

4.3.1.4. Meeting the most demanding standards

4.3.1.4.1. GHG assessment: an annual exercise

L'Oréal carries out an annual Greenhouse Gas assessment (GHG assessment) for all the Group's activities, in order to measure its CO₂ emissions and identify the action plans that will enable it to reduce its impact. This assessment, which has been performed since 2007, is conducted in accordance with the Greenhouse Gas Protocol (GHG Protocol) rules, the international reference method for recording GHG emissions. It makes it possible to determine the Group's total carbon footprint in three categories – Scopes – defined above in section 4.3.1.3.1. "Eco-designed products" of this document.

In 2021, the GHG assessment of the L'Oréal Group was estimated at 12,526 thousand tonnes of CO₂ equivalent.

Scopes 1 and 2 – emissions measured and reported on a monthly basis

These CO₂ emissions are measured by all the Group's sites and reported monthly.

Scopes 1 and 2 correspond to those for which the Group takes direct action via programmes to control energy consumption deployed on the sites and for the procurement of renewable energy. They are the subject of ambitious reduction targets as part of the L'Oréal for the Future programme (see section 4.4. "L'Oréal for the Future: 2021 results" of this document):

	2025 TARGETS	2020	2021
Industrial sites	- 100% (vs. 2005)	-81%	-87%
Administrative sites and research centres	- 100% (vs. 2016)	-76%	-83%

For 2021, all these Scope 1 and 2 emissions represented 31.6 thousand tonnes for the factories and distribution centres, and 6.7 thousand tonnes for the administrative sites and research centres.

Changes in the reported figures for Scopes 1 and 2 since 2014 (in thousands of tonnes of CO₂ equivalent) ⁽¹⁾

	2014	2015	2016 ⁽²⁾	2017 ⁽³⁾	2018	2019	2020	2021	
Scope 1	Industrial sites	58.5	55.5	55.5	49.7	46.6	43.6	39.0	25.9
	Administrative sites and research centres			6.5	8.0	7.7	6.4	4.1	1.8
	Group	58.5	55.5	62.0	57.7	54.3	50.0	43.1	27.7
Scope 2	Industrial sites	60.5	49.6	25.7	15.9	8.9	8.2	7.0	5.7
	Administrative sites and research centres			26.5	25.3	25.7	22.1	5.7	4.9
	Group	60.5	49.6	52.2	41.2	34.6	30.3	12.6	10.6
Scopes 1 + 2	Industrial sites	118.9	105.0	81.2	65.7	55.5	51.8	46.0	31.6
	Administrative sites and research centres			32.9	33.2	33.4	28.5	9.8	6.7
	Group	118.9	105.0	114.2	98.9	88.9	80.3	55.8	38.3

(1) These data present the reported figures each year in the different management reports. In rare cases, certain data already published for the preceding year may be modified when inaccuracies or errors are discovered after the end of the financial year. These data are monitored and included in the annual consistency review. They are included in the reported figures each year.

(2) As from 2016, Scopes 1 and 2 emissions of the Group:
- are calculated using the new methodology published by the GHG Protocol ("The Scope 2 Guidance"), and monitored using the Market-Based CO₂ indicator, which replaces the Net CO₂ indicator;
- include the emissions related to leaks of cooling gases; and
- include the emissions linked to the administrative sites and research centres.

(3) In 2017 only, Scopes 1 and 2 had been expanded with emissions estimated annually for vehicles operated under long-term leases and for branded retail stores. These emissions are not included in this table.

Scope 3 – emissions estimated annually

Scope 3 covers all other greenhouse gas emissions not directly related to the sites operated by the Group or to the processing of products in the factories but to other stages in its life cycle (procurement, transportation, use, end of life, etc.) and other impacts related to the Group's activities (business travel, etc.). These emissions are the subject of an annual estimate according to the GHG Protocol methodology.

In 2021, work was carried out on Scope 3 of the GHG Assessment in order to improve its input data, limits and emission factors.

For 2021, L'Oréal Group's Scope 3 is estimated at 12,488 thousand tonnes, an increase around 0.5 million tonnes compared to 2020, primarily due to the use phase of the products.

☑ The Statutory Auditors have expressed reasonable assurance about this indicator.

The GHG Protocol defines 15 items of emissions associated with Scope 3:

Upstream or downstream	Scope 3 categories	Scope	2021 emissions (in thousand tonnes of CO ₂ eq.)
Upstream	1. Products and services purchased	CO ₂ emissions related to the preparation of all materials used for the products manufactured by the Group and their promotion at points of sale. These emissions include the extraction of materials, their transportation to suppliers followed by their processing prior to delivery; this represents 838,092 tonnes of CO ₂ eq. for the raw materials used in our formulas and 1,546,294 tonnes of CO ₂ eq. for the packaging elements of our products. The CO ₂ emissions of this item also include the services purchased by L'Oréal (marketing, advertising, etc.) (see section 4.3.1.2.2. "Involving strategic suppliers in the Group's transformation" of this document)	3,932
	2. Capital goods	CO ₂ emissions related capital goods acquired or purchased by L'Oréal in 2021 (property, production, IT, etc.).	695
	3. Fuel- or energy-related activities (not included in Scope 1 and 2 emissions)	CO ₂ emissions related to the extraction, production and transport of the fuel and energy purchased by L'Oréal. It also includes losses during the distribution of electricity.	161
	4. Upstream transport and distribution	CO ₂ emissions generated by the transport of items purchased and shipped to production or distribution sites.	121
	5. Waste generated by sites	CO ₂ emissions related to the treatment of production waste and wastewater (by a third party) from facilities operated and owned by L'Oréal.	18
	6. Business travel	CO ₂ emissions related to business travel for all employees in all countries. These emissions take into account the different means of transport used (short-term car hire, train or plane).	49
	7. Employee home/work commuting	CO ₂ emissions related to employees' journeys from their home to their workplace.	96
	8. Upstream leased assets	CO ₂ emissions generated by the energy consumption of the stores and the consumption of fuel by vehicles used under long-term leases.	63
Downstream	9. Downstream transport and distribution	CO ₂ emissions related to the transport of products sold: this includes transportation flows of finished products from the production sites to the first customer delivery point (450 460 thousand tonnes of CO ₂ eq.) and consumers' travel to and from the points of sale (283 691 thousand tonnes CO ₂ eq.) The CO ₂ emissions of this item also include the energy consumption associated with the materials used to promote products at the point of sale (119 113 thousand tonnes CO ₂ eq.).	852
	10. Processing of sold products	Not relevant: our production is used directly by the end customer. There is no transformation of intermediate products.	-
	11. Use of sold products	CO ₂ emissions related to the use of L'Oréal products by consumers due to the hot water used for rinsing off certain products, such as shampoos, shower gels, dyes, etc. CO ₂ emissions in this item depend primarily on the type and method of production of the energy used to heat the water. (See section 4.3.1.3. "Sustainability: from product design to end consumer" of this document)	5,737
	12. End-of-life treatment of sold products	CO ₂ emissions relating to the treatment of sold products after their use: filling and packing components treated in existing streams and wastewater treated in water treatment plants. CO ₂ emissions for this item are related mainly to the nature and mode of production of the energy used for each treatment.	675
	13. Downstream leased assets	Not relevant: there is no exploitation of assets owned by L'Oréal and leased by other entities.	-
	14. Franchises	Not relevant: all stores are retail stores and are included in the "Upstream leased assets" category.	-
	15. Investing activities	CO ₂ emissions related to L'Oréal's investments in 2021. Investments are recognised via the share of L'Oréal's investments in the company or companies in question.	89