

L'OCCITANE CARES

Social and Environmental Responsibility



2012 CSR

ANNUAL REPORT



**FIELD OF
LAVENDER,**
*Valensole
plateau*

GOVERNANCE

- 6 / *& Business ethics*
- 14 / *& Sustainable ingredients*

THE ENVIRONMENT

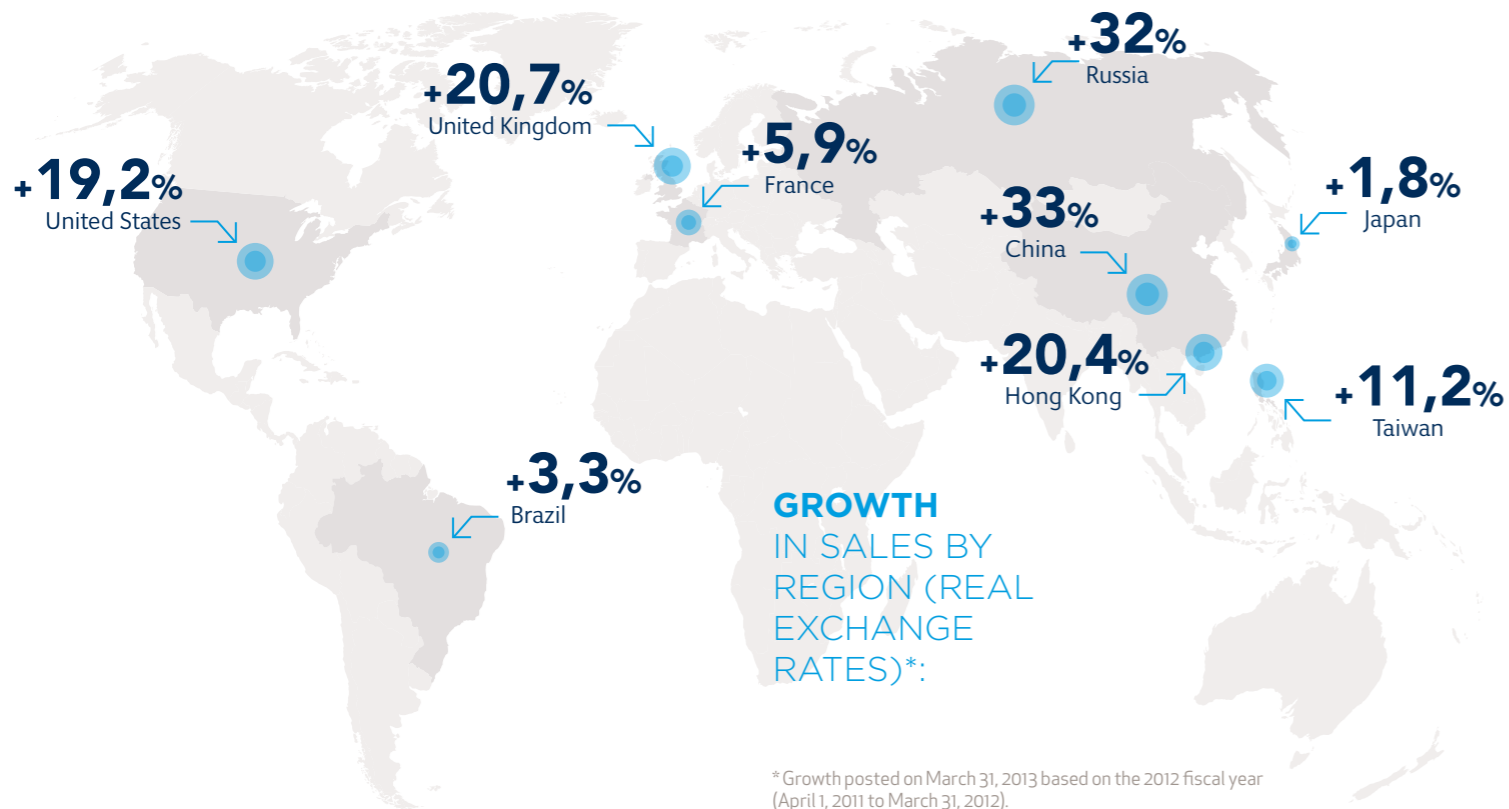
- 20 / *& Formulas*
- 26 / *& Packaging*
- 30 / *& Production*
- 36 / *& Transportation*
- 40 / *& Stores*

SOCIAL RESPONSIBILITY

- 44 / *& Employees*
- 50 / *& Disability*
- 54 / *& Communities*

L'OCCITANE

in figures



*Growth posted on March 31, 2013 based on the 2012 fiscal year (April 1, 2011 to March 31, 2012).

- A presence in **90** countries

- Consolidated turnover :
€**1,043.4** Million

- Growth of **14,2%**

- **2,364** stores throughout the world

- **7,047** employees in the L'OCCITANE Group

- **145** new company-owned stores (including the Melvita brand)

5 BRANDS

L'OCCITANE
EN PROVENCE

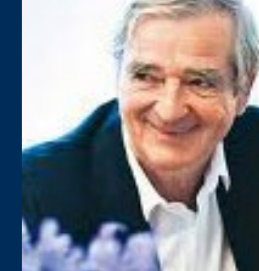
erborian
KOREAN SKIN THERAPY
PARIS · SEOUL

Melvita

L'OCCITANE
AU BRÉSIL

le COUVRETT des MINIMES

A FEW WORDS from the President



The L'OCCITANE Group continues to grow, while remaining true to the original values of the L'OCCITANE brand – in particular authenticity and respect. Every year, our Group is enriched by its experiences, but also by its employees, who continue to join us in increasing numbers. Passionate about their work, they are keen to contribute to the sustainable development of our company.

With humility and determination, we continually strive to increase our sustainable contribution to the community and to minimize the environmental impact of our activities. Without making any compromises, and using relevant indicators, we regularly measure our social, societal and environmental impacts.

This report presents our social and environmental responsibility activities for the fiscal year running from April 1, 2012 to March 31, 2013, under the L'OCCITANE brand name. I am delighted to share it with you. The ambition of our Group is to develop brands that are increasingly respectful of man and nature, and to carry the colours of these brands throughout the world. This report includes very clear illustrations of our commitments with regard to the L'OCCITANE brand and our French entities. We also wanted to present some of the initiatives undertaken by our distribution subsidiaries abroad, and by the Melvita brand.

Reinold Geiger,
Chairman and CEO of the L'OCCITANE Group.

GOVERNANCE & Business ethics



42

employees were given training in responsible purchasing practices in 2012

94%

On March 31, 2013, 94% of industrial purchases were from suppliers who had signed our Corporate Social Responsibility Charter – a social and environmental responsibility agreement for suppliers

3rd

In early 2013, L'OCCITANE was ranked third in the French QualiWeb awards for excellence in online customer relations (out of 315 brands from the beauty sector).

L'OCCITANE AU BRÉSIL SPOTLIGHT ON AN INITIATIVE IN BRAZIL



The aim of the L'OCCITANE AU BRÉSIL brand is to help preserve Brazilian cultural traditions by choosing suppliers who reflect its cultural values and by giving priority to sustainable development and social integration. This philosophy applies to all fields and can be seen in the design of environmentally friendly packaging and accessories. Whenever possible, we use natural materials, limit the use of plastic, and we are constantly on the lookout for new eco-friendly solutions.

Guided by this philosophy and inspired by the Group's recommendations, the L'OCCITANE AU BRÉSIL brand developed sustainable purchasing guidelines for the teams in charge of the local development of accessories and packaging. These guidelines give advice on recommended materials, preferred production methods and techniques, and choosing suppliers.

*Laura Barros,
L'OCCITANE AU BRÉSIL Brand Manager*

MEMBERS OF THE CSR STEERING COMMITTEE (from left to right):
Jean-François Gonidec (Manufacturing and Operational Excellence General Manager), Bénédicte Le Bris (Research and Development Managing Director), Emmanuel Osti (Managing Director of the L'OCCITANE Group), Katia Michieletto (CSR and Sustainable Development Manager), Domenico Trizio (Chief Operating Officer), Frédérique Chemaly (Group Human Resources Director), Nicolas Siriez (L'OCCITANE Brand Managing Director), Philippe De Brugière (Prospective Packaging and International Production Director), Mary Bonneaud (Head of Corporate Patronage for the Group).



2 Questions

FOR KATIA MICHIELETTO



What achievement in 2012 are you most proud of?

The Group Purchasing Management team played an important role in putting together and implementing the Responsible Purchasing training. Their involvement shows all departments concerned just how much this matters for Senior Management, and the determination of the Group to place Social and Environmental responsibility at the heart of our Purchasing policy.

What is your main objective for the year to come?

Our ambition is to keep meeting our CSR performance indicators and to do this in ways that are increasingly relevant and clear. This measurement of our performance is a guarantee of the sincerity of our commitment – and the very foundation of our continuous improvement plan.

*Katia Michieletto,
CSR and Sustainable Development Manager*

GOVERNANCE & Business ethics



ACTIONS

Emmanuel Osti, Managing Director of the L'OCCITANE Group, clearly expressed the direction of the Group to all employees: *"To develop beauty brands that are increasingly respectful of Man and Nature."*

The L'OCCITANE Group's CSR governance has been shaped in such a way that the CSR policy, objectives and action plans are established at the highest level of the organization, so that they can then be adapted at all levels. With a focus on continuous improvement, they can be revised with the Group's General Management and communicated to our external stakeholders through the publication of a CSR report on our website.

The CSR Steering Committee is made up of

members at the highest level of the Group's organization and oversees all parties that have a role to play in implementing the Group's CSR objectives.

During the 2012-13 fiscal year, four CSR Steering Committee meetings were held, with one every three months.

FORMALIZING OUR CSR COMMITMENTS

The Group's commitments to sustainable development have always been illustrated, first and foremost, by concrete actions throughout the entire organization, and have naturally reflected the values that guide and drive us. More recently, we wanted to formalize these commitments by voluntarily signing up to **the United Nations Global Compact**. We signed the Compact in October 2011 and,



WE SUPPORT

since 2012, we have published – on the United Nations website – the progress of actions taken relating to the ten principles of the Global Compact. This is also a way for us to exchange good practices with all the signatories of the Global Compact.

L'OCCITANE is a founding member of a club called "Génération Responsable"

L'OCCITANE is keen to keep progressing in terms of its responsible practices and to share ideas with other companies that are driven by the same cause. It is a founding member of a club called "Génération Responsable", whose members are mainly

Responsible Purchasing training, Manosque



retail companies. L'OCCITANE is a signatory of the CSR charter of this Club. This means that it must report to a supervisory committee, made up of members of the association, to keep them informed of its ongoing progress in terms of meeting the commitments of the charter.

RESPONSIBLE PURCHASING

As a responsible player in the economy, the L'OCCITANE Group has identified Purchasing as a significant challenge and a means to contributing to sustainable social and economic development. L'OCCITANE is strongly anchored in the geographical roots – the territory – of the brand. This, combined with its strong growth, makes it a true jewel in the crown of French industry, and its economic dynamism is

particularly beneficial to the French and European economic fabric.

Many parties are involved in the Purchasing process, from defining needs to collaborating with the approved supplier: Marketing, Merchandising, Concept, Packaging Development, R&D, Purchasing, Planning, etc. In 2012, the Purchasing Management team, in collaboration with the CSR department, began a cycle of **Responsible Purchasing in-house training** sessions aimed at all parties involved in this process. The aim of this training was to ensure that all teams concerned were familiar with the relevant knowledge, tools, and the Group vision of Responsible Purchasing. By the end of the 2012 fiscal year, 42 people had been given this training.

With the aim of sharing its values and commitments with its suppliers, the L'OCCITANE

Group asks each one to sign the Corporate Social Responsibility Charter before any new commercial partnership. This charter has been developed around the themes of the UN Global Compact: compliance with labour, health & safety and environmental standards, and respect for business ethics. At the end of the 2012-13 fiscal year, the results compiled showed that 94% of expenses in the areas of sub-contracting, packaging, raw materials and merchandising were covered by the CSR Charter for suppliers.

For the past three years, L'OCCITANE has been a partner of the **Sustainable Sourcing in the Network Environment chair**, piloted by Kedge Business School (ex-Euromed Management), alongside two other partners, SNCF and Sodexo, and three NGOs: Max Havelaar, WWF and Extramuros.

GOVERNANCE & Business ethics



Why this chair? And how?

The aim of a research chair is to develop research and teaching in pre-defined fields of management. The partners involved wish to communicate and share their knowledge and experience with a wider public: researchers, students, companies.

By being actively involved in the work of the Sustainable Sourcing in the Network Environment research chair, L'OCCITANE contributes to the collective debate on Sustainable Purchasing and is also able to develop the skills of its own teams in this field.

DIALOGUE WITH OUR STAKEHOLDERS

We are particularly attentive to and concerned

about the impact of our activities on the environment and on society in general.

We have identified the stakeholders who can have a significant impact on our activity but can also be affected by it, and whose interests are at the heart of our concerns: our employees, our customers and our suppliers.

Involving our suppliers: With the aim of making more responsible purchases and getting our suppliers on board to help us meet our commitments, we ask them to sign the Corporate Social Responsibility Charter. This ensures, in particular, that they meet labour, health & safety and environmental standards. We also audit our suppliers periodically, with a particular focus on social audits for suppliers in more "sensitive" regions, such as China.



Official signing of 5-year contracts with our partner lavender growers

These social audits consist of ensuring that working conditions are compliant with the SA8000 standard – a social responsibility standard for decent working conditions. They allow for discussions with suppliers



about good practices to adopt, any constraints they may have faced, stumbling blocks and areas for improvement. The audits also provide a means to tracking the progress of our suppliers. 88% of our active suppliers in Asia underwent a social audit by the end of 2012.

Among our suppliers, we naturally include our local producers who supply us with plants. We work with them directly, particularly on the continuous improvement of the plant supply chains. It is extremely important to us to build up win-win partnerships by having our producers join us in our sustainable approach (quality, traceability, local purchasing, fairness). For example, for the shea butter industry,

L'OCCITANE works closely with women's cooperatives in Burkina Faso, providing technical support in social, environmental and economic areas, with the aim of developing the equitable and fair partnership that began with the Fair Trade certification of this production network by ECOCERT.

*It is extremely important
to us to build up
win-win partnership*

Annual meetings with the people involved in this industry offer an opportunity to bring together producers and coordinators at L'OCCITANE, to take stock and report on progress, and to identify areas for improvement.

Involving our customers: We encourage our customers to adopt good practices and hope to get them involved in our sustainable initiatives. The presence of waste-sorting bins in stores reminds them of the "green" steps they should be taking every day. Our customers are also able to get involved in fund-raising projects by purchasing our fund-raising products. This includes products where all profits go to the women's cooperatives in Burkina Faso.

Our customers are at the heart of our business and our main objective is to satisfy their needs. We are regularly informed of feedback via the Customer Relations department, and this feedback is used to help us constantly improve our products and services.

GOVERNANCE & Business ethics



Over 40,000 customers contacted us in the CWE area in 2012 to ask questions or make complaints about the online store, the brand or our products. That's over 160 phone calls and e-mails per day. With so many people now using mobile phones and social networks, consumers can find information, compare choices and give their opinion 24/7.

They are increasingly demanding and want an immediate, informed response to any enquiry. We have adapted to this change in consumer behaviour and now we also respond and communicate via new channels, such as Live Chat, Facebook, blogs and forums. To ensure that we stay in touch with our customers' needs, since March we have been using some new software that allows us to have a 360° vision of the customer,

to increase operational excellence, and to improve the quality of our responses.

Our customers expect us to answer them within 24 hours, with a personalized, friendly response that expresses the values of our brand.

This is what we do – and our efforts have been rewarded. L'OCCITANE has done extremely well in the 2013 French QualiWeb awards, which give points for excellence in online customer relations. This year, we were ranked 6th out of 315 brands from all sectors. In the beauty sector, we were no. 3, just behind two major luxury brands.

Involving our employees: It is very important for us to best meet the needs and interests of our employees.



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New employees discuss the Group's CSR policy

We put an emphasis on internal communication, ensuring that there are regular meetings with employees to keep them informed and let them have their say. This allows them to share their opinions and suggestions, and also gives them the opportunity to ask questions and voice any concerns.

For example, employee surveys were conducted (in particular via the Great Place to Work® Institute) to evaluate employee satisfaction and identify areas for improvement. In 2012, about a dozen breakfasts were also organized, during which members of senior management were joined by volunteer employees. Moments like this offer our employees a chance to express themselves and have a more informal discussion with managing

executives. In order to support and guide our teams as we implement our social and environmental responsibility policy, we give them time for discussion during training sessions on specific topics, such as responsible purchasing and eco-design.

*We put
an emphasis
on internal
communication*

In addition, when new employees join any of the Group's French sites, they attend information sessions about the missions and values of L'OCCITANE and the tools available if they want to do their bit and

get involved in sustainable and/or fund-raising activities (employee commitment programme, carpooling, etc.).

Among our employee stakeholders are our social partners (representatives of management and labour). The creation of the new Laboratoires M&L structure provided an opportunity to develop a high standard of social dialogue between social partners. A collective agreement relating to social dialogue was signed in 2012 by all the representatives concerned and confirms our determination to maintain the relationship of trust that already exists. ●

GOVERNANCE & Sustainable ingredients



Field of fine lavender
in Haute-Provence

2 Questions FOR MAUD REBOUL



What achievement in 2012 are you most proud of?

The significant impacts of our partnership with the women's cooperatives in Burkina Faso were highlighted by a study conducted by the United Nations Development Programme (UNDP), which recognized L'OCCITANE as an exemplary company for its work with and for the women of Burkina Faso. This business model can enable other private or public sector companies to learn more about the good practices and challenges related to setting up sustainable and ethical North-South projects.

What is your main objective for the year to come?

While the economic and social impacts may have been demonstrated within the framework of this partnership, our current objective is to reduce the environmental impact of the shea butter industry between now and 2016 by setting up an Environmental Fund. Among the most important points worth mentioning, this will enable us to convert to 100% organic production, to considerably reduce wood and water consumption with new production technologies, and to make good use of the coproducts derived from the process. And we intend to do all of this while continuing to use the traditional, artisanal extraction method that is reserved only for women!

Maud Reboul,
Sustainable Ingredients Manager

ACTIONS

Our role is to supervise and secure the supply of plants for the L'OCCITANE Group. We work directly with producers, focusing on the continuous improvement of the plant supply chains, and forge long-term partnerships built on trust and respect.

Our policy: when a plant is used responsibly, its ecosystem retains its diversity and its fragile balance. When all the players in the industry work together fairly and transparently, our partnerships contribute to the mutual development of all involved.

4 PRINCIPLES THAT GUIDE OUR RES- PONSIBLE PURCHASING POLICY WITH REGARD TO INGREDIENTS



LOCAL
PDO fine lavender
from Haute-Provence



SUSTAINABILITY
Immortelle



TRACEABILITY
Verbena



EQUITY
Shea butter

GOUVERNANCE

& Sustainable ingredients



Sustainable Ingredients account for 27 traceable supply chains, representing:

467 hectares of cultivation

211 farmers

15,851 pickers

PDO FINE LAVENDER FROM HAUTE-PROVENCE

Because lavender is part of Provence's heritage, L'OCCITANE is working with lavender growers, with a focus on research. Lavender is facing the problems of global warming and decline caused by a disease carried by a devastating insect. It can now count on an endowment fund that has been set up to save it. Created in May 2012 by CRIEPPAM*, this fund is used to finance research programmes and find ecological solutions to halt lavender decline. L'OCCITANE has already contributed €55,000 to the fund, which is presided over by Olivier Baussan. In parallel, as the main purchaser of lavender in the region, our supplies of PDO fine lavender essential oil from Haute-Provence

are covered by unique five-year contracts with our partners, grouping together over twenty producers. These contracts guarantee producers a minimum purchase volume and contribute to maintaining the cultivation of fine lavender on the plateaux of Haute-Provence.

ALMOST
4 4 tons of fine lavender essential oil purchased
300 hectares of cultivation
20 partner lavender growers have unique five-year contracts

* Centre Régionalisé Interprofessionnel d'Expérimentation en Plantes à Parfum, Aromatiques et Médicinales (a research centre for testing fragrant, aromatic and medicinal plants).

Field of organic immortelle in Corsica

IMMORTELLE: THE "YELLOW SUN" OF THE CORSICAN MAQUIS

The Balagne region is the "garden of Corsica". Eleven years ago, at the heart of the Corsican maquis - the island's fragrant scrubland - L'OCCITANE discovered the immortelle plant. When wild immortelle flowers are picked in accordance with sustainable guidelines, this "cleans up" the maquis and indirectly helps to prevent fires. However, the volumes harvested do not allow for a sustainable supply. This is why, in 2004, L'OCCITANE launched the very first large-scale, organic immortelle plantation programme in Corsica.

The quality and traceability of immortelle are guaranteed from the harvesting to the distillation of the plant. The supply chain is therefore complete, integrated and environmentally friendly. Immortelle is a hardy, robust plant; it does not need chemical fertilizers or treatments.

This project unites six Corsican growers and distillers, who use organic farming methods and have contractual agreements for several years. An ambitious programme to cultivate 60 new hectares has been launched, so that the initial areas of land can be renewed.

OVER
50 hectares planted
3 billion flowers gathered
100 tons of plant material distilled

GOUVERNANCE

& Sustainable ingredients



VERBENA FROM TULETTE

Welcome to Tulette, in the Drôme Provençale region. Over five years ago, Rémy Margiela settled here, at the heart of an estate with over 10 hectares of organically farmed land. Already a producer of vines and lavandin, this young farmer was immediately enthusiastic when we presented him with our verbena plantation project. In 2012, L'OCCITANE financed his first seedlings and Rémy launched into this new adventure, setting up a hectare of organic verbena.



ORGANIC FARMING: A WAY OF LIFE FOR RÉMY MARGIELA

"Moving over to organic farming was a priority for me. It's a philosophy, a different approach to my work, a different way of thinking about my environment and my crops. For me, organic farming brings me closer to my plants and obliges me to have a better understanding of their growth and development. Finally, it's a comprehensive way of looking at what I love to do, taking into account all the interactions between the soil, the land, the plant, the climate and the fauna."

SHEA BUTTER: WOMEN'S GOLD REACHES AS FAR AS THE UNITED NATIONS

The partnership between L'OCCITANE and the women's cooperatives in Burkina Faso is built up year after year, with a very significant impact on the shea butter industry. In fact, the impact has been so great that our partners brought it to the attention of the United Nations, within the framework of the United Nations Development Programme (UNDP). The case study conducted by the UNDP cites L'OCCITANE as an exemplary company for its work with and for the women of Burkina Faso. This business model can enable other private or public sector companies to learn more about the good practices and challenges related to setting up sustainable and ethical North-South projects. ●



SOCIAL IMPACTS

5 partner cooperatives, i.e. 212 groups from 10 different provinces, representing 15,143 women who benefit directly

OVER 200,000 people indirectly impacted

By supporting the traditional processing method for shea butter, which is performed by women, we guarantee over 60% in added value compared with the purchase cost of unprocessed shea nuts.

ECONOMIC IMPACTS

OVER 500 tons of shea butter purchased per year

1 M €1 million in revenue for Burkina Faso

ENVIRONMENTAL IMPACTS

Reducing the environmental impact of the shea butter industry by 2016:

● **100 %** organic production

● Reducing the environmental impact of the traditional process used to make the butter:

÷ **3**

Water consumption: reduced to a third of current levels

÷ **2**

Wood consumption: halved

● **75%** Good use made of 75% of residual waste

Shea nuts

THE ENVIRONMENT & Formulas



2 Questions FOR BÉNÉDICTE LE BRIS

What achievement in 2012 are you most proud of?

Apart from the creation of an innovation centre with a 2,500m² surface area on the Manosque industrial site, one of our greatest sources of satisfaction has been the development and launch of products that are increasingly natural, such as the Immortelle Precious Serum or the Iris Angelica range. The performance of these products has been widely proven among consumers and experts alike.

What is your main objective for the year to come?

Our main objective is to keep coming up with cosmetic innovations that are increasingly respectful of man and nature – and that consumers will love even more. We intend to do this through unique blends of exclusive and natural ingredients, and also by focusing on the sensorial qualities of the products. Improving the performance of our products must continue to be consistent with our formulation guidelines regarding naturalness and eco-responsibility, with respect for our partner producers.

*Bénédicte Le Bris,
Managing Director, Research & Development (R&D)*

83% At the end of 2012, over 83% of our emulsions were made using eco-friendly processes, which optimize water and energy consumption

300 L'OCCITANE uses over 300 naturally derived ingredients – 25% of which are certified organic.

ACTIONS

Ever since the earliest days of L'OCCITANE, our convictions with regard to research and development have remained the same: to create high-quality, sensorial beauty products and fragrances, developed in accordance with the principles of phytotherapy and aromatherapy. We adhere to strict formulation guidelines so as to guarantee the very best quality, optimal effectiveness and pure pleasure of use, while respecting others and the environment.

ACTIVE INGREDIENTS THAT ARE EXCLUSIVELY NATURALLY DERIVED, WITH A GUARANTEE OF TRACEABILITY

Our research is guided by our observation of nature. The behaviour of plants can often say a lot about their properties. We develop clean and innovative processes that enable us to obtain extracts that contain the highest concentration of active molecules. We use over 300 plant-derived ingredients (over a quarter of which are certified organic), which are rigorously selected for their effectiveness. These ingredients are incorporated into our formulas at an optimal level of concentration. Thus we systematically give priority to natural ingredients. However, to ensure that a product provides the highest level of safety and effectiveness, we may use synthetic molecules when no reliable and effective natural alternative exists, while always erring on the side of caution.

THE ENVIRONMENT & Formulas



**OVER 100
TONS**

of natural extracts*

**OVER 100
TONS**

of floral waters*

**OVER 800
TONS**

of plant oils and
butters every year*

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

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

* volumes purchased in 2012



*Developing our formulas,
Manosque*

*The process of
incorporating active
ingredients into a cream*



RESPECTFUL "BEAUTY CARE"

Respecting consumers:

All our products are dermatologically tested to ensure that they are perfectly safe for the skin. Our textures and scents are inspired by the Mediterranean art de vivre and traditions: using a L'OCCITANE product is always a moment of well-being. But a L'OCCITANE product is also a guarantee of optimum safety and effectiveness. Each ingredient is carefully studied to ensure that it is gentle on the skin (and/or eyes) both immediately after application and over the long term. There must be no risk of sensitivity for the consumer, no mutagenic effect and no chronic toxicity. Our products are tested by volunteers in

independent laboratories, under medical supervision, to prove all their benefits for the skin.

Respecting the planet:

We develop our products with respect for nature, limiting the environmental impact throughout the different stages of the formulation process: growing and harvesting the plant, the methods used to extract and obtain the raw materials, the design of the final formula, taking into account the environmental impact (biodegradability, ecotoxicity), and production using eco-efficient processes that minimize the use of water and energy.

At the end of 2012, 83% of our emulsions were produced using eco-friendly processes, i.e. processes that have been optimized with regard to water and energy consumption.

Respecting animals:

L'OCCITANE has never tested its products on animals and guarantees that its products – as well as the active ingredients and raw materials they contain – are never tested on animals during their development and manufacture. We have absolutely no intention of changing our position on this point, which we consider to be extremely important.

We have long been working with well-known animal-protection groups such as One Voice and PETA, to abolish animal testing for cosmetics. We were one of the first beauty brands to be included in the British Union for the Abolition of Vivisection (BUAV) cruelty-free list in 1997. In December 2011, BUAV decided to remove all companies operating in China from its list of cruelty-free companies.

THE ENVIRONMENT

& Formulas



PETA did the same in 2012. China continues to insist that any beauty products sold there must be tested on certain animals by external laboratories in China that are recognized by the local authorities.

In 2010, we decided to open a positive dialogue with representatives of the Chinese authorities, with the aim of implementing alternative tests that could replace animal tests. We are one of the main brands in the task force set up by BUAV to address cosmetic testing on animals in China (China Cosmetics Cooperative Group), which works with European and Chinese groups in order to promote alternative testing methods. Meetings are organized regularly in London, Paris or Brussels. The date set for the 2013 meeting was May 20, in London. As for products that have a sun protection factor, animal tests have been

stopped and our alternative method on volunteers has been accepted. This is an important first step forward. L'OCCITANE continues to actively push for these alternative tests to be implemented as soon as possible for all its products.

Continuous improvement:

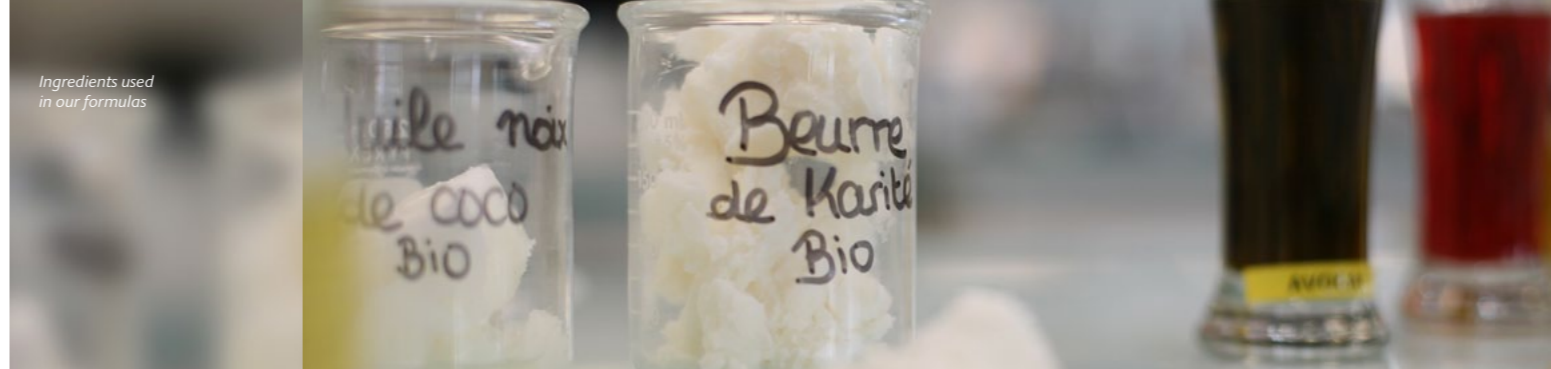
We revise our formulas should any questions arise regarding the ingredients we use in relation to health (parabens, phthalates, BHT) or the environment (silicones, SLES), and in doing so, anticipate changes to legislation.

Within the framework of our continuous improvement approach, our charter will continue to change in the years to come, with an increasing emphasis on eco-design. This is why we have worked on an

environmental, structural approach, which includes the definition of objective criteria to measure the environmental impact of our formulas: plant cultivation and harvesting methods, the geographical origin of raw materials, the level of naturalness and processes used to obtain ingredients, the manufacturing process and the end of the product's life cycle (biodegradability, ecotoxicity, etc.).



Ingredients used
in our formulas



NO PHTHALATES IN FRAGRANCES SINCE 2005

The beauty industry only uses one phthalate: DEP (diethyl phthalate). Its function is to make alcohol unfit for drinking, in accordance with the rules and regulations of health authorities. It has been considered to present a low risk of toxicity, and strict guidelines have been issued regarding the maximum amount that can be used in fragrances (eaux de toilette, eaux de parfum, etc.). Since 2005, L'OCCITANE has stopped using it in its fragrances and now uses alcohol without a denaturant.

THE WITHDRAWAL OF PARABENS

Parabens are preservatives. This means that they are molecules that prevent the microbiological contamination of cosmetic formulas. Preserva-

tives are needed in cosmetic formulas so that the products can be used in normal conditions (stored in a bathroom, daily contact with the hands of the user, etc.). A study questioned the safety of parabens – a study that was refuted by the European Union Scientific Committee. However, these preservatives have been approved for use by regulators, are considered to be safe, and are permitted – at certain levels of concentration – by the different cosmetic regulatory authorities across the world. At L'OCCITANE, we have always used parabens in low doses – below those authorized by international legislation. However, we prefer to err on the side of caution. And so, since 2005, all our new products have been formulated without parabens, and parabens have also been removed from existing formulas. Today, 99% of our products are paraben-free. BHT is a chemical

antioxidant that is a suspected endocrine disruptor. To avoid using it in our formulas, all our cosmetic products that are exposed to oxidation are developed with a rosemary extract.

SILICONES

We limit the concentration of silicones to 5% maximum in our skincare formulas. The only exception to this rule is our sun care products. These synthetic substances, derived from silicon, are not readily biodegradable. We do not use silicones suspected of being toxic (D4). We are working on ways to replace them completely or partially with plant-derived alternatives, with the aim of obtaining textures that offer excellent sensorial qualities and are a true pleasure to apply. ●

THE ENVIRONMENT & Packaging



2 Questions

FOR PHILIPPE DE BRUGIÈRE

What achievement in 2012 are you most proud of?

Although it may not have been the most spectacular, the greatest achievement in 2012 has been the development of the two "Bonne Mère" bottles, made with sugar cane-based PE. Moulded using a minimum of 95% renewable resources, and 100% recyclable, they illustrate our greatest progress in moving from a linear to a circular economy. This first step will be followed by other actions and projects, which will take this approach even further.

What is your main objective for the year to come?

This year, we want the evaluation of the environmental impact of our products to be made more accessible, more meaningful. This concerns both our packaging and our formulas. We want this information to be easier to grasp, more simple to understand. In 2011/12, we were actively involved in trialling the environmental labelling scheme. Further to this experience, we want to give meaning to the action of measuring and reducing the impact of our products - and this applies to developers and consumers alike.

Philippe De Brugière,

Prospective Packaging and International Production Director

2012 Oscar de l'Emballage
packaging awards



13

refillable products
available in 2012

95%

The BONNE
MERE range:
bottles made with
95% sugar cane-
based plastic and
100% recyclable

ACTIONS

L'OCCITANE is committed to developing the eco-design of its products - and particularly its packaging.

ECO-DESIGN PACKAGING

In order to reduce the environmental impact of its packaging, L'OCCITANE adopted an eco-design approach that revolves around three themes: Reduce, Re-use and Recycle. The Marketing, Development and Purchasing teams have been given training in the Group's eco-design policy, and environmental design recommendations are communicated in a leaflet that is given to all developers. The L'OCCITANE approach to eco-design is based on the principle of continuous

improvement. It is supported by eco-design tools and monitoring indicators. L'OCCITANE received a "Prix spécial du Jury" (Special Jury Award) for its comprehensive eco-design approach at the 2012 R-AWARDS ceremony, organized by the Club Génération Responsable®.

Eco-design tools

To ensure that environmental factors are better taken into account for each launch, all new packaging is evaluated using a scoring tool developed by L'OCCITANE. The "Eco-Pack score" is used to evaluate or compare different design scenarios before committing to the final product design, taking into account criteria such as weight, materials, carbon footprint, recyclability, etc. To take this further, L'OCCITANE continues to conduct a Life Cycle Assessment

THE ENVIRONMENT & Packaging



(LCA) of its products. The LCA method makes it possible to identify the potential environmental impact of a product throughout its life cycle. This evaluation tool is used in specific eco-design projects to compare two solutions or to verify whether an improvement has been made with regard to the existing one. Life Cycle Assessment can also be used to give more substance to our environmental information.

Monitoring indicators

L'OCCITANE has implemented monitoring indicators to track the eco-design of its packaging. Calculated yearly, they provide a factual tool to monitor the results of our efforts and enable us to set objectives for the future. These indicators are:

- The tonnage of materials used,
- The percentage of recycled or renewable

materials,

- The number of eco-refills available,
- The percentage of recyclable packaging,
- The CO₂ savings made thanks to our eco-design efforts.

MORE ENVIRONMENTALLY FRIENDLY MATERIALS

Packaging made from recycled materials

Without compromising on the aesthetics and quality of its packaging, L'OCCITANE has succeeded in integrating recycled materials into some of its bottles and tubes.

For example, within the personal care category, the shower gels in the Verdon range and hair care products in the Aromachologie range are made from 100% recycled and

Visit to a waste-sorting centre by employees, Manosque



recyclable PET plastic. Skincare bottles in the Immortelle range are also made from recycled plastic.

For its glass bottles, L'OCCITANE uses partially – or even 100% – recycled glass whenever possible, as it has done for the Verdon eau de toilette.

Packaging made from renewable materials

In order to limit its use of petroleum-based materials, last year L'OCCITANE launched 100% recyclable bottles, made with 95% sugar cane-based plastic, in its BONNE MÈRE range. Emballages Magazine presented L'OCCITANE with the "Oscar de l'Emballage" packaging award for its BONNE MÈRE project, within the "new eco-designed materials" category. L'OCCITANE continues to conduct research aimed at extending its range of more environmentally

friendly packaging materials and solutions. The company works closely with partner suppliers to implement these solutions.

ECO-REFILLS

This year, once again, L'OCCITANE has extended its range of refillable products by introducing an eco-refill for one of its star products: the Almond Shower Oil. Up to 83% less plastic is used to make the eco-refill, compared with the standard bottle. Today, eco-refills are available for 13 of our best-selling products.

HELPING WITH AND RAISING AWARENESS OF RECYCLING

L'OCCITANE encourages its customers to sort and recycle packaging. Even though the packaging of beauty and personal care products is recyclable, not enough people actually recycle it. L'OCCITANE provides packaging recycling information on its website, on bags, and directly on its products.

To make its employees more aware of good sorting and recycling practices, L'OCCITANE regularly organizes visits to packaging sorting centres. The product development teams who go on these visits are able to see how these centres operate and talk to the professionals who work there. This experience makes them more aware of what is involved in the recycling process. They can then draw on their improved knowledge to design products while better taking into account what happens to the packaging at the end of its life. ●

THE ENVIRONMENT & Production



2 Questions

FOR JEAN-FRANÇOIS GONIDEC



What achievement in 2012 are you most proud of?

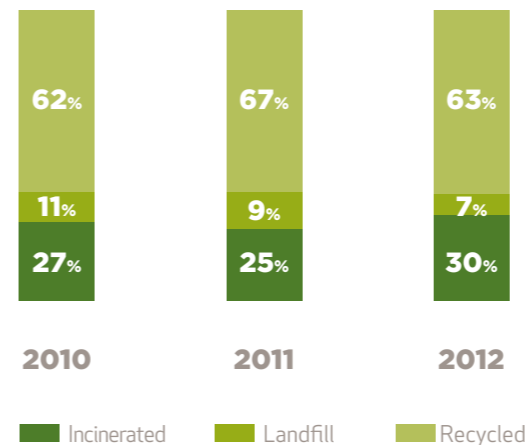
We obtained ISO 14001 certification for one of our production sites – the first to obtain it. The site in question was the MELVITA factory in Lagorce – a factory closely associated with the brand and found in the heart of the Ardèche – the birthplace of MELVITA. It was audited in late February by the LRQA certification body. This certification is confirmation of the efforts made by our workforce and at an organizational and technical level, with the aim of having a sustainable, environmental management system at the heart of our industrial activity.

What is your main objective for the year to come?

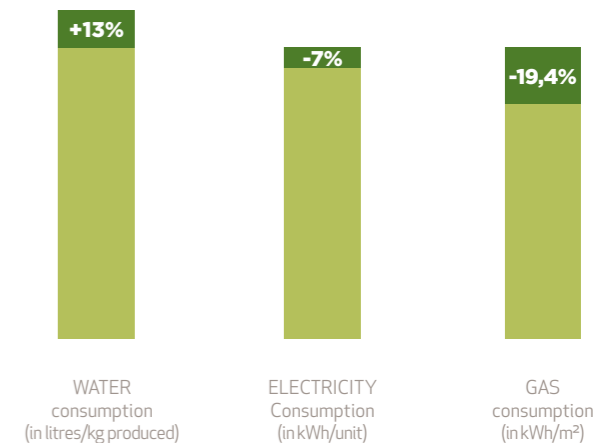
We intend for all our industrial and logistics sites to seek certification, and particularly the Grandes Terres logistics platform and our historic factory in Manosque. Our site in Manosque, which is undergoing changes and renovations, is the one most associated with the L'OCCITANE en Provence brand.

*Jean-François Gonidec,
Manufacturing and Operational Excellence General Manager*

BREAKDOWN OF WASTE DISPOSAL
AT THE MANOSQUE SITE BY TYPE OF DISPOSAL



CHANGES IN WATER AND ENERGY CONSUMPTION
AT THE MANOSQUE SITE FROM 2011 TO 2012



THE ENVIRONMENT

& Production



ACTIONS

Combining industrial activity with respect for the environment: the structuring of our environmental practices through ISO 14001 certification

In 2011, L'OCCITANE began taking steps to achieve ISO 14001 environmental certification for its two production sites. Given the environmental commitments of L'OCCITANE since its creation, as well as the increase in production and workforce, one objective became a priority: to structure practices in a way that allows for better control of the environmental impact of the Group's activities.

The Group's environmental policy, which is driven by senior management, sets the tone



from the very first paragraph: to ensure that the increase in our environmental impact is lower than the growth of the Group. To make this policy a reality for all of our activities, an environmental management system has been set up at the Lagorce site (the pilot site for the Group's industrial sites), brand-owned stores in France and administrative sites.

At the Lagorce site, the first step was to form a steering committee to build the management system. The involvement of all operational management teams ensured that the project and any environmental issues were immediately taken on board. Thorough analysis of the environmental impact of the site's activities and any non-compliant areas pinpointed the priority actions that needed to be implemented: optimizing waste management, anti-pollution kits for use in the case of product spillage, the provision of water reserves for fire fighting, etc.

Optimizing the evaluation of our actions also plays a key role in improving the environmental management system. Bearing in mind that a project of this scale cannot work without the involvement of all

The waste-sorting platform at the Lagorce factory



players in the company, a strong communication strategy was developed to ensure that each person knew the role they had to play with regard to the environment.

This included training sessions, environmental awareness days and regular information from managers. Thanks to the organizational structure that was set up and the results obtained, the Lagorce production site received certification in February 2013 for its manufacturing practices with regard to cosmetic products.

The production site in Manosque should be certified once its major transformation is complete. At present, the site is compliant with the ISO 22716 Good Manufacturing Practice standard for cosmetics.

One example: a new waste-sorting platform in Lagorce

One of the commitments of the Lagorce production site is to improve waste sorting.

In 2012, almost 300 tons of waste were recycled, reused or recovered

To meet this objective, the entire waste-management chain has been optimized. Each zone on the site has its own specific sorting guidelines and is equipped with containers to hold different types of waste. For example, cardboard, plastic film and wrapping, clean and soiled glass and plant oils are sorted in the workshops.

Warehouse workers who are responsible for waste management on the site, manage the flow of all waste, ensuring that it is taken to the new waste-sorting platform. There is a cardboard and plastic compactor, a covered retention area to store dangerous waste and a dedicated area for recycled waste. The installation of this platform makes it possible to comply with the different waste-management regulations and to optimize sorting of recoverable waste.

Finally, particular efforts were made to find the most suitable service providers to collect and reprocess the factory's waste. In 2012, almost 300 tons of waste were recycled, reused or recovered.

THE ENVIRONMENT

& Production



A CONTINUOUS IMPROVEMENT APPROACH AT THE MANOSQUE PRODUCTION SITE

Car parks lit by energy-saving light bulbs

In 2012, we focused on optimizing electricity consumption for lighting. Work spaces built after 2009 and all toilets have been equipped with lights triggered by motion sensors. In 2012, the emphasis turned to outside areas – and in particular the car parks. All of the 150W light bulbs in the lights were replaced by 30W light bulbs, and short post lights were equipped with 6-watt LED light bulbs.

By replacing these light bulbs, the

electrical power of car parks has been reduced by 6,5kw, which represents savings of 83%.

Optimizing waste water processing

The production sites, which are particularly impacted by the growth of our business, are subject to increasing environmental regulations associated with their *Installation Classée pour la Protection de l'Environnement* status (this refers to a facility that must be declared to the authorities as it may pose risks to the environment). Ensuring that our sites are compliant with regulations involves significant investments, which enable us to limit our environmental impact. To limit the amount of pollutants getting into the water and soil, the waste water processing system has

been optimized by overhauling the pre-treatment facility. This facility neutralizes industrial effluents and reduces the amount of pollutants they contain – which result from the cleaning of our production and packing equipment. This pre-treated water is then discharged into the town sewage system, leading to the public sewage treatment plant. ●

The involvement of senior management

The Group's commitment to the environment is shared by everyone – starting with senior management. As an example of this, the entire Management Committee visited the waste-sorting centre in Manosque, where the waste from our production site is sorted.



Hereabove:
Visit to a waste-sorting centre by senior management,
Manosque

THE ENVIRONMENT & Transportation



2 Questions

FOR LORENZO GIACOMONI

What achievement in 2012 are you most proud of?

In 2012, logistics flows were simplified and optimized at a European level. By centralizing flows at a logistics hub in northern France, from where goods are transported to our subsidiaries and European distributors, we have been able to reduce the environmental impact of our freight transportation.

What is your main objective for the year to come?

We hope to continue our research and efforts to optimize logistics flows. First of all, this means that we need to focus on analysing needs in order to optimize the management of demand – and therefore orders. But we also need to look at how to optimize the loading of trucks. Not only would this be of economic benefit, it will also enable us to significantly reduce the CO₂ emissions generated by transportation.

*Lorenzo Giacomoni,
Group Logistics Director*

The Grandes Terres logistics platform, Manosque



4,2%

of the total weight of products transported shipped by air in 2012

127

tCO₂e savings in 6 months by using combined road-rail transport

17%

of employees at Manosque and 19% of employees at Lagorce carpooled every day in 2012

ACTIONS

LIMITING THE CARBON FOOTPRINT OF FREIGHT

L'OCITANE calculated its carbon footprint in 2011, based on data from the 2010 fiscal year (from 01/04/2009 to 31/03/2010) for all of its activities worldwide. The results showed that freight accounted for a large portion of the brand's CO₂ emissions: 27%. Several action plans were defined in 2011 with the aim of reducing freight-related CO₂ emissions. Many of these action plans were successfully completed in 2012.

Optimizing logistics flows

Since 2010, there has been an overall evaluation of ways to simplify our logistics flows. Our new, 12,000 m² export platform (18,000 m² in 2013) has been constructed opposite the production site in Manosque. All products from our factories pass through here before being sent all over the world. This has enabled us to significantly reduce surplus stock and, with it, the associated freight. Centralizing flows at a logistics hub in northern France, from where goods are transported to our subsidiaries and European distributors, has also enabled us to minimize the carbon impact of freight. Finally, in 2012, a great deal of thought was given to managing demand in order to optimize orders and, in doing so, reduce the number of deliveries.

THE ENVIRONMENT & Transportation



Controlling the use of air transportation

While the use of air transportation to deliver our goods to subsidiaries across the world is kept to a minimum, it nevertheless represents 75% of CO₂ emissions from downstream logistics. To curb the use of air transportation, since early 2012, each delivery has had to be validated by senior management. The results are significant: the level fell from 5.4% in 2011 to 4.2% in 2012, i.e. a reduction of over 20% in one year.

Developing combined road-rail transport

Since October 2012, 72% of our goods destined for continental Europe, transferred between our logistics platform in Manosque and logistics hub in northern France, have been transported by combined road-rail transport. For a total journey of 1,021 km, 840 km are covered by train. The initial

feedback has been very positive: greater security, less congested transportation routes, less pollution, but also fast, reliable and punctual. This has encouraged us to maintain this solution for the transportation of goods.

If the combined road-rail option had not been developed, the carbon footprint for freight between our logistics platform in Manosque and our hub in northern France would have amounted to 252 tCO₂e. By using the road-rail option, emissions have been reduced to 125 tCO₂e. This means savings of almost 127 tCO₂e (a reduction of over 50%), and the equivalent of 293 barrels of oil!

Using electric transport to deliver goods to stores

Again, with the aim of reducing CO₂ emissions related to the distribution of our products, 21

stores in the Paris region have their products transported by electric delivery trucks by the service provider GREENWAY – a specialist in environmentally friendly urban delivery vehicles. Since July 2012, the Greenway delivery van, dressed in the colours of L'OCCITANE, has travelled some 12,750 km. That means total savings of almost 4.5 tCO₂e.



GREENWAY electric delivery truck



The Grandes Terres logistics platform, Manosque

GREEN TRANSPORT PLAN: COLLECTIVE TRANSPORT AND CARPOOLING STILL GOING STRONG

The carbon footprint analysis conducted in 2011 also showed that trips made by employees – be they between work and home or business trips – were the third highest emitter of CO₂ and represented 12% of total emissions.

Carpooling

Since 2008, a strong policy to encourage carpooling has been established at the production sites and the administrative site in Geneva, and it continues to bear fruit. There are carpool registration forms, new employees are informed of the carpooling programme, parking spaces

near staff entrances are reserved for carpoolers, and prize draws are regularly held for carpoolers, with the chance to win a tankful of fuel. In all, 17% of employees at Manosque and 19% at Lagorce regularly carpoled in 2012.

A shuttle bus for employees

Since 2009, in Manosque, and since 2011, in Lagorce, a bus service for employees working on the three eight-hour shifts has been financed by the Group. This service allows these employees to come to work without having to use their own cars and without having to pay. In 2012, 53 people in Manosque (5.8% of the workforce) and 68 people in Lagorce (19% of the workforce) used this safe and relaxing means of transport. ●



Carpooling winners

THE ENVIRONMENT & Stores



2 Questions

FOR ISABELLE ALLOUCH

What achievement in 2012 are you most proud of?

The contribution of the French Retail teams in reaching the standard required for ISO 14001 certification is something to be proud of. The teams were involved in preparations to obtain this certification, so they were made keenly aware of the importance of an environmental approach for the future of the company. This type of project has been extremely well received by all teams and is seen as something that is completely legitimate for our brand. It helps to give meaning to our actions and to make people even prouder of "belonging" to L'OCCITANE – a committed, responsible brand.

What is your main objective for the year to come?

To actively pursue the work undertaken on CSR strategies in the retail sector. This includes subjects such as waste management, control of electricity consumption, giving priority to providers of green energy, reducing CO₂ emissions by making greater use of electric vehicles to deliver products over the final kilometres, and the eco-design of stores, working in collaboration with the International Concept team.

*Isabelle Allouch,
Retail Director CWE-LOF*

Factory store,
Manosque



40

stores have a contract with a provider of electricity from renewable sources

827 323

kWh

were produced by renewable energy for our stores in 2012 – the equivalent of the annual electricity consumption of a town of 107 inhabitants

ACTIONS

ENVIRONMENTAL GUIDELINES FOR ARCHITECTS

With over 2,200 stores throughout the world, it is extremely important for L'OCCITANE that stores be eco-designed. Several tools have therefore been developed to raise awareness and guide all those involved in the design of our stores:

- recommendations have been included in our "concept book" – a booklet that describes the different steps in the process of developing a store: the choice of light bulbs, the installation of separate switches to control lighting in different areas of the store, the use of light sensors for

the outside store sign, a list of materials that should be given priority and those that should not be used, etc.

- a checklist can then be used to keep track of the recommendations put in place, in order to have a vision of the environmental performance of the design of each store.

OBTENTION OF ISO 14001 CERTIFICATION

In October 2012, our company-owned stores in France obtained ISO 14001 certification. Bearing in mind the Group's commitments to the environment in all areas, it made perfect sense to include the entire chain of activities in the certification procedure. The L'OCCITANE stores therefore have their own ISO 14001 certificate for their activity – selling cosmetic products.

THE ENVIRONMENT

& Stores



ISO 14001 certification for stores

USING ELECTRIC VEHICLES TO DELIVER PRODUCTS TO STORES

Since July 2012, 21 of our Parisian stores (inner Paris and suburbs) have had their products delivered to them by electric delivery trucks provided by GREENWAY – a specialist in environmentally friendly urban delivery vehicles. So far, all aspects of this have been positive: punctuality, sense of service (pallets unloaded, wrapping materials and pallets recovered), reduction in fuel consumption and CO₂ emissions, etc. – and all this without extending delivery times.

A 100% RENEWABLE ELECTRICITY SUPPLY

Since June 2012, 40 L'OCCITANE stores have had a contract for electricity that is 100% from renewable sources.

Our new electricity provider guarantees that it will integrate into the French power grid the equivalent of our electricity consumption, with electricity that has been 100% produced from renewable sources (hydropower, wind turbines, biomass, PV panels). This action will help support the growth of these industries. In 2012, 827,323 kWh were produced by renewable energy for our stores – the equivalent of the annual electricity consumption of a town of 107 inhabitants.



STRATFORD-UPON-AVON STORE, UK



SOCIAL RESPONSIBILITY & Employees



Maddie Smith, General Manager UK & Ireland, receiving the Great Place to Work award for the UK subsidiary

GREAT PLACE TO WORK A CLOSER LOOK AT A BRITISH INITIATIVE



In 2011, we chose to take part in the Best Companies survey, which rates the 100 best places to work, with the results published in the Sunday Times. This would allow us to evaluate employee satisfaction and improve our practices. The first results, for the UK subsidiary, were very satisfactory: we achieved a Best Companies star rating. They also identified an area that required improvement: our employees needed to be given more recognition for their work and efforts. We asked our teams to help us to get a better idea of their needs, and this led to new projects – such as the creation of a twice-yearly magazine, "My L'Occi-Times". In early 2013, we were ranked number 69 in the 100 Best Companies to Work For in the United Kingdom!

*Chris McManus,
Deputy General Manager, UK & Ireland*



Packaging line operators

2 Questions FOR FRÉDÉRIQUE CHEMALY



What achievement in 2012 are you most proud of?

2012 was a year marked by the richness and quality of the social dialogue in our company. With some ten agreements and amendments signed – for the most part with the unanimous approval of the unions – the company and its social partners have demonstrated their ability to engage in a responsible dialogue that respects different points of view, in the permanent search for a balance between economic and social challenges.

What is your main objective for the year to come?

We hope to further increase internal mobility in the company, particularly by better anticipating the skills we will need in the future. Internal mobility plays a strategic role in our growth, as it allows us to keep individual employees motivated and give recognition for their work, while enabling the entire organization to progress.

*Frédérique Chemaly,
Group Human Resources Director*

SOCIAL RESPONSIBILITY & Employees



x **3,4**

In 2012, the overall budget allocated to training was 3.4 times higher than the legally required amount (the legal obligation is 0.9% of payroll)

> **50**

In 2012, over 50 meetings were held with staff representatives (for all Laboratoires M&L)

ACTIONS

SOCIAL DIALOGUE

Following the creation of the new Laboratoires M&L structure, we wanted to accompany the technical and organizational changes and continue to develop a very constructive social dialogue. The signing – by all representatives concerned – of a collective agreement on social dialogue was confirmation of this determination to maintain the relationship of trust that has been established with our social partners. Within the framework of the harmonization of agreements in 2012 – and, more broadly, of our practices – 15 negotiation meetings were held, leading to the signing of eight collective agreements. As for the

agreement regarding the organization and working hours within Laboratoires M&L, a special effort was made to give employees the information they needed, with the aim of ensuring transparency and guiding them through this change.

Moreover, while the year has been very rich and full in terms of social dialogue, our desire to improve the working environment and the well-being of our employees has remained a priority. With this in mind, it was important for us to include staff representatives in discussions relating to gender parity and working conditions. In 2012, two action plans – relating to each of these themes – were set up, further to three work meetings that brought together senior management, social partners and employees.

Employees share a moment of conviviality, Manosque



L'OCCITANE, CREATOR OF JOBS

L'OCCITANE is a major employer in Manosque, with over 100 new jobs created in 2012-2013.

*L'OCCITANE
is a major employer
in Manosque*

Among our new employees are several young people, for whom (in most cases) L'OCCITANE is the first company to provide a long-term contract. We have implemented a new e-recruitment platform, which guarantees the traceability of applications through the creation of

a personal account. This tool has been rolled out to European subsidiaries and has also enabled us to integrate a careers section on the company's intranet, which allows employees to access job opportunities and thus promotes staff mobility. Since it was implemented in September 2012, over 400 job offers have been published via this new recruitment tool.

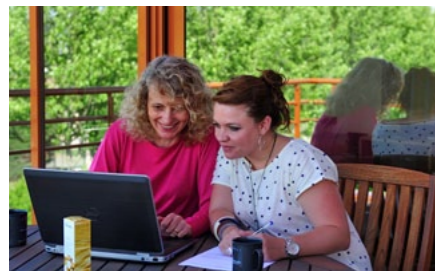
DEVELOPING HUMAN RESOURCES

Developing the skills of our employees is essential for the growth and competitiveness of the L'OCCITANE Group. To allow all individuals to be actively involved in building their career progression plan, we have set up personal

development interviews. These annual interviews give employees the opportunity to discuss – with their managers – their skills, training needs and professional development/mobility goals.

In 2012, over two thirds of our employees attended at least one training course. In the same year, 3.06% of payroll was spent on training for the L'OCCITANE Group (as a reminder, the legal obligation is 0.9% of payroll). Individual literacy lessons and basic sign language courses have been added to the list of training available, to help our employees work together even better on a daily basis.

SOCIAL RESPONSIBILITY & Employees



A CSR POLICY "WELCOME PACK" FOR ALL NEW EMPLOYEES

Adhering to our social and environmental policy is key to successfully integrating the

company. For this reason, all new employees are provided with specific information on this theme. As a symbolic gesture, and to give them a way to do a little bit for the planet every day, a cup made from recycled plastic is given to them on their arrival, to reduce the use of plastic bottles and cups from automatic dispensing machines.

QUALITY OF LIFE AT WORK

Balancing professional and private life

Since 2008, many actions have been taken within the Group to help our employees find a better balance between professional and private life. Among the initiatives taken

are lunchtime fitness, yoga or Pilates lessons at the workplace, in Manosque, Paris and Geneva, and financing for places at day care centres for children in Lagorce and Manosque.

Gender Equality

2012 marked a new impetus from the Group in this field, with the implementation of a Gender Equality action plan. This initiative follows a report on the comparative situations of men and women, which identified areas for improvement in this field. For example, a process of pre- and post-maternity leave interviews has been formalized, to provide women with the best support possible through this key period in their professional and personal lives.

Improving working conditions

Giving a recycled plastic cup to welcome a new arrival



The well-being of our employees at work is primarily linked to the Group's continual efforts to improve working conditions. A working conditions action plan was introduced in late 2012, with a particular focus on risk prevention and the ergonomic design of workstations in general.

Raising employee awareness

Throughout the year, there are various events in the life of the company and its sites (Sustainable Development Week, Disability Employment Week, etc.). One of the key moments during the Sustainable Development Week at L'OCCITANE in 2012 was when Pierre Rabhi came to our Lagorce site, and Tristan Lecomte to Manosque. These two leading figures in sustainable development came to talk

about their experiences and share their thoughts with our employees, in order to inspire them and encourage them to change their consumption habits. On a different note, the second major event of the year was dedicated to road safety. After signing a Road Safety Charter in 2010, L'OCCITANE wanted to go further in preventing road accidents. This operation had a significant impact: over 120 employees took part in road safety awareness workshops, including those owning a company car. Thanks to the involvement of employees, and above all that of the *Prévention Routière* road safety association, the operation was a real success. ●



Pierre Rabhi during the Sustainable Development Week in Lagorce

SOCIAL RESPONSIBILITY & Disability



2 Questions FOR AURÉLIE URICHER

What achievement in 2012 are you most proud of?

When people from a sheltered environment come together with people from an ordinary environment, they share very rich, very special moments. An "ESAT" team (ESAT is a French non-profit organization that helps disabled people find work) was integrated into the company by the operational logistics teams. This reflects the Group's commitment to disability employment and a determination to keep doing more to integrate people with disabilities into society.

What is your main objective for the year to come?

The Group must continue to look at the person – and not the disability. We work on a case-by-case basis for each request to get back into – and stay in – the workplace. This is one of the factors behind the strong success of the Group's disability policy.

*Aurélie Uricher,
Disability Project Manager*

Workers from the "La Source" ESAT in Gap receive a quality certificate during the Disability Employment Week



7,46%

The direct and indirect employment of people with disabilities represents 7.46% of the workforce of the industrial sites.

€ 600,000

The revenues earned through ESAT vocational centres in 2012

ACTIONS

A PARTNERSHIP CONVENTION WITH AGEFIPH

In September 2010, the L'OCCITANE Group signed a partnership convention, for a two-year period, with AGEFIPH (a French agency that promotes the employment of disabled workers). Many efforts were made further to this – efforts that have borne fruit, as the percentage of disabled workers in our production sites has once again gone above the minimum required by law (6%), with 7.46% in 2012.

PARTNERSHIP WITH ARPEJEH

Since September 2010, we have been working with ARPEJEH (Accompagner la Réalisation des Projets d'Etudes de Jeunes Elèves et Etudiants Handicapés – an organization that promotes the employment of disabled young people). The aim of this partnership is to give young people the confidence to continue their studies, and also to raise awareness of disability among our employees. That is why, throughout the year, we invite these young people to get involved in various initiatives: Exploration des Métiers Insolites (EMI) (exploring unusual professions) in Lagorce, the Ateliers Découverte des Métiers (ADM) (career workshop forums) in Paris, welcoming interns

SOCIAL RESPONSIBILITY & Disability



with disabilities, and finally, supporting four young people, under the tutelage of a group employee, through their university and professional courses for over one year.

RAISING DISABILITY AWARENESS

● We have been partners with the "La Source" ESAT (in Gap, in the south of France) for many years and wanted to show our recognition for the work of its employees. We also wanted to promote employment for disabled people in an indirect manner. So the Group organized a day dedicated entirely to these workers. Almost 90 workers from the ESAT spent a day at the factory in Manosque and were given a Quality Certificate. A day rich in emotion, it also reminded managers of the quality of the work provided by the ESATs.

● Un Jour, Un Métier (One Day, One Profession) operation: for the third year, the L'OCCITANE Group got involved in this national operation by welcoming some fifteen job seekers with disabilities, from all backgrounds, to come and learn about different work skills and occupations over one day. It was a successful operation and will be repeated at the Manosque site outside the Disability Employment Week.

DIRECT AND INDIRECT RECRUITMENT

As with every year, L'OCCITANE has taken part in employment forums specifically for people with disabilities. In 2012, these were held in Aix-en-Provence and Paris. In France, there are vocational centres for people with severe disabilities that enable them to exercise a professional activity



ESAT Hors Les Murs team

Creation of a digital
French sign language
dictionary by employees,
for employees



900

In all, over 900 employees have been made more aware of disability, and over 1,200 people with disabilities have accessed the labour market through us

within a "sheltered" environment. These centres are called "ESATs" (Etablissement ou Service d'Aide par le Travail). For the people these centres welcome, working means having a place in society – a place that is often denied them because of their disability. Companies such as the L'OCCITANE Group, which subcontract some of their production to sheltered workshops, therefore help enable these people to work. October 15, 2012 is a date that some twelve disabled workers from the ESAT du Fournas in Manosque will not forget for a long time... Ever since then, they have taken the path to the L'OCCITANE factory, taken up position in the heart of one of our warehouses, next to the Logistics team, and, watched over by their supervisors (seconded from the ESAT), made gift boxes, dealt with faulty products and performed various packaging tasks.

This team project, which has been christened "ESAT HORS LES MURS" (an ESAT beyond the walls) has been made possible, in particular, due to the high involvement of the Operational Logistics team, but also the commitment of Industrial Management.

INTEGRATING DISABLED WORKERS

Some employees who work in the same teams as hearing-impaired workers chose to take a training course in French sign language. This year, the training has gone even further, as employees were able to help create a digital French sign language dictionary, available online, which contains common and professional terms, with 120 words. 17 employees were trained in sign language in 2012. ●

SOCIAL RESPONSIBILITY & Communities



A PROGRAMME TO SUPPORT THE WOMEN OF BURKINA FASO

A CLOSER LOOK AT AN INITIATIVE FROM THE US

As part of the Group's philanthropic activities, we wanted to launch a programme to support the women of Burkina Faso, working with the "Projets de Femmes" and "Faa l Tuora" associations. This programme was first presented during a meeting of sales representatives from the New York subsidiary in 2008. Since then, almost 30,000 dollars have been raised, with employees making voluntary contributions from their salaries to support income-generating activities in 40 villages in Dissin, in Burkina Faso. 100 women have begun raising pigs and three grain mills have been purchased, which help the women save time on a daily basis. The donations are used to support a microcredit programme and enable the women to manage projects autonomously, since the sale of the pigs provides them with food and gives them greater financial independence.

*Rachel WALLINS,
Vice-President Organizational Development, USA*



Eye screening with Orbis
in Burkina Faso



2 Questions

FOR MARY BONNEAUD



What achievement in 2012 are you most proud of?

I am proud to belong to a company that continues to take action and show its commitment to Burkina Faso, despite the many difficulties facing the countries of West Africa. In addition to the company's sale of fair trade shea butter, the Foundation now dedicates over 80% of its projects budget to promoting women's entrepreneurship or supporting the visually impaired in Burkina Faso.

What is your main objective for the year to come?

In 2013, we will continue to focus on Provence, with the aim of preserving and protecting nature. Our subsidiaries will multiply our actions by supporting the visually impaired in their own countries. We will have the first results of the joint efforts of five partner NGOs, which are fighting blindness in Burkina Faso. And finally, our women's entrepreneurship projects will be enriched by new partnerships, such as a partnership with UN Women.

*Mary Bonneaud,
Head of Corporate Patronage for the Group*

SOCIAL RESPONSIBILITY & Communities



€ 804,637

The budget allocated to Foundation projects

22

At present, the Foundation is supporting 22 projects, 11 of which are supported by L'OCCITANE subsidiaries

5

protected hectares in Provence for the conservation of plants and forgotten cultivations

ACTIONS

THE DONS SOLIDAIRES ASSOCIATION

For the past three years, we have donated downgraded products to charitable organizations via the *Dons Solidaires* association. With 57 pallets of products given to charities in 2012, L'OCCITANE accounts for 10% of the market value redistributed to these charities by *Dons Solidaires*, which receives donated products from 46 companies.

THE EMPLOYEE COMMITMENT PROGRAMME

To give its employees the desire to do their bit and enable them to get involved in a project, the L'OCCITANE Group offers them three ways to take action:

- 1 - Financially**, by making a donation to the employee association "Projets de Femmes", which supports women's entrepreneurship in Burkina Faso.
- 2 - By going on a mission** to Burkina Faso with the Nord & Sud employee association, whose aim is to send volunteers to Burkina Faso to teach women basic soap-making skills.
- 3 - By giving some time** to a local project. This third option in the programme aims to motivate employees and get them involved by giving them the opportunity to draw attention to and/or take part in meaningful projects that are consistent

Planting a dry garden, Valsaintes



In 2012, almost 30 employees from our three sites in France got involved in seven projects. Accompanying people with reduced mobility on walks, restoring dry stone walls, taking part in brainstorming sessions to organize an event for the Red Cross... The first volunteer partnerships have begun!

projects that are consistent with the commitments of the Group.

THE L'OCCITANE FOUNDATION: TWO FIELDS OF ACTION

The Foundation is supporting women's entrepreneurship in Burkina Faso by acting on three main fronts. It helps women to learn basic knowledge and skills by supporting literacy

programmes. It provides financial and technical assistance by supporting microcredit programmes and training in income-generating activities. Finally, it fosters entrepreneurial initiatives and enables women to progress further, by supporting the creation and development of small businesses. Since 2006, over 9,700 women have been able to benefit. In 2012:

- 351 women gained literacy skills, thanks to *Aide et Action*, and 2,200 women benefited from microcredit loans, thanks to the French NGO *Entrepreneurs du Monde*.
- Two L'OCCITANE Foundation "Pépète" awards were given to two exemplary Burkinabé women, in recognition of their work and to help them develop their business.

The Foundation is committed to helping people with visual impairments. In France, this includes helping the visually impaired to find employment by supporting training and giving grants. In Burkina Faso, it means helping to fight avoid-

Jury of L'OCCITANE employees at the awarding of grants for the education and employment of the visually impaired in France



dable blindness. Since 2006, over 500,000 people have been given ophthalmological treatment. In 2012:

- 6 new projects were launched in Burkina Faso to improve the quality of eye care services and train medical staff.
- Over 40 visually impaired people in France were given access to training, an internship or employment.

[INFOS fondation.loccitane.com](http://infos.fondation.loccitane.com)

SOCIAL RESPONSIBILITY & Communities



SUBSIDIARIES DO THEIR BIT FOR SIGHT

13 Foundation contacts in our subsidiaries have also got involved and supported local projects for the visually impaired.

● **Brazil:** €21,500 collected for the Dorina Nowill Foundation, to pay for the production of 15 audio books and the renovation of a recording studio for books for the visually impaired.

● **Hong Kong:** €10,000 donated to the NGO ORBIS China to finance a complete programme of treatments (€170,000 over 4 years) and training. 600,000 people have benefited from eye treatments since the project began.

● **USA:** €6,913 collected for the Helen Keller International charity, allowing for eye disease screening sessions to be held in

disadvantaged areas of New York.

ACTIONS ROOTED IN PROVENCE TO PRESERVE KNOWLEDGE OF NATURE

Based in the Alps of Haute Provence and firmly anchored in its "territory", L'OCCITANE is a brand that is very involved in activities and projects within the region. Since its creation in 1976, the land and the nature of Provence have inspired Olivier Baussan, its founder. Within the framework of patronage, we support initiatives that aim to perpetuate knowledge of plants (and their usage) in the PACA (Provence-Alpes-Côte d'Azur) region – the historic birthplace of our company. Our patronage activities focus on projects that are deeply anchored in

Provence, that determinedly defend the botanical biodiversity of Provence and the traditional skills linked to nature in Provence.

In 2012, we supported 4 projects:

● The creation of a dry garden at the Abbaye de Valsaintes, famous for its collection of over 400 varieties of roses.

INFOS valsaintes.org

● The renovation of the gardens of the Musée International de la Parfumerie – the only public museum devoted to perfumery in the world.

INFOS museesdegrasse.com

● The creation of a field of outdoor aromatic plants and flowers at the Musée de Salagon. This space is a true conservatory of species and their uses.

INFOS musee-de-salagon.com

Harvesting fine lavender
in Férassières,
in the Vaucluse region



● An endowment fund to preserve the lavender heritage of Provence.

INFOS sauvegarde-lavandes-provence.org

PRESERVING AND PROTECTING LAVENDER

Lavender cultivation is facing two major problems: global warming and decline caused by a phytoplasma bacterium – a disease carried by a devastating insect. In May 2012, the CRIEPPAM* research centre set up an endowment fund, which is presided over by Olivier Baussan, founder of L'OCCITANE. This fund is used to finance research programmes aimed at finding ecological solutions to halt lavender decline. When the plant is contaminated with the disease, the channels through which its sap flows become blocked, rapidly causing the plant to become weaker and

die. In the past few years, Provence has seen its production volumes halved.** L'OCCITANE has already contributed 55,000 euros to this fund in order to help preserve this small blue flower, symbol of the Provençal flora and daughter of wild lavender.

Join us in our efforts to save lavender:

INFOS sauvegarde-lavandes-provence.org



*Centre Régionalisé Interprofessionnel d'Expérimentation en Plantes à Parfum, Aromatiques et Médicinales (a research centre for testing fragrant, aromatic and medicinal plants). **Sources: CIHEF – Comité Interprofessionnel des Huiles Essentielles Françaises (interprofessional committee for French essential oils).

A CLOSER LOOK AT THE Melvita FOUNDATION

The Melvita brand has been part of the L'OCCITANE Group since 2008. Created in 2010, the Melvita Foundation has two objectives:

- Working to safeguard the future of bees by protecting their habitat and developing beekeeping throughout the world.

- Working to protect and preserve nature by promoting organic farming as a means towards social integration, fairness and solidarity.

In 2012, 59 beehives were set up, in particular with the Vallée Éternelle conservation organization, and 37 beekeepers were trained, in particular through a partnership with the Pure Planet Alliance association.

FOR MORE INFORMATION [Melvita Foundation](http://MelvitaFoundation)

loccitane.com
L'OCCITANE Group