

# DIVERSITY, THE KEY TO HUMAN AND ECONOMIC PERFORMANCE AT L'ORÉAL



At L'Oréal, beauty and diversity go hand in hand. In fact, for the last 100 years, L'Oréal has been built around strong values, with diversity being one of its major assets. The wide-ranging diversity and the complementarities of our 23 international brands of various cultural origins and products are evidence of our commitment to all forms of beauty and well-being and our respect for cultural differences.



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Conference

*La diversité, une valeur fondatrice  
au cœur de la stratégie de L'Oréal*

What's more, a diverse workforce enhances our creativity and understanding of consumers, enabling us to develop products that meet their needs. Thus, in its quest for excellence and performance, L'Oréal intends to continue hiring a diverse range of people and rejects any form of discrimination whatsoever.

To achieve its mission, L'Oréal has chosen to rely on three key factors: commitment, partnership and metrics.

## COMMITMENT

A sustainable diversity policy first calls for a firm commitment from senior management.

By introducing its Ethics Charter in 2000 and joining the World Pact in 2003, L'Oréal formalized its commitment to diversity and non-discrimination. The World Pact is an international initiative that invites organizations to adopt, support and apply the 10 universal principles respecting human rights, labour standards, the environment and anti-corruption.

The Group was also one of the first companies to sign the The Charter of Diversity, committing it to combat discrimination in any form and implement an approach to promote diversity, first in France, then in Belgium, Germany and Spain, and lastly in Italy, where its subsidiary contributed

to its creation. L'Oréal is currently participating in drafting The Charter of Diversity in Sweden, which will be launched late this year. In 2009, L'Oréal SA was one of the first companies in France to obtain the Diversity Label.

In 2005, the company set up a global diversity management unit, based on a network of some 30 coordinators (usually HR managers) and champions of diversity (operations managers, executive committee members) in local entities. Furthermore, in 2006, L'Oréal established 27 Observatories on diversity, which are working and internal oversight groups involving over 200 people whose job is to build awareness of the policy in the field.

Genuine diversity management must be translated into the concrete expression of commitment. In this respect, L'Oréal's diversity policy is global and systemic. First of all, the Group's ambition is to:

- reflect, in its teams and at every level, the diversity of its customers (in terms of nationality, ethnic or social origin) in keeping with its catchment areas;
- foster a gender mix within its teams, promoting the access of women to posts of responsibility and a better gender mix in those functions where it is unequal, as well as pay equity between men and women;
- promote work for disabled persons;
- capitalize on the experience of its employees to anticipate extending careers;
- develop a managerial culture that promotes inclusion and is respectful of everyone.

L'Oréal has decided to meet these aims by focusing on the following six points: nationality, ethnic origin, social advancement, gender, disability and age, and by taking action in the following five areas: recruitment and integration, career management, management and inclusion, training and communication.

The following paragraphs list a few highlights of this policy.

Managers are trained to manage diversity: since 2006, 6,200 managers in Europe (78% of all managers) have attended one-and-a-half day diversity seminars. By the end of 2010, 8,000 people will have taken this training. In 2007, diversity formed the basis

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of a new managerial skill entitled "manage/act with generosity."

As well, the Group enhanced the diversification of its recruitment sources by establishing Employment and Diversity forums, through partnership with the French association *IMS-entreprendre pour la Cité* and Sodalitas in Italy. These forums are intended to bring together recruiters from various organizations with applicants who find it more difficult to access the labour market because of their origin, disability or age. Since 2006, close to 1,500 applicants have been interviewed and a number of them have been recruited by partner organizations.

In addition, L'Oréal has traditionally supported the promotion of women and parenthood. As early as 1970 in France, the Group allowed women to add an extra month to their maternity leave. In 2008, L'Oréal introduced the Organizational Parenthood Charter, in partnership with the association *SOS-Préma* and with the support of the Ministry for Labour. The purpose of this Charter is to encourage more organizations to offer employees with children an environment that is better adapted to their family responsibilities. So far, 180 companies have committed to supporting their

employees with families and helping them better balance their work and family lives. For example, L'Oréal has contributed to the opening of inter-company childcare centres in France, Germany and Canada.

L'Oréal is also a founding member of the first European Fund for Professional Equality, established in April 2010 by the Arborus association, with the support of the European Commission. This Fund is intended to strengthen the position of women in all professions and occupations and at all levels. Its actions are based on a number of strategic objectives, including the introduction of a European Label for 2011. The Group also participated in the creation of a first Equality World Label for professional equality, supported by the Gender Equality Project in partnership with the World Economic Forum.

At L'Oréal, women now represent 20% of the Board of Directors, 15% of Excom members, 38% of Mancom members, 57% of managers, 64% of the total headcount and 42% of new expatriates. What's more, 50% of the Group's brands are managed by women.



## L'ORÉAL HAS TRADITIONALLY SUPPORTED THE PROMOTION OF WOMEN AND PARENTHOOD.

As concerns the disabled, L'Oréal's initiatives focus on four major themes:

- ≡ recruitment and job retention for disabled persons;
- ≡ partnerships with protected sector companies;
- ≡ awareness actions around disability ;
- ≡ accessibility to premises and information.

To motivate its subsidiaries, the Group launched the "Initiatives for Disabilities" trophies in 2008.

### PARTNERSHIPS

With a view to partnership and building together, L'Oréal decided early on to support a group dynamic and an ecosystem of diversity. Accordingly, for the last decade or so, the Group has involved other organizations, its suppliers and its customers in certain actions. Operation B'A'ba is a good example: through a partnership between L'Oréal, its supplier ISS (a cleaning company) and the *Fédération française du ménage*, the program allows L'Oréal's cleaning staff to take French courses and provides personal monitoring by the Group's employees. In this way, cleaning personnel can advance in their jobs, as skills in French enable them to sit for the Professional Qualification

Certificate, a diploma recognized by the *Fédération française du ménage*, and earn a higher salary.

### METRICS

Lastly, L'Oréal wants to be accountable for its actions and measure its progress. The Group is convinced that equality of opportunity and its corollary, diversity, must be measured in order to be harnessed, effective and recognized. This is why the Group has always endeavoured to mark its attachment to this issue through different practices and collective experiences in order to:

- ≡ understand which tools are usable, which factors promote or hamper diversity; for example, L'Oréal is currently taking part in an anonymous CV experiment in France and Germany;
- ≡ evaluate its processes, for example through the Diversity Label received by L'Oréal SA in France in 2009;
- ≡ measure its progress through its first, recently released Diversity Balance Sheet, which includes some 100 qualitative and quantitative indicators. In addition to HR indicators, the Group has, for instance, established an indicator able to measure the diversity promoted in its brand advertisements.

### CONCLUSION AND PERSPECTIVES

To conclude, these last decades have been years of commitment for L'Oréal; not only from our management and employees but also within our brands. In an entrepreneurial spirit, the Group has developed a culture to measure and share diversity and its benefits across our entire ecosystem. The challenge is now to ensure the success of the international deployment of our diversity policy through strong and sustainable actions in all the locations where the Group is established. 