Page 7
	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Page 7
ASPECT B8 Community investment	B8. 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.	Pages 9 to 13 and 27 to 34
	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Pages 9 to 13 and 27 to 34
	B8.2 Resources contributed (e.g. money or time) to the focus area.	Pages 9 to 13 and 27 to 34

SECTION 1 – Purchasing and sourcing	UNIT	SCOPE	2016	2017	2018
Proportion of the value of purchases covered by the evaluation system for social and environmental risks (per calendar year)	%	Laboratoires M&L	-	23	-
Number of key supply chains	No.	Group	-	-	66
Proportion of purchased ingredients made up of key raw materials, in terms of volume	%	Laboratoires M&L	-	-	13
Proportion of purchased ingredients made up of key raw materials, in terms of value	%	Laboratoires M&L	-	-	12
Subsidiaries with fair-trade certification: proportion of producers of key raw materials covered by a multi-year contract	%	Group	-	-	100
Subsidiaries without fair-trade certification: proportion of producers of key raw materials covered by a multi-year contract	%	Group	-	-	35
Proportion of key raw materials with fair-trade certification, in terms of volume	%	Group	-	-	80
Proportion of key raw materials certified as organic, in terms of volume	%	Group	-	-	77

SECTION 2 – Products	UNIT	SCOPE	2016	2017	2018
Consumption of packaging material	t	Laboratoires M&L	3,608	4,212	4,360
Intensity of packaging material consumption	t/1,000 units produced	Laboratoires M&L	0.032	0.034	0.031
Proportion of materials used in packaging made from recyclable or renewable sources	%	L'OCCITANE en Provence and Melvita	20.6	19.3	20.7

SECTION 3 – Production and distribution	UNIT	SCOPE	2016	2017	2018
Total water consumption	m ³	Laboratoires M&L	120,271	123,622	139,779
Intensity of water consumption	m ³ /t produced	Laboratoires M&L	11.07	8.2	8.69
Total energy consumption (electricity and natural gas)	MWh	Laboratoires M&L	20,093	20,295	20,834
Intensity of energy consumption	kWh/t produced	Laboratoires M&L	1,850	1,346	1,295
Generation of non-hazardous waste	t	Laboratoires M&L	2,190	2,485	2,647
Generation of hazardous waste	t	Laboratoires M&L	624	728	628
Intensity of non-hazardous waste generation	t/t produced	Laboratoires M&L	0.202	0.165	0.165
Intensity of hazardous waste generation	t/t produced	Laboratoires M&L	0.057	0.048	0.039
Breakdown of waste by processing method:					
-Landfill	%	Laboratoires M&L	5.6	2.8	1.8
-Incineration	%	Laboratoires M&L	24.9	26.9	27.4
-Recycling of materials	%	Laboratoires M&L	69.5	70.2	70.9
CO ₂ emissions	t of CO ₂ equivalent	Group	113,000	-	-
Intensity of CO ₂ emissions	t of CO ₂ equivalent/t produced	Group	10.4	-	-
Proportion of products transported by air from the Laboratoires M&L warehouse to destinations worldwide	%	Laboratoires M&L	1.6	1.6	1.6

SECTION 4 – Human resources		UNIT	SCOPE	2016	2017	2018
Total workforce		No.	Group	8,371	8,630	8,672
Breakdown of employees by geographic region:	- North America	%	Group	-	-	12
	- Europe	%	Group	-	-	41
	- Asia Pacific	%	Group	-	-	37
	- South America	%	Group	-	-	9
	- Africa and the Middle East	%	Group	-	-	1
Number of hires		No.	Laboratoires M&L	-	-	83
Number of departures		No.	Laboratoires M&L	-	-	86
Proportion of total payroll dedicated to training		%	Laboratoires M&L	2.84	3.40	3.81
Proportion of workforce that received training, in total		%	Laboratoires M&L	74	81	78
Proportion of workforce that received training by occupational category:	- Production workers and admin staff	%	Laboratoires M&L	-	-	74
	- Supervisory staff	%	Laboratoires M&L	-	-	82
	- Managers	%	Laboratoires M&L	-	-	80
	- Senior executives and board members	%	Laboratoires M&L	-	-	71
Total number of hours of training		Hours	Laboratoires M&L	18,443	18,422	19,989
Average number of hours of training		Hours per employee	Laboratoires M&L	15.94	17.07	18.14
Workplace accident frequency rate		%	Laboratoires M&L	3.31	5.38	5.24
Workplace accident severity rate		%	Laboratoires M&L	0.11	0.09	0.37
Employee absenteeism rate		%	Laboratoires M&L	4	4.51	4.27
Breakdown of women by occupational category:	- Board members and senior executives	%	Laboratoires M&L	38.9	46.7	50
	- Managers	%	Laboratoires M&L	65.9	66.3	67.5
	- Supervisory staff	%	Laboratoires M&L	63.4	64.6	61.1
	- Production workers and admin staff	%	Laboratoires M&L	49.8	47.9	48.2
Proportion of employees with disabilities in the overall workforce		%	Laboratoires M&L	6.83	8.11	9.88

SECTION 5 – Philanthropy		UNIT	SCOPE	2016	2017	2018
Breakdown of L'OCCITANE budget by area:	- Combating preventable blindness	€'000	L'OCCITANE	-	-	1,300
	- Promoting female leadership	€'000	L'OCCITANE	-	-	370
	- Preserving the natural heritage of the Provence and Mediterranean region	€'000	L'OCCITANE	-	-	60
Budget allocated by the Melvita brand for the safeguarding of bees		€'000	Melvita	-	-	60

KEY FACTS AND RESULTS FOR THE 2018 FINANCIAL YEAR

- **Purchasing and sourcing**

- Implementation of an evaluation system to assess the social and environmental impact of the supply chain.
- 80% of the volume of key raw materials purchased by the Group is now fair trade certified.

- **Products**

- Launch of the Aqua Réotier product range, featuring an ultra-thirst quenching gel that is free from silicone and polyethelene glycol.
- More than 70% of the products offered by the L'OCCITANE en Provence and Melvita brands can now be recycled using traditional waste sorting methods.

- **Production and distribution**

- Renewal of the Group's membership of the RE100 initiative, marking the Group's continued commitment to ensuring that 100% of its energy needs are met by renewable resources.
- Target to ensure that 0 waste is sent to landfill was achieved in March 2018.

- **Human resources**

- "My True Story" digital learning platform rolled out and made accessible to more than 4,100 beauty advisors worldwide.
- 2 Group subsidiaries featured in the Sunday Times List of 100 Best Places to Work in Australia and the United Kingdom.

- **Philanthropy:**

- A study was carried out on the economic and social impact of the women's support programmes run by the L'OCCITANE Foundation in Burkina Faso.
- More than 1,780,000 people benefited from eye care services as part of the "Union for Vision 10 by 20" programme.

L'OCCITANE
EN PROVENCE

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