

LABOR PRACTICES *AND DECENT WORK*

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○ unanswered ① partial ● complete

Management approach

L'OREAL'S HUMAN RESOURCES POLICY

L'Oréal, the world leader in beauty, a greatly expanding market, has built a human and social project in which individual and collective performances are closely linked.

L'Oréal ramps up its work force and actively makes sure that the Company's men and women thrive in a dynamic of permanent progress, a key component of the Group's social and economic performance.

Thus, L'Oréal's Human Resources policy is founded on:

A vision focusing on the individual talent of men and women:

L'Oréal has always put the human dimension and individual performance at the centre of the Company as part of a long-term vision. The responsibility of the human resources staff is to increase the number of best talents, particularly in the New Markets, in order to durably boost the Group's growth.

- Recognised as one of the most attractive companies in the world for young graduates and one of the companies that provide the most training for development of the leadership of its senior managers, L'Oréal always tries to achieve the right balance between constant improvement of the efficiency of its organisation and the enhancement of its pool of talents, at all levels and in all countries.
- An active recruitment policy which is based on partnerships with the best educational institutions in the world and the use of novel corporate gaming and methods that make it possible to identify and attract the best talents and select them effectively from among the million spontaneous applications received every year.
- The ambition to enable each employee to evolve thanks to individual performance monitoring and a large number of career development opportunities supported by comprehensive training programmes that are accessible to everyone. The international locations of training structures make it possible to roll out our training programmes throughout the world. The large-scale mobility between jobs and between countries and the many individual promotions each year attest to the vitality of career management at L'Oréal. This momentum is ensured by a Human Resources network which is both in tune with employee expectations and aware of the requirements of our business.
- Particular attention to the Group's social performance.

L'Oréal has set itself the target of promoting its values and creating a pleasant working environment marked by solidarity, respect and attention to everyone:

- The desire to recognise the actual contribution made by everyone through a dynamic remuneration policy and short-, medium- and long-term global incentive systems.
- A regular evaluation of the expectations of employees throughout the world through large-scale opinion polls leading to the implementation of action plans.
- The search for a work environment and working conditions that will help to make it possible for everyone to achieve personal satisfaction.
- An active dialogue between management and employees and their representatives at worldwide level.
- An active policy with regard to diversity as a factor of progress, innovation and creation of social link with global priorities of gender, social origin and disabilities.

↳ For more information about L'Oréal's HR policy, please see: http://www.loreal.com/article.aspx?topcode=CorpTopic_Careers_WhatWeOffer&topicsection=CorpTopic_Talents

↳ Interview with Jérôme Tixier, Executive Vice-President for Human Relations, page 38 of the 2012 Sustainable Development Report.

Employment



TOTAL WORKFORCE BY EMPLOYMENT TYPE, EMPLOYMENT CONTRACT, AND REGION, BROKEN DOWN BY GENDER

Group published headcount evolution (proportionally owned companies included according to their consolidation rate)

	COSMETICS			THE BODY SHOP			DERMATOLOGY			GROUP		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
Western Europe	23,996	24,254	24,598	4,803	4,891	5,149	743	1,011	1,052	29,542	30,155	30,798 ✓
North America	11,110	11,762	12,814	3,231	2,948	2,878	470	485	488	14,811	15,195	16,180 ✓
Asia Pacific	11,449	12,531	12,985	772	688	720	223	286	319	12,444	13,505	14,024 ✓
Latin America	4,674	4,760	5,758			5	205	233	282	4,879	4,993	6,045 ✓
Eastern Europe	3,127	3,186	3,230				20	22	45	3,146	3,207	3,275 ✓
Africa Middle East	1,783	1,817	2,301				15	15	16	1,798	1,832	2,316 ✓
New Markets	21,033	22,993	24,273	772	688	725	462	555	661	22,266	23,536	25,659 ✓
TOTAL	56,139	58,309	61,685	8,806	8,527	8,752	1,674	2,050	2,200	66,619	68,886	72,637 ✓

The headcount indicated in the Total Headcount and Headcount breakdown by geographical area refer to the total Group headcount present on the 31st of December 2012.

For GALDERMA and INNEOV, entities that are proportionally consolidated, the headcount on the 31st of December 2012 has been counted pro rata according to the percentage of L'Oréal's stake.

Headcount history - Cosmetics and The Body Shop included (Dermatology excluded)

	2010	2011	2012
Western Europe	28,799	29,145	29,747 ✓
North America	14,341	14,710	15,692 ✓
Asia Pacific	12,221	13,219	13,705 ✓
Latin America:	4,674	4,760	5,763 ✓
Eastern Europe	3,127	3,186	3,230 ✓
Africa, Middle East	1,783	1,817	2,301 ✓
New Markets	21,805	22,981	24,998 ✓
TOTAL	64,945	66,836	70,437 ✓

Headcount by gender and average age (Cosmetics and The Body Shop) 2012

	TOTAL	MEN	WOMEN	AVERAGE AGE	% WOMEN
Western Europe	29,747	9,810	19,937	38.5	67 %
North America	15,692	4,497	11,195	38.6	71 %
Asia Pacific	13,705	4,202	9,503	33.7	69 %
Latin America	5,763	2,410	3,353	35.4	58 %
Eastern Europe	3,230	1,117	2,113	33.4	65 %
Africa, Middle East	2,301	935	1,366	35.3	59 %
New Markets	24,998	8,664	16,335	34.2	65 %
TOTAL	70,437 ✓	22,970 ✓	47,467 ✓	37.0 ✓	67 % ✓

Part-time / full-time employees - history (Cosmetics and The Body Shop)

	PART-TIME			FULL-TIME		
	2010	2011	2012	2010	2011	2012
Western Europe	5,374	5,980	6,360	23,425	23,165	23,387
North America	2,951	2,938	3,233	11,390	11,772	12,459
Asia Pacific	88	61	78	12,133	13,158	13,626
Latin America	0	2	0	4,674	4,758	5,763
Eastern Europe	12	13	15	3,115	3,173	3,215
Africa Middle East	1	1	2	1,782	1,816	2,299
New Markets	101	77	95	21,704	22,904	24,903
TOTAL	8,426	8,995	9,688 ✓	56,519	57,841	60,749 ✓

Part-time / full-time employees - details 2012 (Cosmetics and The Body Shop)

	PART-TIME			FULL-TIME			TOTAL
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	
Western Europe	374	5,986	6,360	9,436	13,951	23,387	29,747
North America	238	2,995	3,233	4,259	8,200	12,459	15,692
Asia Pacific	9	69	78	4,193	9,433	13,626	13,705
Latin America	0	0	0	2,410	3,353	5,763	5,763
Eastern Europe	2	13	15	1,115	2,100	3,215	3,230
Africa Middle East	0	2	2	935	1,364	2,299	2,301
New Markets	11	84	95	8,653	16,250	24,903	24,998
TOTAL	623 ✓	9,065 ✓	9,688 ✓	22,348 ✓	38,401 ✓	60,749 ✓	70,437 ✓

Employees with permanent / temporary contracts - history (Cosmetics and The Body Shop)

	TEMPORARY CONTRACT			PERMANENT CONTRACT		
	2010	2011	2012	2010	2011	2012
Western Europe	1,621	1,569	2,116	27,178	27,576	27,631
North America	406	139	199	13,935	14,571	15,493
Asia Pacific	3,136	3,647	3,608	9,085	9,572	10,097
Latin America	22	6	698	4,652	4,754	5,065
Eastern Europe	254	195	185	2,873	2,991	3,045
Africa, Middle East	46	26	31	1,737	1,791	2,270
New Markets	3,458	3,873	4,522	18,347	19,108	20,477
TOTAL	5,485	5,582	6,837	59,460	61,254	63,600

Employees with permanent / temporary contracts - 2012 details (Cosmetics and The Body Shop)

	TEMPORARY CONTRACT			PERMANENT CONTRACT			TOTAL
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	
Western Europe	559	1,557	2,116	9,251	18,380	27,631	29,747
North America	56	143	199	4,441	11,052	15,493	15,692
Asia Pacific	1,119	2,489	3,608	3,083	7,013	10,097	13,705
Latin America	59	639	698	2,351	2,714	5,065	5,763
Eastern Europe	73	112	185	1,044	2,001	3,045	3,230
Africa, Middle East	9	22	31	926	1,344	2,270	2,301
New Markets	1,260	3,262	4,522	7,404	13,072	20,477	24,998
TOTAL	1,875	4,962	6,837	21,096	42,504	63,600	70,437

% managers (Cosmetics and The Body Shop)

	% MANAGERS		
	2010	2011	2012
Western Europe	32 %	33 %	33 %
North America	26 %	26 %	26 %
Asia Pacific	32 %	33 %	34 %
Latin America	33 %	36 %	33 %
Eastern Europe	51 %	52 %	54 %
Africa, Middle East	42 %	45 %	43 %
New Markets	36 %	37 %	37 %
TOTAL	32 %	33 %	33 %

↳ For more information about L'Oréal's Headcount, please see Section 6.1.2.1. "Employment" on page 190 of the 2012 Registration Document.



TOTAL NUMBER AND RATE OF NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER BY AGE GROUP, GENDER, AND REGION

L'Oréal does not encounter difficulties in recruiting either executives or other categories of staff.

L'Oréal is pursuing its active recruitment policy for all its businesses and all categories of staff in the Company.

L'Oréal's aim is to create a durable relationship with its employees in order to enable each and every one of them to develop their potential and to build long-term growth together, become more competitive, and continue geographic expansion and the promotion of innovation.

One of the main priorities of L'Oreal's recruitment policy is to promote diversity by capitalising on differences.

At the end of 2012, L'Oreal did not have any reporting methods that would enable it to trace a consolidated turnover rate. The reporting system is currently being updated to enable it to publish the turnover rates for permanent contracts for 2013.

Notwithstanding, at present L'Oréal is able to supply the following information for the Cosmetics sector (not including The Body Shop):

- The number of new hires with a permanent contract in 2012 was 9,053 ✓ ;
- The number of separations (at the company's initiative) in 2012 was 1,913 ✓ ;

↳ For more information concerning recruitment, please see the "6.3.1. TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF ACTIVITIES" section on page 213 of the 2012 Registration Document.



BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PARTTIME EMPLOYEES, BY SIGNIFICANT LOCATIONS OF OPERATION

Profit Sharing And Incentive Plans

For many years, L'Oréal's policy has been to associate employees with the results of the Company aimed at making employees feel that they are part of the Company and enhancing their motivation. This led to a redistribution of €210 million in 2012 at the scale of the Group, on the basis of the results for 2011. ✓

Above and beyond the legal systems applicable in certain countries, and particularly in France, L'Oréal has implemented a "Worldwide Profit Sharing Program - WPS" since 2001 in all the Group's subsidiaries in which the employees do not benefit from profit sharing arrangements provided by law.

The amounts paid are calculated locally on the basis of sales and profits generated by each subsidiary as compared to budgeted targets. Implementation of the programme takes place locally and compliance with the principles and rules of the programme is coordinated, at Corporate level, by the International Labour Relations Department.

Profit Sharing

€ millions	2010	2011	2012
TOTAL	157	204	210 ✓

► EXAMPLE OF L'ORÉAL FRANCE (12,255 employees)

- A mandatory employee profit scheme was set up in 1968 and an incentive profit sharing scheme has been in force since 1988.
- Incentive profit sharing is a system provided for by law but is of a non-mandatory nature. Renegotiated every 3 years, it was the subject of a new Group agreement in 2012.

The incentive amount is proportional to the pre-tax profit on ordinary operations after exceptional items and weighted on the basis of the salary/value added ratio.

The incentive amount is available immediately, but may also be frozen in the Company savings plan for 5 years and benefit from a corresponding tax exemption.

Within the framework of the regulations on sharing profits (Article 1 of French Law No. 2011-894 of July 28th, 2011), L'Oréal proposed the payment in 2012 of a gross additional incentive amount of €600 per employee in respect of the "non-mandatory monetary benefits" provided for by the legislation, linked with the increase in the dividend per share paid in 2012 in respect of the results for 2011.

L'Oréal chose to propose the payment of an additional incentive amount as it corresponds to the system which is the closest to the notion of "value sharing".

Company-level agreements providing for the payment of an additional incentive amount of €600 gross* were thus entered into with the Works Councils of L'Oréal and its subsidiaries in France. It was paid on September 30th, 2012.

* Basis full-time, 12 months of presence during 2011.

Change in gross incentive amount:

€ millions	2008 ⁽¹⁾	2009 ^{(1) (2)}	2010 ^{(1) (2)}	2011 ^{(1) (2)}
	99.8	103.2	106.9	112.6

⁽¹⁾ Paid the following year .

⁽²⁾ Amounts after the "forfait social" levy .

For an annual gross salary of	To the gross Incentive amount for 2011 paid in 2012 represented :	Additional Incentive payment to "share in profits for 2012"	TOTAL
25,000 €	6,767 € i.e. 3.3 months	600 €	7,367 €
35,000 €	7,934 € i.e. 2.7 months	600 €	8,534 €
45,000 €	9,102 € i.e. 2.4 months	600 €	9,702 €
65,000 €	11,437 € i.e. 2.1 months	600 €	12,037 €

Mandatory employee profit sharing is a compulsory system in France, introduced in 1968, for all profit-making companies with over 50 employees. Signed for a term of 3 years, the mandatory profit sharing agreement was renewed in May 2012.

Within the framework of this Group agreement, which pools the results of all the companies that are signatories, L'Oréal has made favourable adjustments to the legal formula to take account of the Group's international development.

Mandatory profit sharing is available immediately but may be frozen for 5 years in the Company savings plan or the frozen current account, or invested until retirement in the collective retirement savings plan (PERCO) on which an additional employer contribution is paid equal to +50%, which allows employees to benefit from a tax exemption.

Changes in gross mandatory employee profit sharing:

€ millions	2008 ⁽¹⁾	2009 ^{(1) (2)}	2010 ^{(1) (2)}	2011 ^{(1) (2)}
	38.1	34.4	34.3	32.8

⁽¹⁾ Paid the following year .

⁽²⁾ Amounts after the "forfait social" levy .

Mandatory profit sharing for 2011 paid in 2012 represented the equivalent of 0.7 month's salary.

For employees who wish to do so, the amounts paid in respect to incentive and mandatory profit sharing may be invested for a minimum period of 5 years in the Company savings plan which proposes, in particular, an employee investment fund invested in L'Oréal Shares, on which an additional employer contribution of 25% is paid for incentive profit sharing payments.

In 2012, the following amount net of CSG, CRDS and the forfait social levy was invested by the employees of L'Oréal and its subsidiaries in France in the fund which is 100% composed of L'Oréal shares, "L'Oréal Intéressement": €47,909,419, plus the net additional incentive amount to "share in profits for 2012" of €2,329,277.

The employer contributions added to these payments were respectively €10,266,484 and €470,237, which, at the opening trading price for the L'Oréal share on the date of each of these additional employer contributions, namely €92.00 on April 30th, 2012 for "L'Oréal Intéressement" and €98.76 for the "Supplément d'Intéressement" on September 28th, 2012, represented the equivalent of 116,353 L'Oréal shares.

Company savings plan and frozen current account

€ millions	2010	2011	2012
Company savings plan + frozen current account + PERCO*	716	720	863

* PERCO = Collective retirement Savings Plan

At December 31st, 2012, 51% of the savings of L'Oréal employees were invested in L'Oréal shares, and 9,741 Group employees in France were shareholders of L'Oréal through the savings plan.

Employee Benefit and pension schemes and other benefits

Depending on the legislation and practices in each country, L'Oréal adheres to pension schemes, pre-retirement arrangements and Employee Benefit schemes offering a variety of additional coverage for its employees.

In 2002, L'Oréal set up a Supervisory Committee for pension and Employee Benefit schemes offered by its subsidiaries. This committee ensures the implementation and the monitoring of L'Oréal's pension and Employee Benefits policy as defined by the L'Oréal Executive Committee.

This policy provides for general principles in the following areas: definition and implementation of schemes, relations with employees, financing and cost of the schemes, and management of the schemes. Approval must first be obtained from the Supervisory Committee prior to the introduction of any new scheme or the modification of any existing scheme. The Supervisory Committee works closely together with the operational management of the Divisions and Zones.

The characteristics of the pension schemes and other pre-retirement benefits offered by the subsidiaries outside France vary depending on the applicable laws and regulations as well as the practices of the companies in each country.

In many countries, L'Oréal participates in establishing additional retirement benefits for its employees through a whole series of defined benefit schemes and/or defined contribution schemes (e.g. United States, the Netherlands, Belgium, Canada, and South American countries). In some cases, the defined benefit schemes have been closed to new recruits who are offered defined contribution schemes (Germany, Belgium and the United Kingdom). This series of defined benefit and defined contribution schemes makes it possible to share the financial risks and ensure improved cost stability. In defined contribution schemes, the Company's commitment mainly consists in paying a percentage of the employee's annual salary into a pension plan each year.

The defined benefit schemes are financed by payments into specialist funds or by setting up provisions, in accordance with the accounting standards adopted by L'Oréal. The performance of the management of the main funds established, as well as the financial stability rating of the custodians, are regularly reviewed by the Supervisory Committee.

Pensions exceeding the legal minima required by national social security systems are now paid in 80% ✓ of L'Oréal's subsidiaries throughout the world. In countries which already offer sufficient social coverage, L'Oréal does not propose company pension schemes. This is also the case in countries which do not have an appropriate legal framework or a long-term investment instrument. The Supervisory Committee continues to be attentive to changes in local situations and, when required, additional employee benefit schemes are put in place.

► EXAMPLE OF L'ORÉAL FRANCE (12,255 EMPLOYEES)

Pension schemes in France

In France, L'Oréal has supplemented its retirement plan by creating on January 1st, 2001 a defined benefit scheme with conditional entitlements based on the employee's presence in the Company at the end of his/her career. Then, on September 1st, 2003, a defined contribution scheme with accrued entitlements was introduced.

Defined benefit scheme

In order to provide additional cover, if applicable, to mandatory pensions provided by the French Social Security compulsory pension scheme, the ARRCO or AGIRC (mandatory French supplementary pension schemes), L'Oréal introduced on January 1st, 2001, a defined benefit scheme with conditional entitlements, the "Retirement Income Guarantee for former Senior Managers" ("Garantie de Ressources des Retraités Anciens Cadres Dirigeants"). Prior to this, on December 31st, 2000, L'Oréal closed another defined benefit scheme, also with conditional entitlements, the "Pension Cover of the Members of the Comité de Conjoncture" ("Garantie de Retraite des Membres du Comité de Conjoncture").

Access to the "Retirement Income Guarantee for former Senior Managers", created on January 1st, 2001, is open to former L'Oréal Senior Managers who fulfil, in addition to the requirement of having ended their career with the Company, the condition of having had the status of Senior Manager within the meaning of Article L. 3111-2 of the French Labour Code for at least ten years at the end of their career.

This scheme provides entitlement to payment to the beneficiary retiree of a Life Annuity, as well as, after his/her death, the payment to the beneficiary's spouse and/or ex-spouse(s) of a surviving Spouse Pension and, to the children, of an Orphan Pension, subject to the children fulfilling certain conditions. The calculation basis for the Guaranteed Income is the average of the salaries for the best three years out of the seven calendar years prior to the end of the Senior Manager's career at L'Oréal. The Guaranteed Income is calculated based on the beneficiary's number of years of professional activity in the Company at the date of the end of his/her career at L'Oréal, and limited to a maximum of 25 years, each year leading to a steady, gradual increase of 1.8% in the level of the Guarantee. At this date, the gross Guaranteed Income may not exceed 50% of the calculation basis for the Guaranteed Income, nor exceed the average of the fixed part of the salaries for the three years used for the calculation basis. A gross annuity and gross Lump Sum Equivalent are then calculated taking into account the sum of the annual pensions accrued on the date when the retiree applies for his/her pension as a result of his/her professional activity and on the basis of a beneficiary who is 65 years of age. The Life Annuity is the result of the conversion into an annuity at the beneficiary's age on the date he/she applies for his/her pension of the gross Lump Sum Equivalent, less the amount of all payments due as a result of termination of the employment contract, excluding any paid notice period and paid holiday and less all salaries paid under an early retirement leave plan, if such lump sum equivalent is the result of these operations.

Around 450 Senior Managers are eligible for this scheme, subject to their fulfilling all the conditions after having ended their career with the Company. Access to the "Pension Cover for Members of the "Comité de Conjoncture" has been closed since December 31st, 2000.

This former scheme granted entitlement to payment to the beneficiary retiree, after having ended his/her career with the Company, of a Life Annuity as well as, after his/her death, the payment to the spouse and/or ex-spouse(s) of a surviving Spouse Pension and, to the children, of an Orphan Pension, subject to the children fulfilling certain conditions. The calculation basis for the Pension Cover is the average of the salaries for the best three years out of the seven calendar years prior to the end of the beneficiary's career at L'Oréal. The Pension Cover is calculated on the basis of the beneficiary's number of years' service and limited to a maximum of 40 years, it being specified that at the date of closure of the scheme, on December 31st, 2000, the minimum length of service required was 10 years. The Pension Cover may not exceed 40% of the calculation basis for the Pension Cover, plus 0,5% per year for the first twenty years, then 1% per year for the following twenty years, nor exceed the average of the fixed part of the salaries for the three years used for the calculation basis. Around 120 Senior Managers (active or retired) are eligible for this scheme subject to the proviso, for those in active employment, that they fulfill all the conditions after having ended their career with the Company.

Defined contribution scheme

In September 2003, L'Oréal set up a "defined contribution pension scheme".

A new agreement was signed in December 2007, with effect from January 1st, 2008, as well as a supplemental agreement applicable as from January 1st, 2009.

All executives and sales representatives affiliated with the CIPC-R are beneficiaries of this scheme.

The basis for contributions, which remains unchanged, amounts to between once and 6 times the French social security ceiling, with a contribution of 4% since January 1st, 2008, shared by the Company and the employees.

This scheme grants entitlement to the payment to the beneficiary retiree, after he/she has applied for his pension entitlement from the French Social Security compulsory pension scheme, of a Life Annuity as well as, after his/her death, the payment to the spouse and/or ex-spouse(s) of a surviving Spouse Pension. The Life Annuity is calculated on the basis of the capital formed by the contributions made and the financial income on such contributions at the end of the employee's career. The employer's commitment is limited to the payment of the contributions stipulated.

€	12.31.2010	12.31.2011	12.31.2012
Number of members	11,967	12,594	13,549
Total of net contributions (in millions of euro)	8.02	8.74	9.20

Pre-retirement arrangements

L'Oréal pays close attention to the retirement conditions of its employees and pre-retirement arrangements that have been in force for a number of years, which have been confirmed and improved within the scope of the agreement on the employment of older workers, signed on 3 December 2009, which provides in particular for the introduction of a time savings account for older employees:

- **the early retirement leave (CFC):** this pre-retirement arrangement consists of exempting employees from the requirement to perform their activities; but during this period, they remain employees of L'Oréal and continue to receive their remuneration (within the limit of €9,280 gross/month) as well as mandatory profit sharing, incentive payments and paid leave;
- **early retirement leave under the time savings account:** this arrangement, linked to the 35-hour working week agreement and the Time Savings Account (Compte Epargne Temps – CET), enables an employee who has saved 3 days' leave per year under the CET since 2001, to benefit from the possibility to terminate his/her activities at least 3 months earlier than scheduled (6 months for sales representatives), and this possibility can be combined with the early retirement leave;
- **retirement indemnities:** a new scale of indemnities at L'Oréal was implemented by a collective agreement as from 2011, which is more favorable than the French National Collective Bargaining Agreement for the Chemical Industries.

Thus, when he/she retires, an employee may benefit from retirement indemnities ranging from two months' salary for five years' service, to eight months' salary for 40 years' service.

In order to increase the special leave prior to retirement, the employee may opt to convert his/her retirement indemnities into time, or he/she may choose to receive payment of the retirement benefits that will be made at the time when he/she leaves the Company.

	12.31.2010			12.31.2011			12.31.2012		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Early-retirement leave	49	102	151	51	127	178	65	128	193
Compulsory retirement on the Company's initiative			25			5	3	0	3
Voluntary retirement			234			162	66	135	201

(Source: HR France Statistics 2010, 2011 and 2012).

These commitments are guaranteed partly by external financial cover aimed at gradually building up funds resulting from premiums paid to external organisations.

The commitments net of funds invested and actuarial differences are booked as a provision in consolidated balance sheet liabilities.

The evaluation method used to calculate the retirement and pre-retirement benefit commitments is the retrospective method based on estimated calculations of the final salary.

These commitments take into account the employer's contribution to the healthcare schemes for retirees.

€ millions	12.31.2010	12.31.2011	12.31.2012
Provision for pension commitments in consolidated balance sheet liabilities	687.8	662.6	706.7

(Source: Administration and Finance Department [DGAF]).

Employee benefit schemes in France

In addition to the compulsory Lump Sum Death Benefit for executives under Articles 4 and 4 bis of the 1947 French National Collective Bargaining Agreement (1.5% of Bracket A of income as defined by the French Social Security) and the accorded under the French National Collective Bargaining Agreement for the Chemical Industries, L'Oréal has set up, in France, under an agreement, an Employee Benefit plan providing additional collective guarantees to its employees.

All these guarantees are based on the gross income up to eight times the Social Security ceiling, except for the education annuity which is limited to up to four times the ceiling. They are generally financed on Brackets A, B and C of income as defined by the French Social Security, except for the Education Annuity which is based on Brackets A and B, and the surviving Spouse Pension which is based on Brackets B and C.

This Employee Benefit scheme provides guarantees in the event of:

- temporary disability: for all employees, 90% of their gross income limited to eight times the French Social Security ceiling, net of all deductions, after the first 90 days off work;
- permanent disability: for all employees, a fraction, depending on the extent of the disability, ranging up to 90% of their gross income, limited to eight times the French Social Security ceiling, net of all deductions;
- Death:
 - a) for all employees, the payment of a Lump Sum Death Benefit, increased depending on the employee's family status. Its amount is doubled in the event of accidental death.
 - b) for executives and comparable categories of employees, the payment of a Spousal Annuity to the surviving spouse. This ensures the spouse has an income similar to the Spousal Pension that would have been paid by AGIRC if death had occurred at the age of 65.
 - c) for all employees, payment of an Education Annuity to each dependent child, according to an age-based scale.

The total amount of the principal forming these guarantees may not exceed €2.3 million per event. The capital for the Spouse Pension is the first to be applied, followed by the Education Annuity; the balance of the basic scheme is then used to calculate the Lump Sum Death Benefit, possibly increased by the minimum guaranteed Lump Sum Death Benefit.

€ millions	12.31.2010	12.31.2011	12.31.2012
Net Employee Benefit Contributions for the financial year	9,877.1	10,687.7	10,950 ⁽¹⁾

⁽¹⁾ Estimated

Minimum Guaranteed Lump Sum Death Benefits

Since December 1st, 2004, and January 1st, 2005 for sales representatives, L'Oréal has put in place an additional guaranteed Lump Sum Death Benefit that supplements, where applicable, for all employees, the Lump Sum Death Benefits to the extent of three years' average income. A maximum limit is set for this guarantee.

The total amount of the capital needed to fund the surviving Spouse Pension and Education Annuity, the Lump Sum Death Benefits and the minimum guaranteed Lump Sum Death Benefit is also subject to a ceiling.

Healthcare expenses

The employees of L'Oréal parent company and its French subsidiaries benefit from additional schemes covering healthcare costs.

The healthcare scheme is compulsory for all the employees of L'Oréal and its French subsidiaries.

Employees have the option of including their family members in these schemes.

Contributions are generally individual. The contribution by the employee is partly financed by the Company.

Retirees can generally continue to benefit from the healthcare scheme, with a contribution by L'Oréal, subject to a membership duration clause. The scheme for L'Oréal parent company retirees has been specified in the regulations for the additional defined benefit pension scheme applicable as from January 1st, 2008. The financial management of this scheme was outsourced to insurance companies in July 2011.

↳ For more information concerning the Benefits, please refer to the "Company Savings Plan and Frozen Current account" section on p. 193 of the 2012 Registration Document.

Labor/Management Relations



PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

Forty per cent (40%) of Group employees are officially covered by a collective agreement (a national and/or industry-wide and/or company-wide agreement). Eighty-nine per cent (89%) of them are covered by company-wide collective agreements.

Furthermore, worldwide, 76% of L'Oréal employees work in countries where representative bodies are officially in place, even if not all these employees are "officially" covered by a collective agreement (in several countries collective bargaining agreements cover only union members, while in other countries they cover all the employees – erga omnes -). The quality of the management-labour relations climate within L'Oréal is the result of continuous dialogue between the management, the employee relations and their representatives.

The Group pays particular attention to communication with its staff and, since 2003, L'Oréal has conducted an opinion poll among them with the assistance of the international firm Towers Watson. This poll took place again in 2011-2012 and the results were shared with the staff and their representatives. They are the subject of action plans implemented in a decentralized way and which are as closely aligned as possible with the expectations expressed.

An agreement signed in 1996 between L'Oréal and French and European trade unions (FECCIA and EMCEF) led to the establishment of the Company's Instance Européenne de Dialogue Social/European Works Council (IEDS/EWC). The initial agreement has been regularly updated, in particular in 2009 to introduce a new information and consultation procedure which applies to transnational projects involving local consultation procedures. This procedure allows for the possibility of an opinion from the IEDS/EWC. It is then implemented with the Liaison Secretariat extended to include members from the countries concerned or with the entire IEDS/EWC, depending on the geographic and strategic dimensions of the project. This revision represented an important advance which aims to reinforce social dialogue at L'Oréal while remaining a step ahead of changes in legislation.

The IEDS/EWC contributes to discussions and formal meetings with IEDS/EWC members about the Group's current situation and future prospects.

It has 30 members, who receive regular training on economic and social issues.

Today, the IEDS/EWC covers more than 30,000 employees in 26 countries which are part of the European Economic Area; among these 26 countries, the 16 countries with more than 145 employees are represented.

Situation with regard to collective agreements

The social policy at L'Oréal permits the signature of a certain number of collective agreements in the subsidiaries every year. In 2012, 33 agreements were signed in France and 69 agreements were signed in the rest of the world. In total, the number of agreements in force at December 31st, 2012 was 298 ✓.



MINIMUM NOTICE PERIOD(S) REGARDING OPERATIONAL CHANGES, INCLUDING WHETHER IT IS SPECIFIED IN COLLECTIVE AGREEMENTS

To meet the goal of sustainable growth which is the best guarantee for its employees, L'Oréal must constantly adapt to its environment. This may entail changes to its structure. Thus, any decision that is seen to affect business life and the employment of employees requires serious reflection, clear and regular communication to employees and a continuous dialogue with employees and the staff representatives, all complying with L'Oréal's values of integrity and transparency.

L'Oréal complies with the deadlines set by the national legislation of each country and, for Europe, applies the consultation procedure set forth in its European agreement concerning the EWC (European Works Council).

In the event of transnational projects leading to local consultations in at least two countries represented within the IEDS/EWC, a transnational consultation procedure of the Liaison Secretariat, potentially expanded, is implemented. This consultation is devoted to the transnational aspects of the project being discussed and does not replace national consultations. The procedure, set forth in a European agreement on the subject, has three phases:

- 1 - The Liaison Secretariat is notified of the project, depending on its nature it is, either as soon as the national bodies have been informed, or at the same time.
- 2 - An information and consultation meeting with the Liaison Secretariat is organised as soon as possible within the next 20 days. At the request of the Liaison Secretariat, a member of each country concerned by a local consultation will take part in this meeting, thus forming an expanded Liaison Secretariat.
- 3 - The Liaison Secretariat is able to issue an opinion on behalf of the IEDS/EWC, ensuring that it represents its point of view. In that case, the time within which the opinion is issued is two weeks as of the date of the information and consultation meeting.

Under certain conditions, particularly in the event of projects that might concern more than one country or highly strategic subjects, the information and consultation meeting called for in Phase 2 may be replaced by a special plenary session of the Body or, if the calendar as drawn up permits, by a portion of the ordinary plenary or preparatory session.

This consultation procedure will not overlap, in the subjects covered, with the local consultations, which take place in accordance with the local laws and practices.

The purpose of the works council consultation meeting is to explain the relevance of the transnational project. What is also important is that the representatives of the countries concerned are able to provide their view of the project, express their recommendations and contribute testimony on the local management of the project. The representatives of the countries concerned, as well as the members of the Liaison Secretariat, obviously may seek explanations and issue an opinion.

Occupational Health and Safety

LA6

PERCENTAGE OF TOTAL WORKFORCE REPRESENTED IN FORMAL JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES THAT HELP MONITOR AND ADVISE ON OCCUPATIONAL HEALTH AND SAFETY PROGRAMS

This indicator is not consolidated in the Group's reporting system. Nonetheless, the issues of health and safety are part of the employee relations dialogue with the bodies devoted to this issue or even with the staff representative bodies, where such dedicated bodies are not in place.

In addition to the employee relations dialogue, the employees are directly involved in the Group's health and safety system.

Health and safety conditions at L'Oréal - France:

For many years, L'Oréal has been committed to a proactive policy for continuous improvement in the working conditions of its employees, thereby contributing to the development of an environment favoring the quality of life at work.

Within this framework, and beyond the systems that already exist, L'Oréal wished to go one step further firstly by implementing a stress prevention and management programme and secondly by introducing a reflection on the prevention of arduous working conditions pursuant to the provisions of French Law No. 2010-1330 of 9 November 2010.

Attentive to the stress which could be experienced by employees whatever the circumstances, at the start of 2009 L'Oréal undertook a stress prevention and management programme with the support of a network of occupational doctors (7 exclusively dedicated to L'Oréal) and a duly empowered body, the "Intervenant en Prévention des Risques Professionnels" (IPRP).

This programme is based on three main measures:

- a prevention plan including in particular two training modules enabling both employees (1 day) and managers (2 days) to understand stress mechanisms better and give them operational solutions to regulate their impact.
- an individual assessment of the employee's level of stress, anxiety and depression via a questionnaire proposed at

the time of the annual employee medical check-up, based on scientifically recognised scales; at the end of the process, results are shared with the occupational doctor.

- an annual analysis of the Company's collective results by the Health, Safety and Working Conditions Committees.

This action plan, which was favourably received by employees, the Health, Safety and Working Conditions Committees and the Works Councils, is effective in all L'Oréal entities in France.

- Within the scope of the provisions of French Law No. 2010-1330 of 9 November 2010 and French decrees No. 2011-354 of 30 March 2011 and No. 2011-824 of 7 July 2011, L'Oréal continued its reflections on the way to improve working conditions and the prevention of arduous working conditions with the aim of enabling employees to remain in active employment longer and under better conditions. Although not obligatory, discussions have begun in certain of L'Oréal's business sectors or entities, in conjunction with the Health, Safety and Working Conditions Committees and the EHS teams, in order to prepare action plans for the prevention of arduous working conditions. In application of the French decree of November 5th, 2011 relating to occupational risks, L'Oréal has updated the single document for the evaluation of occupational risks in the Company by including these two points in particular.

In 2012, there were 37 Health, Safety and Working Conditions Committees (CHSCT) and 1 Health, Hygiene and Safety and Working Conditions (SHSCT) at L'Oréal.

An occupational doctor is available for each L'Oréal site in France and seven of these occupational doctors work exclusively for L'Oréal. They are assisted by five dedicated social workers.

Measures taken to improve safety:

- Preservation of the health and safety of employees is a fundamental objective which forms an integral part of the human and social policy. It rests on risk prevention both at an individual level, through screening tests making it possible to provide employees with thorough, adapted individual medical attention, and at collective level through the evaluation and management of occupational risks.
- The health and safety policy is part of an overall programme, conducted in close cooperation with the occupational doctors, safety officers and the Health, Safety and Working Conditions Committees.

↳ For more information about the health and safety conditions, see the section "The health and safety conditions at L'Oréal S.A.," page 199 and 200 of the 2012 Registration Document.



RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND TOTAL NUMBER OF WORK-RELATED FATALITIES, BY REGION AND BY GENDER

Work-related illnesses by region (excluding The Body Shop)

€ millions	2012
Western Europe	27
North America	8
New Markets	25
TOTAL	60

This relates to less than 0.1% of the Group's employees. The vast majority of work-related illnesses reported are muscular-skeletal problems. To avoid that, the Group's Health and Safety policy calls for significant work concerning ergonomics.

Absenteeism (illness, maternity leave, parental leave, etc.) – (Cosmetics and The Body Shop)

	Number of days of absenteeism	Percentage of absenteeism
Western Europe	325,242	5.25 %
North America	104,705	3.28 %
Asia Pacific	126,743	3.70 %
Latin America	32,698	2.43 %
Eastern Europe	51,905	5.45 %
Africa Middle East	14,133	4.95 %
Of which New Markets	225,479	3.75 %
TOTAL	655,426	4.25 %

The overall rate of absenteeism is estimated at 4.25%, 2.12% of which is attributable to illness, pursuant to the following method:

Method of calculation:

- Total absenteeism: $B / (A + B)$
- Sickness absenteeism: $C / (A + B)$

(A): Number of days effectively worked by all employees with contracts, including training days.

(B): Number of days of absence (sick leave, occupational diseases, maternity leave, accidents in the workplace and/or travel-to-work accidents or any other absence not provided for by contract)

(C): Number of days of sick leave (excluding occupational diseases, maternity leave, accidents in the workplace and/or travel to work accidents...)

Health and Safety

For several years now, L'Oréal has applied a well-established policy in the field of health and safety (EHS policy). This defines the Company's commitment to developing, producing, distributing and selling innovative products of the highest quality, while having an ethical conduct and guaranteeing the health and safety of employees, customers and the communities in which L'Oréal performs its activities. This approach is part of an overall environmental, health and safety policy.

For more information concerning L'Oréal's policy concerning environment, health and safety, please see the "Managerial Approach" section of the Environment GRI Data Sheet.

L'Oréal is eager to provide a safe and healthy work environment for its employees. Health and safety are of paramount importance and L'Oréal's ultimate goal is a zero accident rate.

Comprehensive measures have been taken focused on risk reduction and continuous improvement. A safety culture has been instilled, setting high standards and involving employees at all levels of the Company. Keen to increase safety in the workplace, the General Management has set an ambitious objective to improve the results obtained.

Performance summary

Overall, 2012 was a good year in terms of performance. The Group's performance improved by 14.42% as compared to 2011 despite the deterioration of the performance of the factories. Out of the 193 lost-time accidents registered in the Group in 2012, 72% occurred at administrative sites, including 5% in Research & Innovation laboratories or sites, and 28% in the factories and distribution centres.

• Sites of factories and distribution centres:

TfC = 1.49 v. 1.36 in 2011 (up 9.7%)*;

• Administrative sites (with R&I):

TfC = 1.80 v. 2.30 in 2011 (down 21.6%)*;

• Group: all sites:

TfC = 1.72 ✓ v. 2.01 in 2011 (down 14.42%).

* TfC (Conventional Frequency Rate) = number of lost-time accidents per million hours worked by L'Oréal staff.

Number of workplace accidents with time lost in 2012 distributed by geographical region (Cosmetics and The Body Shop)

GROUP Factories – Dist. ctrs Administrative sites	Number of accidents at L’Oréal with time lost in 2012
Europe	106
North America	59
Asia Pacific	9
Latin America	8
Africa Middle	1
TOTAL	183

▶ Total number of mortal work-related accidents: 0 (zero).

L’Oréal has a responsibility towards its staff, and its performance in terms of health and safety constitutes a key element in its evaluation.

Management is the vital link in this change in safety culture, supported and aided by the L’Oréal EHS network, which is equipped with the tools and programmes required to achieve excellence in this area.

The basis of the safety enhancement programmes will continue to be:

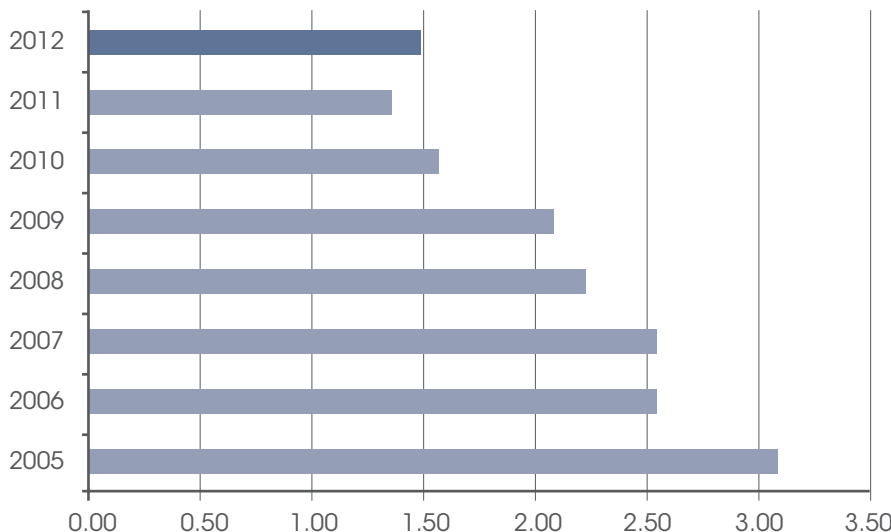
- EHS steering committees;
- “MESUR” (Managing Effective Safety Using Recognition & Realignment);
- SIO (Safety Improvement Opportunities); Safety Training for management;
- In 2012, 60 participants from L’Oréal attended seminars open to site managers on the theme of “Safety & leadership”, held at the CEDEP, the European Centre for Continuing Education (Centre Européen d’Education Permanente) on the campus of INSEAD in France. The main objectives of these seminars are to change the attitudes of managers with regard to safety, raise their awareness to the crucial problem posed by safety for companies and their management executives, and to increase their ability to have safer behaviour adopted and maintained over the long term.
- “Ergonomic attitude”;
- EHS “Culture audits”.

Safety Targets for Factories and distribution centres

The initial target is an 81% improvement in our safety record by 2015 (base year 2005: TFc* = 3.09), representing a TFc* of < 0.60.

Note on the changes to the performance of the factories and distribution centres since 2005*

TFc (conventional frequency rate) – Factories and distribution centres



Aim: Zero Accident in 2012

Out of 104 factories and distribution centres, 69 recorded zero lost-time accident

An accident severity rate that has fallen

As well as a reduction in the number of accidents, it is also important to note that the accident severity rate has fallen by 40% since 2005. It is 0.09 ✓ in 2012.

Millions of hours without accident causing work stoppage since 2005 – Operational and administrative sites.

- 8 factories, 4 distribution centres and 17 administrative sites reached or passed the threshold of one million hours worked without a lost-time accident;
- 3 factories and 7 administrative sites have now reached 3 million hours.



EDUCATION, TRAINING, COUNSELING, PREVENTION, AND RISK-CONTROL PROGRAMS IN PLACE TO ASSIST WORKFORCE MEMBERS, THEIR FAMILIES, OR COMMUNITY MEMBERS REGARDING SERIOUS DISEASES

HIV/AIDS Prevention

The L'Oréal Foundation puts its vast network of partner hairdressers to work by providing them with the resources to undertake great causes alongside it, such as AIDS prevention.

The role of the hairdresser is of paramount importance: their ability to communicate with their customers in a special way, the trust they establish and their contact with a wide variety of people make them an important link in the prevention of the illness. Dialogue and information form an initial level of protection against the virus.

The AIDS prevention education programme called "Hairdressers Against AIDS" that L'Oréal has run for 11 years in partnership with UNESCO continues to expand with four new countries: Sweden, Norway, the Baltic countries and the Philippines. The priority remains expansion in Africa and Eastern Europe. As they do every year, all the hairdressers provided their support and trained to become facilitators of prevention of this illness, the ravages of which continue.

2012 Key figures

- ▶ 5,000 educators provided support
- ▶ 37 countries committed
- ▶ 325,000 hairdressers trained

Along with the hairdressers' training programme, the Group has involved more stakeholders than ever, notably with a training course for employees on 1 December 2012 on World AIDS Day.

↳ For more information about the programmes of the L'Oréal's Foundation, please see:
<http://www.loreal.com/Foundation/Default.aspx>

Screening for melanoma

L'Oréal pays close attention to the wellbeing and health of its employees. Several initiatives are regularly implemented locally, depending on the priorities of each subsidiary. For example, in 2012, 16 subsidiaries organised a melanoma testing day when a dermatologist came to the L'Oréal business sites to examine any employees who wished to be tested.



HEALTH AND SAFETY TOPICS COVERED IN FORMAL AGREEMENTS WITH TRADE UNIONS

There are eighteen (18) collective agreements concerning health and safety that have been signed within the company and that were in effect as of 12.31.2012. These agreements are in place in nine countries (Australia, China, Indonesia, New Zealand, France, Denmark, Greece, Italy and Netherlands).

This does not include the national sector agreements, in place in various countries, which often cover health and safety issues.

Training and Education



AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY GENDER, AND BY EMPLOYEE CATEGORY

Training forms an integral part of employee development policy at L'Oréal. As such, it is the subject of an individual interview once a year with each employee.

L'Oréal regularly provides its staff with personal and professional development opportunities via a training system tailored to their individual needs, everywhere and for all positions. The "Learning for Development" department is fully integrated with the company, enabling staff to derive full advantage from the best practices worldwide and offering a coherent overview of the training programmes.

The number of training hours in 2012 was 1,063,172 across the Group as a whole. ✓

The number of employees trained in 2012 was 47,969, each of which took advantage on average of 22 hours of training in the year.

Sixty per cent (60%) of those who undertook training were women.

People trained by professional category (Cosmetics)

Manual workers	66.8 %
Administrative staff	41.0 %
Supervisors	71.4 %
Executives	76.2 %

In 2012, L'Oréal France devoted €17,820 thousand to the professional training of its employees, equivalent to 2.4% of its payroll.

- ▶ Number of persons trained in 2012: 8,424, or 69% of the workforce as at 31 December 2012.
- ▶ Number of training actions in 2012: 19,810, an average of 2.3 training actions per individual trained.
- ▶ Number of training hours in 2012: 223,067 hours.

The L'Oréal Human Resources intranet site (Profile & My training) provides staff with comprehensive information on their options with regard to professional training and their entitlement in terms of Individual Training Entitlement ("DIF").

Hours of training (Cosmetics and The Body Shop)

2012	Number of hours of training recommended	Number of training hours in open access	Total number of hours of training	Number of employees trained	Average hours of training per employee trained
Western Europe	432,606	11,078	443,684	19,825	22.4
North America	136,624	3,443	140,067	13,087	10.7
Asia Pacific	323,224	3,078	326,302	9,175	35.6
Latin America	54,064	6,967	61,031	2,530	24.1
Eastern Europe	62,971	2,872	65,843	2,409	27.3
Africa, Middle East	25,755	490	26,245	943	27.8
TOTAL	1,035,244	27,928	1,063,172	47,969	22.2

↳ For more information about training at L'Oréal, please see Section 6.1.2.5. "Training" on page 200 of the 2012 Registration Document.



PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING THAT SUPPORT THE CONTINUED EMPLOYABILITY OF EMPLOYEES AND ASSIST THEM IN MANAGING CAREER ENDINGS

Learning forms an integral part of the staff development policy at L'Oréal. As such, it is the subject of an individual meeting once a year with each employee. L'Oréal regularly provides its staff with personal and professional development opportunities via a training system tailored to their individual needs, everywhere and for all positions. The "Learning for Development" department is fully integrated with the company, enabling staff to derive full advantage from the best practices worldwide and offering a consistent overview of the training programmes.

Learning and Evolution

In an on-going search for excellence and creativity and the desire to be one step ahead to deal with the growing complexity of the challenges of our business, the "Learning for Development" teams provide employees and managers with an on-going support to help them not only to be high-performing, but also to achieve fulfillment.

Learning has always been at the heart of the Human Resources strategy: this enables L'Oréal to attract the best talents, prepare the leaders of the future, but also provide all the employees throughout the world with the best possible response in terms of learning.

In order to ensure L'Oréal's competitiveness, the Group offers its staff learning options throughout their working lives.

An Individual Approach

"L'Oréal and Me" offers a new international structure for professional reviews, consisting of two meetings during a year at which it is possible to identify and discuss career paths, personal development and salary.

From this perspective, the Group regularly provides its staff with personal and professional development opportunities via a training system tailored to their individual needs, everywhere and for all positions. The "Learning for Development" department is fully integrated with the company, enabling staff to derive full advantage from the best practices worldwide and offering a coherent overview of the training programmes. The optimised realisation of each individual's potential is crucial if a sustainable competitive edge is to be maintained. Since the group benefits from dynamic and centralized career management, the "Learning for development" department has developed tools to facilitate transition, aimed at managers taking on new responsibilities.

International Mobility

Geographical mobility and career flexibility benefit staff in terms of development and experience, but also the Group with regard to growth and innovation. International mobility also strengthens its diversity policy, as its brands are adapted to suit local demand by multicultural teams.

Throughout 2012, 1,077 employees were on long-term international assignments in 58 different countries, thus an increase of 14% over 2011. Thirty-nine per cent (39%) of these employees were women, and 13% were under 30 years old. Among the 1,007 expatriated staff, 222 had the benefit of package that was specially designed for junior employees in the first years of their career.

L'Oréal has revised its international mobility policy to ensure that it meets the requirements of its staff and of the company. Specific packages have also been developed for young employees, as well as for inter-regional transfers.

In order to encourage this ambitious acceleration of globalization, the Group is seconding its best talents on international programmes, developed in partnership with renowned institutions. There, they have access to the best training resources available worldwide and can share the expertise and experience of L'Oréal's directors. These programmes are aimed at transmitting the culture and values specific to L'Oréal, as well as contributing to the strategic coherence of the Group.

In 2012, a symbolic training course, "L'Oréal Insight", brought together 203 young managers from 40 different countries. This figure shows to what extent the local HR managers are committed to the development of their best assets. In total, just short of 500 strategic staff, from all countries where the group is present, attended at least one of the company's key international seminars during 2012.

"My Learning"

In 2010, with the aim of "bringing learning to all", L'Oréal "Learning for Development" teams launched the "My Learning" platform at international level, meaning in 18 languages, making it accessible to 45,000 staff in 57 countries. This represented 28,000 hours of remote training (up 8% over 2011).

The use of a single platform for all the L'Oréal Group guarantees the sharing of the Group's culture and expertise on a global scale. "My Learning" also encourages the transfer of knowledge within the Group and aids the orientation of employees and company initiatives concerning diversity and ethics in particular, as well as allowing information to be distributed immediately to staff.

The employees have access to training and resources related to management, professional expertise, language and IT. Its creation is based on a combination of innovative learning methods and tools ranging from remote training to video demonstrations. This enables the long-term training needs of all L'Oréal staff to be met.

"My Learning" offers employees a personalised training path consisting specifically of a training offer and free access to the online modules linked to their duties. Four hundred (400) personalised paths have been developed, targeting the particular skills to be improved on the basis of the main responsibilities of their post.

Since July 2012, the range of on-line training resources has been supplemented by making available to employees more than 1,000 educational videos in ten languages: that is the "My Learning Channel" service.

Sharing Knowledge, Culture and Values Across the World

L'Oréal's strategy is to provide a training path dedicated to sharing the company's culture, values and strategy: an intellectual melting pot that trains employees in a common language and that encourages an entrepreneurial spirit. The training is presented largely as seminars that bring together employees from the world over. Thus, the "Senior Executive Forum," intended for experienced executives, enables future managers to consider, along with the Executive Committee and the CEO, the strategic challenges that the Group will have to face.

This overview of the spirit and culture of L'Oréal starts with the arrival of new employees, thanks to a tailored induction programme that combines individual interviews with Discovery training courses, either in person or remote, through mentoring and even site visits to meet customers and consumers. The principles of this programme dubbed "FIT" (for Follow-up and Integration Track) are consistent world-wide and it is a vital stage of career development.

Since 2010, new Group employees, even the most distant ones, also have the benefit of two on-line training modules that are an integral part of their personalised induction path:

- "Keys to L'Oréal" is a module available in 12 languages that explains and shares the Group's specific values on subjects such as the entrepreneurial spirit or the understanding of Beauty.
- "I-Discovery" refers to an interactive module and has trainees find out about the brands, the strategy and the organisation. This on-line format has also been broken out by division, including the major launch in 2012 of the module of the Consumer Products Division.

And so that the Company remains close to its markets and its employees, L'Oréal is developing a wide range of training courses in emerging countries. The "Mastering Business Excellence" seminar, the 2012 editions of which were held in China, the Middle East and Brazil, trains the new generations of managers in a spirit close to that of MBA programmes in business schools. The "Culture and Strategy" seminar, which helps new managers understand the Group's strategic vision, was held in India in 2011 and in China in 2012: a strong signal to the employees who will build tomorrow's L'Oréal.

↳ For more information concerning training, please see:

- Section 6.1.2.5. "Training" on page 200 of the 2012 Registration Document.
- the article "Development of local talents" on page 40 of the 2012 RDD.

Early retirement arrangements

Depending on the legislation and practices in each country, L'Oréal adheres to pension plans, pre-retirement arrangements and employee benefit plans that offer a variety of additional coverage for its employees.

For obligatory state schemes and other defined-contribution schemes, the Group recognises in the income statement contributions payable when they are due. No provision has been set aside in this respect as the Group's obligation does not exceed the amount of contributions paid. The characteristics of the defined benefit schemes in force within the Group are as follows:

- French regulations provide for specific length-of-service awards payable to employees on retirement. An early retirement plan and a defined benefit plan have also been set up. In some Group companies there are also measures providing for the payment of certain healthcare costs for retired employees.

These obligations are partially funded by an external fund

- for foreign subsidiaries with employee pension schemes or other specific obligations relating to defined benefit plans, the excess of the projected benefit obligation over the scheme's assets is recognised by setting up a provision for charges on the basis of the actuarial value of employees' vested rights.

As from January 1st, 2009, the Group decided to adopt the IAS 19 option allowing the direct recognition in equity of actuarial gains and losses instead of the corridor method.

The charges recorded in the income statement during the year include:

- service cost, i.e. additional rights vested by employees during the accounting period;
- interest cost, i.e. change in the value of the discounted rights over the past year;
- expected return on plan assets, i.e. income from external funds calculated on the basis of a standard return on long-term investments;
- the impact of any change to existing schemes on previous years or of any new schemes.

To determine the discounted value of the obligation for each scheme, the Group applies an actuarial valuation method based on the final salary (projected unit credit method). The obligations and the fair value of plan assets are assessed each year using length-of-service, life expectancy, staff turnover by category and economic assumptions (such as inflation rate and discount rate).

Actuarial gains and losses in relation to other benefits such as jubilee awards and long-serve bonuses are immediately charged to the income statement.

The liability corresponding to the Company's net defined benefit obligation regarding its employees is recorded in the balance sheet on the Provisions for employee retirement obligation and related benefits line.

↳ For more information about the preparation for career end, please see Section 1.23. "Provisions for employee retirement obligations, and related benefits" on page 109 of the 2012 Registration Document.



PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS, BY GENDER

L'Oréal has always placed the human dimension and individual performance at the heart of the company and has done so with a long-term vision. Each employee has an individual end-of-year interview. In most countries, the preparation and approval are done using the MAP tool (Managing and Appraising Performance).

► MAP IS AN ASSESSMENT SYSTEM THAT MAKES IT POSSIBLE TO ASSESS AND DEVELOP THE ABILITIES AND PERFORMANCE OF ALL L'OREAL EMPLOYEES

MAP deals with the following points:

- **Integration of roles**, key responsibilities, targets and skills of the employees
 - **Career management**: taking into account the wishes of an employee, along with their assessment, experience and strength
 - **Training decisions** based on the development plan
 - **Compensation decisions** (taking into account their command of the key responsibilities and achievement of targets)
- The MAP ON Line system, currently being deployed, is accessible to 37,100 employees world-wide. This year it has been used by 29,959 people in 65 countries. The plan is to extend it to the population as a whole while gradually replacing the paper format.

► MAP CONSISTS OF AN END-OF-YEAR INTERVIEW AND, FOR MOST STAFF, A MID-YEAR INTERVIEW

The mid-year interview

The mid-year interview takes place in the middle of the year. It allows the employee to step back a little from his regular activities, join his manager in measuring the progress he has accomplished, and consider any support measures that might be necessary.

Aims:

- To conduct a review of the progress made in terms of the employee's targets and skills
- To develop a personalised development plan for the next twelve months
- To give the employee and manager a shared view of the best way of working together

The end-of-year interview

The end-of-year interview is centred on:

- Assessing their performance during the year elapsed
- Perspectives for the coming year

The end-of-year interview offers an opportunity for the employee to speak with their manager and their n+2 about:

- his/her performance
- his/her goals for the coming year
- his/her aspirations
- his/her training and development needs.

It should take place within a spirit of open dialogue and objectivity.

27,398 employees used MAP On Line to publish their report for the 2012 end-of-year assessment interviews, which is 12.5% more than last year.

Diversity and Equal Opportunity



COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY ACCORDING TO GENDER, AGE GROUP, MINORITY GROUP MEMBERSHIP, AND OTHER INDICATORS OF DIVERSITY

Diversity and equal opportunities

For over 10 years, L'Oréal has been engaged in an innovative, ambitious policy in favour of Diversity. The Group has set itself three priorities: gender, disability and socio-cultural and ethnic origin and its actions are more particularly focussed on the areas of marketing, solidarity sourcing and human resources.

Today, the initiatives conducted by all the Group's subsidiaries make L'Oréal a pioneer and one of the recognised major players in the area of diversity at worldwide level.

In 2004, L'Oréal was a founding member of the first diversity charter in France. The Group has now signed eight other charters in Europe, certain of which were created on its initiative.

In the field of gender equality, L'Oréal was awarded in 2010 the first European gender equality label, the "Gender Equality European Standard", by Bureau Veritas, for eight different scopes or companies in Europe: Germany, France, Spain, Italy, Belgium, the United Kingdom, Ireland and L'Oréal S.A. (Corporate). Four other scopes were audited at the end of 2012 and awarded the label by Bureau Veritas (Baltic countries, Portugal, Czech Republic and Poland).

Also in the field of gender equality, L'Oréal Mexico received the World Bank's "Gender Equity Model" certification in October 2012.

With regard to disability, L'Oréal has been developing a global policy since 2008 in favour of professional insertion of the disabled in the Company. This policy focuses on five priorities: infrastructures, maintenance in employment, recruitment, subcontracting and partnerships.

Due to the fact that there are not definitions and requirements to hire persons with a disability in all the countries in which L'Oréal has a presence, it is not possible to provide an average consolidated rate of disability for the Group.

The rate typically provided is that of L'Oréal in France, by comparison with the requirement of 6%.

Average rate of disability within L'Oréal in France:

2008	4.22%
2009	4.71%
2010	5.44%
2011	5.08%
2012	5.46%

And to accelerate the mobilisation of its subsidiaries, L'Oréal has put in place since 2008 awards known as "Initiatives for the Disabled" which reward operational entities for their concrete actions in favour of the disabled. These awards, which are presented every two years, make it possible to showcase and share the best practices of the various L'Oréal entities both in France and in Europe. In 2012, this initiative was made international, which enabled 14 countries from four geographic zones to participate.

Finally, 46 countries, in which the Group is established, have implemented actions to diversify the origin of their recruitments (Brazil, Italy, France, Spain, etc.) with one objective: enable all talented individuals to assume high-level responsibilities within the Company, whatever their differences or their origins.

L'Oréal has moreover developed a diversity assessment in France with a hundred or so indicators that together cover the 6 dimensions of Diversity policy. For the same purpose, all the subsidiaries have access to an online Diversity Reporting tool.

In order to support these initiatives, L'Oréal has undertaken to train its employees in diversity by organising "Diversity Workshops". This is a one-day training session which made it possible to raise awareness among over 12,000 employees in more than 20 countries by the end of 2012.

DIVERSITY: age

Distribution of staff by age

	TOTAL	< 25 y.o.	25 - 29 y.o.	30 - 34 y.o.	35 - 39 y.o.	40 - 44 y.o.	45 - 49 y.o.	50 - 54 y.o.	55 - 59 y.o.	> 60 y.o.
Western Europe	29,747	2,953	4,557	4,558	4,540	4,090	3,799	2,833	1,918	509
North America	15,692	2,749	2,370	1,970	1,769	1,729	1,671	1,608	1,058	768
Asia Pacific	13,705	1,602	3,409	3,827	2,445	1,240	673	319	129	61
Latin America	5,763	442	1,170	1,341	1,138	792	463	275	109	33
Eastern Europe	3,230	263	905	840	599	315	150	97	46	15
Africa, Middle East	2,301	166	505	576	402	290	166	115	49	32
New Markets	24,998	2,473	5,989	6,584	4,584	2,637	1,452	806	333	141
TOTAL	70,437	8,175	12,916	13,111	10,893	8,456	6,922	5,237	3,309	1,418

Average age by geographical region

	2011	2012
Western Europe	38	39 ✓
North America	38	39 ✓
New Markets	34	34 ✓
TOTAL	37	37 ✓

Diversity: Parity

Moreover, women within the group account for **67%** of all staff,

65% of Operations staff

59% of executives

62% of recruited executives

39% of expatriates

46% of new expatriates

43% of the members of the Management Committees

21% of the members of the Executive Committee (3/14)

43% of the brands are managed by women (15/35 bosses of international brands)

and 24 women were appointed to a Division Manager position in 2012

M/F per age range in the Management Committees
Scope: world - 2012

	Under 30	30 - 50	Over 50	Total
FEMALES	1 %	80 %	19 %	100 %
MEN	1 %	77 %	21 %	100 %

Headcount by gender and average age (Cosmetics and The Body Shop) 2012

	TOTAL	MEN	WOMEN	AVERAGE AGE	% WOMEN
Western Europe	29,747	9,810	19,937	38.5	67 %
North America	15,692	4,497	11,195	38.6	71 %
Asia Pacific	13,705	4,202	9,503	33.7	69 %
Latin America	5,763	2,410	3,353	35.4	58 %
Eastern Europe	3,230	1,117	2,113	33.4	65 %
Africa, Middle East	2,301	935	1,366	35.3	59 %
New Markets	24,998	8,664	16,335	34.2	65 %
TOTAL	70,437	22,970	47,467	37.0	67 %

↳ For more information concerning the governance bodies, please refer to the Registration Document, p. 32 and. seq., or the GRI Governance data sheet, answers 4.1 to 4.3.

Equal remuneration for women and men

LA14

RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN BY EMPLOYEE CATEGORY, BY SIGNIFICANT LOCATIONS OF OPERATION

Compensation at L'Oréal SA

Average gross monthly compensation of Women and Men continually present.

This relates to employees (excluding managers) on permanent employment contracts and present for two consecutive years.

Employees whose category changed are compared in the category in which they were in the second year.

EMPLOYEES CONTINUALLY PRESENT IN 2011 AND 2012 (NOT INCL. MANAGERS)	2011			2012			% CHANGE OF THE AVERAGE SALARY		
	M	F	ALL	M	F	ALL	M	F	ALL
Executives	6,301	5,250	5,697	6,585	5,540	5,984	4.5 %	5.5 %	5.0 %
Supervisors & Technicians	3,100	3,049	3,061	3,239	3,184	3,197	4.5 %	4.4 %	4.4 %
Administrative staff	2,308	2,200	2,241	2,416	2,303	2,346	4.7 %	4.7 %	4.7 %
Workers	2,616	2,511	2,577	2,727	2,612	2,685	4.2 %	4.0 %	4.2 %
Sales representatives	4,228	3,800	4,050	4,332	3,885	4,146	2.5 %	2.2 %	2.4 %

Employer Contributions

At L'Oréal SA, the annual sum of employer contributions paid in 2012 was €184,965,923.