



GROUPE ROCHER

reconnect people to nature



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Vigilance Plan

Appendix
to the Management Report
from the Board of Directors
to the General Meeting

June 8th, 2022



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PARIS



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To whom it may concern,

In accordance with the articles of French Law number 2017-399 of March 27, 2017 relating to the duty of vigilance of parent companies and contracting companies, we hereby present to you the vigilance plan and implementation report of the company Laboratoires de Biologie Végétale Yves Rocher and its subsidiaries (hereinafter “Groupe Rocher” or “group”).

LABORATOIRES DE BIOLOGIE VEGETALE YVES ROCHER

Public Limited Company with capital of 4.383.405,60 euros

Registered Office: La Croix des Archers - 56200 La Gacilly - France

Trade and Companies Register No. 876 580 077 Vannes - France

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THINKING TOMORROW MEANS ACTING NOW

As the first international group to adopt the status of a Company with a Mission, the submission of the Rocher Report last October, *“Rethinking the place of companies in society”* to the French Minister of the Economy, Finance and Recovery, is significant in terms of how we embody our role as a Company with a Mission. That of a company seeking to reconcile economic performance and societal contribution, committed and willing to draw other players in its wake.

In a context of significant economic as well as social and environmental instability, our mission - *reconnect people to nature* - has demonstrated its full meaning.

It has guided our actions, our commitments, and our choices to build a brighter future. Above all, it has given us the certainty of being on the right path together.

Faithful to our values as a family business, we are committed to sustainability.

We have always been thinking about tomorrow by placing CSR innovation at the heart of our group's strategy.

Our 2030 vision sets the course to follow, while enabling us to maneuver, today, in highly unpredictable headwinds. It invites us to intensify our transformation and constantly challenge ourselves to achieve our ambitions, to act in favor of women and men, to develop products and services that respect nature, to preserve biodiversity, and to collaborate with our stakeholders in order to involve them in our mission.

We are achieving this transformation thanks to the optimism and commitment of our employees and partners. Their trust is invaluable in questioning the place of the company in society and paving the way for a multifaceted financial, societal and environmental performance.

Bris Rocher
CEO, Groupe Rocher

INTRODUCTION

Groupe Rocher is continually striving to improve its economic, social and environmental impact. In addition to its CSR actions¹ listed in the extra-financial performance declaration appended to the management report, Groupe Rocher ensures the effective implementation of its vigilance plan in its capacity as parent company of the group.

In accordance with Article L. 225-102-4 of the French Commercial Code, the vigilance plan includes the group's measures to prevent serious violations of human rights and fundamental freedoms, the health and safety of individuals and the environment, resulting from the activities of the company, its subsidiaries and its Suppliers². It includes the identification and mapping of the group's main risks in this area, as well as a system for mitigating and preventing serious risks. It also includes a mechanism for alerting and collecting reports, as well as a mechanism for monitoring and evaluating the effectiveness of the system.

This document presents the vigilance plan and reports on its implementation.

The vigilance plan represents an additional opportunity for the group to formalize and coordinate the initiatives already in place at its various sites, subsidiaries and with its Suppliers.

Groupe Rocher has long been acting as a socially and environmentally responsible company towards its customers, its employees, its Suppliers, and all other relevant stakeholders. Groupe Rocher considers that the obligations of the law on the duty of vigilance are fully integrated into its ethical commitments and is committed to ensuring compliance with these obligations both in its operations and in its value chain.

The group's areas of vigilance

In line with its commitments under the Code of Business Conduct, Groupe Rocher has integrated the risks of serious violations of human rights and fundamental freedoms, the health and safety of individuals and the environment into its vigilance approach, and more specifically on the following issues:

- Human rights and fundamental freedoms: child labor, forced labor and working conditions, discrimination and harassment of any kind, fair remuneration, freedom of association and collective agreements;
- Health and safety of people: workers' health and benefits, employee health and safety, safety of equipment and facilities;
- Environment: fight against climate change, water consumption and pollution, protection of terrestrial and marine ecosystems and their biodiversity, waste and chemicals management;
- Ethics: promotion of ethical practices in the conduct of business, alert simplicity.

These categories of risks associated with the duty of vigilance, observed by following the key stages of the value chain, - whether the activities are carried out internally or by Suppliers, - may be summarized in a global matrix of the group's areas of vigilance. This overview presents the potential risks before taking into account the impact of prevention and mitigation measures implemented to reduce them, and will be subject to regular revisions:

¹ CSR: Corporate Social Responsibility

² As a preliminary point, in this document, the term "Supplier" refers to suppliers, service providers and first-tier subcontractors with whom the group has an established business relationship.

		Supply				Production			Distribution		Commercialisation				
		Agriculture & seaweed ¹	Raw materials	Packaging	Gifts	Tertiary activities ²	Cosmetic production, Laboratoires	Textile production	Detergent production	Warehouses, Order preparation centers ³	Transports	Stores	Direct selling, Mail-order selling, Internet selling	Hotels, Restaurant and Museum activities	Partners and agents
Human rights and fundamental liberties	Child labor		●	●	●		●								●
	Working conditions, forced labor		●	●	●		●	●	●	●	●				●
	Discrimination, wages and harassment	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Freedom of association		●	●	●		●	●	●	●	●				●
Health and Safety	Workers' Health & Social benefits	●	●	●	●		●	●	●	●	●	●	●	●	●
	Workers' Health and Safety	●	●	●	●		●	●	●	●	●	●	●	●	●
	Equipements and facilities' security		●	●	●		●	●	●	●	●	●	●	●	●
Environment	Energy and air emissions		●	●	●		●	●	●		●				
	Water	●	●	●	●		●	●	●						
	Biodiversity	●	●	●	●		●	●	●	●					
	Waste and chemicals management		●	●	●		●	●	●	●	●		●	●	●
Ethics	Ethical business conduct	●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Alert mechanism	●	●	●	●	●	●	●	●	●	●	●	●	●	●

Key

● Risks zones

¹ Internal activities

² Head offices and related activities

Key

● Risks zones

¹ Internal activities

² Head offices and related activities

In view of the mitigation measures and preventive actions implemented within the group, it is apparent that, although the risks of serious violations of human rights and fundamental freedoms, human health and safety and the environment do exist, they relate primarily to activities carried out externally, i.e. mainly in the group's supply chain and subcontractors.

Scope of deployment of the plan

The vigilance measures detailed in this plan are deployed throughout most of the Groupe Rocher value chain:

- Internal production, storage and hospitality activities are included in the process. The completeness assessment carried out in 2021 made it possible to incorporate the order preparation centers operated by the group for all subsidiaries and countries into the system. For all brands, the corresponding premises are principally located in France, as well as in the United States, Turkey, Israel and Morocco for production, and in Belgium, Canada, Hong Kong, Portugal and Sweden for the order preparation centers;
- Supplier panels involved at different stages of the value chain and eligible for the procurement procedures of the group and its subsidiaries are integrated into the system.

The year 2021 was marked by the introduction of a centralized and coordinated management of the system: under the aegis of the project committee, close collaboration has been established between the expert referents and coordinators of the duty of vigilance at group level and the implementation referents appointed within the subsidiaries, in the form of methodological support and regular coaching, enabling the subsidiaries to take ownership of the system and to gain autonomy in implementing the process.

The main objectives for 2022 will be:

- To extend the deployment of the duty of vigilance compliance process to all of the group's internal activities, including commercial activities, in order to achieve a complete level of coverage by 2023;
- To continue to deploy across the value chain, strengthening our support processes in the most at-risk areas, as described in sections 1 and 3 of this plan.

1. IDENTIFICATION OF RISKS

Group approach

The group is faced with a range of internal and external risks, which is why the Risk Management Department regularly maps out the group's major risks with the group's departments and subsidiaries. During this process, all types of risk are analyzed, including financial, operational, human, health and safety, environmental, information technology, and legal and regulatory risks.

Groupe Rocher publishes its non-financial performance statement annually in accordance with Articles L.225-102-1 and R.225-105-1 of the French Commercial Code. This document explains the main risks and opportunities in terms of the group's Corporate Social Responsibility, as well as the way they were identified.

Summary of risk identification actions

In addition to the mapping of the group's major risks, updated in 2021, a number of other risk identification and analysis initiatives were carried out throughout the year by certain group departments.

The following is a summary of these initiatives in the area of duty of vigilance:

	Group activities		Suppliers' activities
Human rights and fundamental freedoms		- Wages surveys	<ul style="list-style-type: none"> - Assessment and analysis of risks related to procurement categories - Proactive supplier risk assessment and analysis through the approval process
Health and safety of individuals	<ul style="list-style-type: none"> - Mapping of major risks, analysis of the main non-financial risks - Corruption risk mapping - "Tell Us" survey of all group employees to measure well-being at work - Survey of the group's global HR network to identify the processes in place locally in order to mitigate the risks related to the group's 10 Principles of Social Responsibility 	<ul style="list-style-type: none"> - Analysis of workstation risks - Analysis of risks related to products quality - OHSAS 18001 and ISO 9001 certifications for the three industrial sites in Brittany 	
Environment		<ul style="list-style-type: none"> - Identification of the main environmental risks at production and distribution sites - ISO 14001 certification for the three industrial sites in Brittany 	

Operational mapping of duty of vigilance risks

Presentation of the methodology

In order to identify as accurately as possible the risks associated with human rights, fundamental freedoms, human health and safety, and the environment, the group has defined and deployed a specific approach covering each of the activities in its value chain.

The approach is divided into two distinct phases: the general category-based risk analysis, and the risk analysis at the Supplier and internal site levels.

General category-based risk analysis

Firstly, the group analyzed the nature of the activities in its value chain in order to classify them into different categories. Then, a rating of these different categories of activities was carried out in order to identify those most at risk.

The components of the value chain identified as being at high risk for the group are the categories of gift purchases, production, subcontracting, components and raw materials - and in particular purchases of plant origin ingredients, for which the group is especially vigilant because of its activity - as well as logistics purchases.

This overview made it possible to define a road map for the deployment of the duty of vigilance compliance process.

In 2021, it also enabled the group to identify procurement categories for which the assessment and mitigation of risks in the group's supply chain need to be deepened - beyond the first rank of its Suppliers - such as plant origin ingredients entering the process of "high concern supply chains"³. This risk-based approach, based on categories of activity, will be the subject to a procedure to be drafted before being deployed within the group and its subsidiaries in 2022.

Risk analysis at the Supplier and internal site level

The category-based analysis is then supplemented by a more detailed analysis that assigns a "vigilance" coefficient to suppliers and internal sites. This is calculated based on a risk analysis comprising three criteria: Activity Risk, Country Risk and Revenue Risk.

Each risk criterion is associated with a rating system, which makes it possible to evaluate the risks in both social and environmental terms.

Each Supplier and internal site is evaluated according to these three criteria and given a vigilance coefficient that makes it possible to determine the overall intensity of the risk, and then to define assessment methods and take appropriate mitigation and monitoring measures.

Activity Risk

Groupe Rocher has established an internal method for rating the activities of its first tier Suppliers and its internal sites, developed thanks to the expertise of members of the CSR and procurement teams.

This methodology is based on the following criteria to evaluate each activity:

- Environmental,
- Social,
- Health and safety of workers and people,
- Level of technicality of the activity,

³ The approach to high concern supply chains is detailed on page 19 of this document.

- Depth of the supply chain.

Country Risk

Groupe Rocher relies on the independent external organization Ecovadis, recognized for its expertise in terms of CSR, to assess this risk. The areas taken into account in the Country Risk assessment by Ecovadis are: environment, health, social, human rights, governance, political stability and competitiveness.

Revenue Risk

The importance of the risk related to revenue depends on the amount of sales and is categorized into several thresholds.

The combination of the three coefficients defined above makes it possible to obtain a vigilance coefficient for each Supplier and internal group site, which feeds into the operational risk mapping of the vigilance plan.

Processes and information system supporting the deployment of the methodology

Approval process

In order to integrate the management of risks related to the duty of vigilance from the beginning of a commercial relationship with a Supplier, the group has directly incorporated the identification, evaluation and implementation of remediation actions into the approval process for its Suppliers.

This process details and frames the various stages of the approval process, the data to be collected, and specifies the cases and tools for exemptions as well as the arbitration bodies. It also allows for the evaluation of several types of risks by integrating a large number of parameters inherent to the Supplier's activity, its location, its certifications and its performance history.

This process is subject to a formal procedure, consistent with the vigilance plan. The training plan, dedicated to the mastering of this process by buyers and started in 2020, has continued in 2021. Today, the Procurement teams of Groupe Rocher Operations, Arbonne, Flormar, Sabon, Stanhome International and Stanhome Mexico have been trained. Deployment to the other subsidiaries will continue over the year 2022.

Information system

The implementation of the approval process as well as the extension of the approach to the different entities of the group have brought out key elements for the continuation of the approach:

- In order to guarantee the quality of execution throughout the world, the process should be as clear and simple to implement as possible;
- As the definition, management and monitoring of certifications and action plans are carried out in a collaborative and interactive approach with Suppliers, the process must facilitate the contribution of both internal and external stakeholders of the group;
- The risk mapping and assessment systems defined generate a very large amount of data that must be easily usable to ensure the smooth running of the process, the efficiency of the system and the issuance of the reports necessary for steering and monitoring the performance of the system.

In order to meet these challenges, the group has set up a specific information system, allowing the automation of the approval process as well as the consolidation of all data relating to the risks and performance of each Supplier on the panel.

This information is available on a specific platform and can be accessed by the teams of the different group entities as well as by its Suppliers, enabling effective and iterative management of their performance.

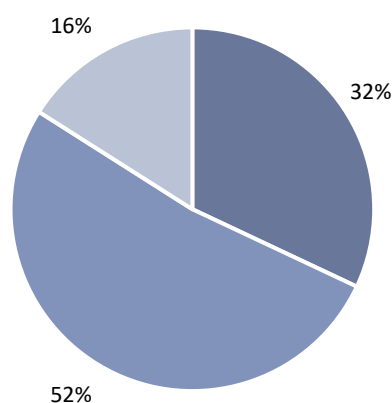
Results of the risk mapping

Mapping of the Supplier panel

The results for 2021 of the risk analysis of the Supplier panel are presented in the graph below. The breakdown of the panel as presented below is monitored to ensure that the group's exposure remains stable overall:

Risk level
of the Supplier panel,
based on Supplier
business volume

- Low vigilance coefficient
- Medium vigilance coefficient
- High vigilance coefficient

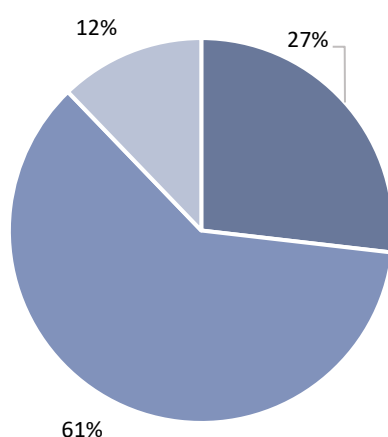


In 2021, the risk profile of the Supplier panel is stable compared to that of 2020. Since 2020, the compliance process has been deployed on its target perimeter and the risk mapping update exercise logically leads to slight variations in the distribution of risk levels on the Supplier panel.

Mapping of internal activities


The methodology for determining the vigilance coefficient of internal sites, by combining activity, country and revenue risks, is identical to that used to map the Supplier panel. It is applied to all the activities and sites included in the plan's deployment perimeter, as described above in the Introduction.

The risk analysis of the panel of internal sites is as follows:



Risk level
based on the number
of internal sites included
in the process

- Low vigilance coefficient
- Medium vigilance coefficient
- High vigilance coefficient



In 2021, following the completion of the inventory of the group sites for the production, storage and hotel activities, the update of the internal mapping made it possible to identify two new sites with a high vigilance coefficient that will have to be audited in 2022, bringing the total number of field audits to be carried out for the group's internal activities to five.

The other sites identified as medium or low risk were reviewed through the renewal of the group's Ecovadis assessment, which took place in 2021.

2. REGULAR ASSESSMENT OF THE SITUATION

Presentation of the methodology for determining and analyzing audits

In line with the approach for identifying specific risks in relation to the duty of vigilance, the evaluation policy for each supplier and internal site is based on the related vigilance coefficient. Depending on this coefficient, i.e. the level of associated risk, a specific evaluation methodology is determined, ranging from a documentary audit for vigilance coefficients qualified as medium, to a field audit for vigilance coefficients qualified as high.

Each documentary and field audit is repeated every three years, enabling the group to monitor compliance and improvement of its Supplier panel and internal sites.

Documentary audits

The Group selected the Ecovadis methodology to carry out the documentary audits, based on the following two main benefits: a methodology making it possible to consider a company's CSR practices, covering all the subjects of the duty of vigilance, and benefiting from an international footprint corresponding to the group's geographical location.

Field audits

The SMETA methodology was selected⁴ for the field audits because it covers all the issues related to duty of vigilance. In this respect, the group is a member of the SEDEX initiative, which aims to share SMETA audit reports within a circle of members, consisting of suppliers and principals.

Furthermore, aware of the existence and use of audit standards other than SMETA, depending on the category of activity and geographical area, and in a spirit of cooperation with its suppliers and internal sites, the group has defined a list of accepted field audit and certification standards⁵. The benefit of this approach is twofold, since it allows, through a logic of equivalence:

- For Suppliers and internal sites to promote the social and environmental compliance procedures already in place, specific to their sector of activity and in line with the context in which they operate;
- For the group to gain in efficiency and relevance in the implementation of the evaluation system in the different territories and fields of activity.

Furthermore, given their key role in the group's supply chain, and in order to assess the practices of its "distributor" type Suppliers in the most appropriate and relevant way possible, the group has defined and deployed in 2021 a specific audit methodology, as well as a strong support from internal teams to help these players improve their risk management on their own supply chain.

Following each field audit, a duty of vigilance compliance score is determined. This score is calculated according to the number of non-conformities observed and their level of criticality, based on the requirements defined⁶ by Groupe Rocher.

The Compliance Manual: the group's reference for audit standards

The Compliance Manual was drawn up in 2020 and formalizes the group's social and environmental requirements for field audits. In the methodology initially developed by the group, the assessment tools and

⁴ Sedex Members Ethical Trade Audit

⁵ See details in the paragraph "Compliance Manual" on page 13, and Appendix 2 of this document

⁶ See details in the paragraph "Compliance Manual" on page 13 of this document

systems were unique and common to all entities: Ecovadis for documentary audits and the SMETA standard for field audits.

The regular implementation of these tools with Suppliers, in different activities and geographical areas, has led to the emergence of an additional need: the need to define and formalize the group's requirements relating to the various items of the law regarding the duty of vigilance.

The aim of this reference framework is to support several developments:

- The provision of a document setting out the framework of the group's social and environmental requirements, enabling the anchoring of robust fundamentals and a common language, and thus, the appropriation by the group's internal teams as well as its Suppliers in an operational dimension;
- The management of equivalence of standards or certifications, in order to gain flexibility in the implementation of the evaluation system in different territories and fields of activity⁷;
- The definition and implementation of corrective action plans by Suppliers and internal teams based on formalized social and environmental requirements, and therefore on a concrete and standardized compliance target.

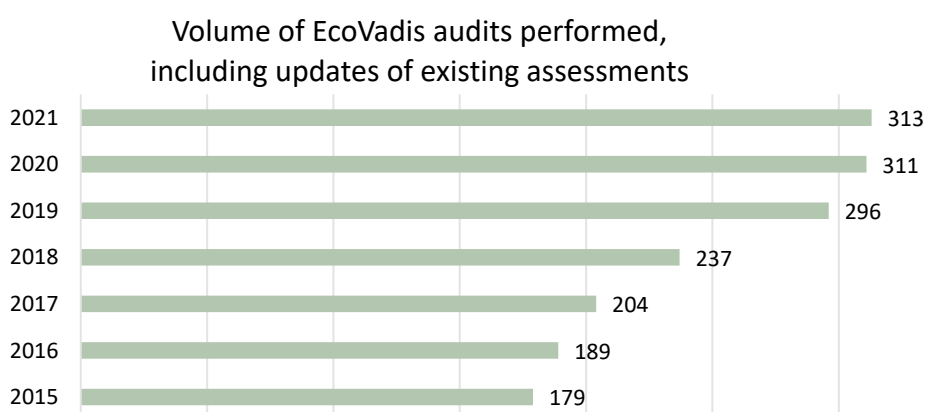
In 2021, this guide was used by the duty of vigilance referents and helped to speed up the completion of assessments, thanks to the equivalence management system for audit and certification standards. It is maintained up to date by the teams in charge of defining the duty of vigilance compliance methodology, and evolves to take into account new systems of assessment.

Results of the Supplier panel assessments

Documentary audits: volume and performance of Suppliers assessed

Documentary audits are one of the pillars of our system: in 2021, 52% of the procurement revenue covered by the methodology was made from Suppliers subject to documentary audits. The number of Suppliers monitored in Ecovadis as well as their performance are therefore regularly monitored.

Volume of Ecovadis audits



In 2021, the volume of Ecovadis audits is stable compared to 2020. This trend reflects the effective deployment of the process since 2019, with regular rating renewals from Suppliers.

⁷ See list of certifications and standards accepted by the group in Appendix 2 of this document

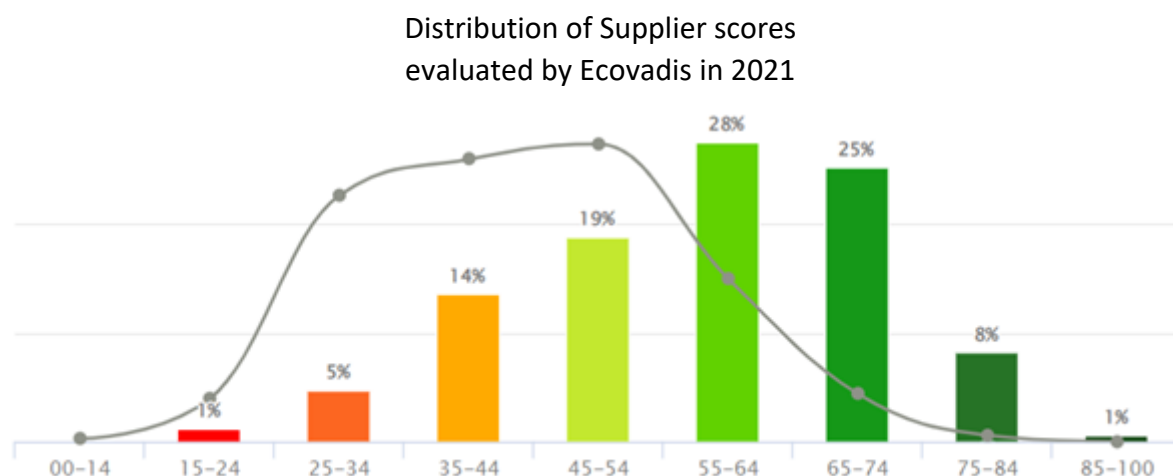
Results relating to the CSR performance of Suppliers evaluated by Ecovadis

Currently, the group has 520 suppliers evaluated on Ecovadis. This figure is constantly increasing (387 Suppliers in the database at the end of 2020) and is explained by the ongoing deployment of documentary audits with Suppliers who had not yet been evaluated by Ecovadis, but also with Suppliers who had already been evaluated, but who had not yet been integrated into the group's panel on the Ecovadis platform.

Above-average CSR performance by the group's Suppliers

Groupe Rocher wants to be an actor of change and to be a source of inspiration in the management and support of its Suppliers. This commitment is reflected in an overall Ecovadis score for its Suppliers of 57.2, which is 13.4 points higher than the average for all Suppliers evaluated on Ecovadis.

"Score distribution" graph



- The gray curve is the average of the companies evaluated by Ecovadis;
- The colored histograms represent the distribution of the results of the Suppliers with which the group works.

The average score of the Suppliers evaluated for the group has evolved favorably between 2020 and 2021, with an average score of 57.2 in 2021 versus 55.1 in 2020, reflecting the overall progress of the panel. For suppliers with a low score, action plans to improve this score are defined and implemented, and then a new evaluation is carried out in order to validate this progress.

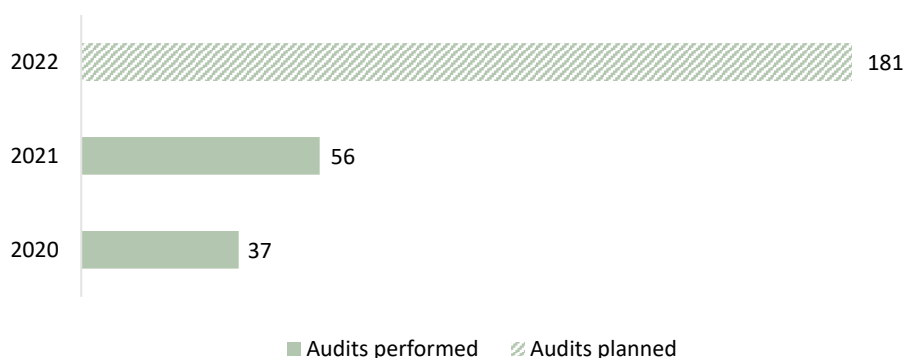
Field audits: volume and performance of Suppliers assessed

This type of assessment relates to 16% of the group's procurement revenue, for Suppliers with a high vigilance score. In line with the situation described in the risk mapping overview, certain geographical areas are particularly concerned (China, Mexico, Russia, etc.). The local entities have therefore mobilized, with the provision of specific resources and budgets.

As for the documentary part, a volumetric indicator is monitored in order to ensure the match between the forecasts and the deployment of the audits on the one hand, and also in order to foresee the necessary resources during the budgetary exercise.

Volume of field audits

Volume of field audits performed and planned



Results 2021

This year, the group carried out 56 field audits. This volume of audits is higher than 2020, but is still impacted by the pandemic, which has continued to limit the possibility of travel for group auditors and subcontractors.

In 2022, the volume of audits to be carried out is significant due to the expansion of the scope of coverage of the duty of vigilance approach. The strong mobilization of the referents, the increased competence of the local teams who are now autonomous, and the maturity of our systems will enable us to implement this ambitious plan and make it sustainable.

Based on the results of the field audits, action plans are defined and implemented, as detailed below in section 3.

Results of internal site assessments

Documentary audits

Previously assessed by Ecovadis in 2019, the group scored 60, placing it in the top 15% of companies in its industry. In 2021, a new Ecovadis assessment of the group was carried out and showed a 5 point increase in the score to 65/100, placing the group in the top 10% of the highest rated companies.

This increase is mainly due to the improvement in the systems implemented within the group - presented in this document - in terms of policies, actions deployed and results obtained, to meet the challenges of responsible procurement and ethics. The rating for these two pillars has risen by 30 and 20 points respectively, placing the group's practices among the best in the market.



Field audits

Concerning the five field audits of internal sites identified on the basis of the operational mapping:

- A SMETA audit was carried out in 2021, on the basis of which an action plan was defined and will be followed up in 2022;
- Two BSCI audits carried out at the end of 2020 will be followed up in 2022 with action plans deployed in 2021, which will make it possible to identify any new audit needs for these sites;
- The two new SMETA audits identified as a result of the 2021 operational mapping update will be conducted in 2022. Following this assessment, appropriate risk control and reduction actions will then also be identified and followed up for these two sites.

3. RISK MITIGATION AND PREVENTION OF SERIOUS HARM

Groupe Rocher deploys risk mitigation measures adapted to the various situations arising from its activities. These measures are deployed at group level and some are shared with its suppliers and stakeholders.

If local laws and/or the internal rules of subsidiaries and Suppliers provide for stricter standards than the group's rules, then those standards shall prevail. If the opposite is true, the group's rules shall prevail.

Summary of the main global systems

	Group activities		Suppliers' activities
Human rights and fundamental freedoms		<ul style="list-style-type: none"> - Social dialog and company agreements, including Disability, Remote Working and Wages - 10 Principles of social responsibility 	<ul style="list-style-type: none"> - Code of Business Conduct shared on the Supplier portal and the group's website - Supplier Code of Conduct - Contractual clauses for Suppliers reminding them of the group's commitments and ethical rules - Approval process⁸ - Information system for the management of social and environmental risks⁹ - Compliance Manual¹⁰ - Supporting and monitoring Suppliers in implementing the duty of vigilance (annual reviews, training, etc.) - The group's commitment to associations aiming to improve social and/or environmental practices in supply chains identified as high risk - Implementation of specific remediation actions following the audits (details in the next part of this document)
Health and safety of people	<ul style="list-style-type: none"> - Group Code of Business Conduct - Practical guide to conflicts of interest - Practical anti-corruption guide - Training e-learning "Code of Business Conduct" - Training e-learning "Duty of vigilance" 	<ul style="list-style-type: none"> - E-learning on "Travel & journeys" for employees who travel regularly - Implementation of a worldwide psychological assistance unit for employees in the context of the Covid 19 crisis - QSE policy: product quality monitoring and staff health and safety monitoring (cosmetovigilance, crisis management system, monitoring of customer complaints, etc.) 	
Environment	<ul style="list-style-type: none"> - Commitment to the group's B Corp certification process 	<ul style="list-style-type: none"> - Actions implemented as part of the group's global environmental strategy - Management of the environmental impacts of all the group's sites (water, energy and waste management) 	

Since 2019, Groupe Rocher has wanted to increase awareness among its employees through e-learning training. A training course on the Code of Business Conduct, previously offered to the group's employees, has been repeated in 2021 for the procurement population; another training course on the specific topic of duty of

⁸ The Supplier approval process is presented on page 9 of this document

⁹ The information system is presented on pages 9 and 10 of this document

¹⁰ The Compliance Manual is presented on page 13 of this document

vigilance was also repeated for the group's new buyers in 2021 and will be repeated again in 2022. Additionally, training on corruption and conflicts of interest will again be offered to employees in 2022.

Finally, it should be remembered that Groupe Rocher has been deploying a robust internal control system for many years, which applies to all its entities/subsidiaries. There is a body of internal control procedures available on the group's intranet, which enable all employees to know the imperative operating rules for a certain number of cross-functional processes (procurement, human resources, liquid assets, etc.); these procedures include, in particular, since 2019, internal control points to be audited relating to the management of Suppliers in the context of duty of vigilance.

In order to ensure proper implementation, the system is supplemented by internal control audits, prevention audits and/or external audits. The conclusions of these audits are shared within the Risk Committee chaired by the Deputy General Manager and General Secretary.

In 2021, given the exceptional circumstances related to Covid-19 that persisted, the internal auditors were able to conduct eight internal control audits - including five remote "data" audits and three on-site audits - after five audits conducted in 2020. They also carried out three audits of the governance and organization of GDPR¹¹ compliance and three security audits of French sites, bringing the total number of audits carried out in 2021 to 14.

In 2021, the auditors also followed up on the two 2019 internal control self-assessment campaigns, and conducted a "Sapin II" internal control self-assessment campaign.

The number of internal control procedures in force in 2021 is 14. With the assistance of the group's Human Resources Department, the Internal Audit Department has reviewed and updated the "human resources" internal control procedure in 2021, in order to integrate the 10 principles of social responsibility as defined by the group, with the aim of strengthening the visibility of these principles and affirming their mandatory nature. Their compliance will now be monitored during future audits.

The audit plan validated each year by the Risk Committee provides for coverage of all subsidiaries and controlled companies over five years.

Implementation of post-audit operational action plans

Following the documentary assessments or field audits carried out as part of the risk management approach specific to the duty of vigilance, and leading to the determination of a rating, an action plan is defined and implemented:

- Specifically for Suppliers: if one or more of the practices identified are considered unacceptable according to the requirements defined by the group, the continuation of commercial relations is called into question. The situation is then examined, and alternatives are studied and validated by the Governance Committee¹²;
- If one or more practices are identified as critical, they must be resolved within an agreed timeframe. In some cases, with regard to Suppliers, and depending on the stakes and the type(s) of non-compliance observed, remedial actions are proposed and validated by the Governance Committee;
- In case of identification of practices considered as major and/or minor, remedial actions are implemented within a reasonable timeframe.

In these various cases, Groupe Rocher favors a collaborative approach with each Supplier: whilst the construction of the action plan remains the responsibility of the latter, the group can, at its request, provide support from a technical and/or methodological standpoint. The progress plan and the associated schedule are validated by both parties. Their implementation is then confirmed by a re-audit, if necessary.

¹¹ GDPR: General Data Protection Regulation

¹² Governance is presented on page 22 of this document

With regard to internal sites, the subsidiaries and sites concerned are responsible for implementing their own action plans, while receiving technical and methodological support from the group and regular monitoring. The improvements are then confirmed by a re-audit, if necessary.

High concern supply chains¹³

The challenges presented by the law are as high as they are complex to master for a large number of the partners and, despite the efforts made, certain sectors present particularly high risks. This is why Groupe Rocher has implemented a special process for some of them.

This process is based on the following approach:

- In a first phase, risk analysis and implementation of a monitoring system;
- In a second phase, risk reduction by coordinating the Supplier panel and their actions, particularly in terms of certification;
- And, as a possible complement to risk reduction: search for geographical, technical and/or technological alternatives.

At the same time, the group attaches considerable importance to supporting the communities involved in these sectors, in a spirit of fair, sustainable and responsible development of practices. To this end, it contributes to the implementation of direct actions for the improvement of high concern supply chain through sectoral initiatives, whose objectives are, in particular, to:

- Strengthen the impact of messages and actions by bringing together multiple stakeholders around responsible sourcing issues;
- Share tools, methods and resources to accelerate the transformation of practices,
- Jointly support actions on the ground with small producers/farmers through the presence and legitimacy of NGOs¹⁴;
- Challenge the positions and actions of brands and companies with the opinion of an independent, non-governmental third-party organization in the social and environmental interest of all stakeholders;
- Align the expectations of principals to facilitate their implementation by stakeholders (Suppliers, institutions, etc.) and thus promote compliance with social and environmental practices in the value chain.

As an example, the group has been a member of the Responsible Mica Initiative since its inception in 2017, and is thus involved in improving mica mining conditions in India. The group is also active in the palm sector, through a partnership with the Earthworm Foundation, with which it supports local programs for producers working in particularly exposed areas.

¹³ High concern supply chains are presented in the group's Extra Financial Performance Statement in the section entitled "Choosing responsible raw materials",

¹⁴ NGO: Non-Governmental Organizations

A systemic approach

To manage the risks specific to duty of vigilance, the group's primary lever is, as explained above, concrete action with at risk or non-compliant internal sites and Suppliers, in order to rapidly change social and environmental practices in the value chain.

This is part of a broader movement, the methodological robustness of which is supported by the implementation of a global system. This is based on three axes:

- Tools and processes: the creation of the compliance manual¹⁵, the formalization of specific processes¹⁶, and the development and deployment of a supporting information system¹⁷. These key success factors ensure that the system can be implemented in a simple and standardized way on an international scale;
- Governance and organization: an established governance¹⁸ structure for decision-making, an organization with solid expertise, and local relays¹⁹ close to the field are in place, enabling a sustainable and coherent implementation of our systems throughout the group;
- Awareness raising, training and support for internal and external stakeholders: the implementation of such an approach cannot rely solely on a group of experts²⁰. This is supported by many internal and external stakeholders, including procurement teams, but also procurement managers and Suppliers. The group has therefore developed tools to train the various players and also collaborates with external initiatives (e.g. the Responsible Beauty Initiative²¹) in order to mobilize and set its ecosystem in motion.

The group has embarked on a fundamental shift by making the issue of duty of vigilance a central concern. While its action must be tangible and rapid at the Supplier level in the event of non-compliance, it is also intended to be global, long-term and inclusive via a systemic approach, guaranteeing continuous and sustainable improvement.

¹⁵ The Compliance Manual is presented on page 13 of this document

¹⁶ Including the approval process, presented on page 9 of this document

¹⁷ See details on pages 9 and 10

¹⁸ See details on page 22

¹⁹ See details on pages 22 and 23

²⁰ See details on pages 22 and 23

²¹ An example of an action carried out within the framework of this initiative is presented in the "Duty of Vigilance" section of the Groupe Rocher Extra-Financial Performance Statement

4. ALERT MECHANISM

The alert mechanism - or “ethics line” - mentioned in the group Code of Business Conduct is open - via an email address - to all internal, external and occasional employees of the group and its Suppliers, as well as to partners and service providers with whom Groupe Rocher and its subsidiaries have contractual relationship:

ethics@yrnet.com

The group Code of Business Conduct includes an alert reporting procedure that calls on all employees and third parties to report to or inform the group of any practice or situation that is alleged contrary to or inconsistent with the Code, the practical guides or any legal or regulatory standard.

The practical procedures for activating the ethics line are available in the group Code of Business Conduct, which can be consulted both on the group's intranet and on the group's external website - www.groupe-rocher.com, Supplier section-. For employees, reports can also be made through the hierarchy.

All reported alerts are analyzed and investigated internally, under the supervision of the group Chief Compliance Officer, who, depending on the main issue, reports to the relevant Deputy General Manager.

Some subsidiaries have their own ethics lines that complement the group's general system. This is the case for the subsidiaries of the Flormar (Turkey) and Arbonne (USA) brands. The employees of these subsidiaries can therefore use either of the available systems, bearing in mind that the cases handled locally are reported to the group Chief Compliance Officer at least twice a year. Groupe Rocher is committed to ensuring that no punitive action will be taken against a person who has reported a breach in good faith.

For the year 2021, the group received a total of 12 alerts, 11 of which were related to human resources issues, and none of which was found to constitute a human rights violation.

None of the cases had a significant impact on the group's consolidated financial statements.

5. SYSTEM EFFECTIVENESS MONITORING

Governance

Understanding duty of vigilance, and more broadly the issue of sustainable development, has been an integral part of the strategy deployed by the group's Operations Department for many years. To this end, it benefits from the support of General Management in the implementation of sustainable and ethical practices with Suppliers and throughout the group's value chain.

Furthermore, aware of the need to arbitrate on these issues at the appropriate level of responsibility, the group wished to set up a specific body made up of group decision-makers and business experts in the various areas concerned by the duty of vigilance: General Management, Legal, Procurement, Responsible Development, Risk Management and Quality & Sustainability.

The role of the Governance Committee is to validate the deployment of the approach and to supervise the results, as well as to ensure the necessary arbitrations. To do this, it meets:

- Three times per year: to monitor changes in the performance of internal sites and Suppliers, validate methodological guidelines and determine priorities,
- Exceptionally: to follow up on a field audit that has brought to light practices that are not compatible with Groupe Rocher requirements and that must be dealt with before the next regular committee.

In addition, an Operational Committee has been set up to monitor the implementation of the group's duty of vigilance compliance plan, make operational decisions to ensure compliance, propose methodological changes to improve the group's practices in this area, and produce summaries and regular reports for the Governance Committee.

The Operational Committee, composed of members representing the areas concerned by the duty of vigilance, liaises with the various teams involved in the deployment of the process defined by the group, and meets at least three times a year:

- The expert referents and duty of vigilance coordinators appointed at Groupe Rocher level,
- The duty of vigilance implementation referents appointed within the subsidiaries,
- Local management committees,
- And the teams contributing to the process.

In 2021, the regular governance and operational committees each met three times as planned and made it possible to carry out the required arbitrations, without the need for an exceptional governance committee.

As the Governance Committee has a role to play in arbitration following a non-compliant field audit, in 2021, for a limited number of cases, the group faced arbitrations: the associated decisions were taken in accordance with the group's action plan policy²². These cases attest, on the one hand, to the system's ability to correctly identify Suppliers at risk, and on the other hand, to the relevance of the governance in place to make the necessary decisions.

For 2022, it is anticipated that the committees will continue to act within the terms outlined above.

²² As presented in the section entitled "Implementation of post-audit operational action plans" on pages 18 and 19

A committed ecosystem

In order to establish a lasting dynamic, the group's challenge lies in mobilizing an entire ecosystem: its internal teams and sites on the one hand, and its Suppliers on the other.

Team commitment

Changes in the group's internal and external environment have given the vigilance plan a weight that now exceeds the legal framework. Moreover, through its status as a Company with a Mission, the group is affirming its desire to keep social, societal and environmental aspects right at the heart of its concerns.

The group's approach integrates and builds on this mandate, on the one hand by making tools available, as mentioned in the following paragraph, and on the other hand by supporting teams in the transformation of their way of working. This dimension is at the heart of the strategy that the group has defined.

A network of experts and referents

The deployment of the vigilance plan in each of the subsidiaries relies on identified referents with defined missions:

- Expert referents: experts in the methodology implemented; as such, they define and improve it regularly on the basis of feedback from deployment, as well as changes in the context;
- Group-level referent coordinators: implement the duty of vigilance compliance process within the group and coordinate it by supporting the implementation referents;
- Subsidiary implementation referents: implement the duty of vigilance compliance process within the subsidiary in which they operate.

The regular training of the teams allows them to benefit from referents who are experienced in the realities of the field, thus representing strong intermediaries. These referents have passed on the methodology and actions to all the Procurement teams, who are now in a position to ensure, with their support, the deployment of the methodology and actions with Suppliers and to explain the principles of the group's vigilance plan.

An advanced training module has been developed for referents in the subsidiaries to enable them to acquire the skills and tools they need for their role as local correspondents. This module enables them to read and analyze an audit report, to implement the necessary action plans and, more generally, to embody the group's positions.

Monthly meetings dedicated specifically to the vigilance plan have again been organized throughout 2021 in order to support the implementation of the policy at subsidiary level and thus enable each subsidiary to take over the methodology in order to gain autonomy and maturity. These bodies also monitor the implementation of the policy and its compliance within the group, notably through monthly performance reporting.

Systematic awareness-raising among all teams

In addition, the group is convinced that the duty of vigilance is a central issue that must also be addressed by all operational teams, particularly Procurement and CSR teams. For this reason, it ensures that the challenges of risk management are well known and understood by all of these teams.

To this end, several tools have been defined:

- E-learning: to develop knowledge of the law on the duty of vigilance, the CSR and Risk Management teams have developed an interactive module aimed at various group functions, including, in particular, the management of each subsidiary and all Procurement teams. This training is regularly used to train new team members through quizzes and scenarios. The objective is to give everyone the context and help them understand the stakes of this law;
- More comprehensive training meetings on the duty of vigilance are regularly organized in order to mobilize teams around these issues and to ensure that they are properly understood.

The Supplier ecosystem

In addition to training the teams, the challenge for Groupe Rocher is to raise awareness of its ecosystem. This Supplier ecosystem is managed in such a way as to develop mutual knowledge of the group and its Suppliers, who are associated in a dynamic of continuous improvement supported by operational assistance. Groupe Rocher seeks to maintain the lasting climate of mutual trust that it has established.

Thanks to tools such as the Internet page dedicated to Suppliers, which specifies the Code of Business Conduct, as well as communication materials developed and regularly updated for the group's various Suppliers, Groupe Rocher is moving forward with them in its deployment of the vigilance plan. In addition, the duty of vigilance is the subject of regular exchanges: bilateral meetings to monitor the partnership, visits, audits, etc., allowing for emulation and a joint increase in skills.

The year 2021 also marks the introduction of a Supplier Code of Conduct, based on international requirements in terms of CSR compliance, corruption, the group's Code of Business Conduct, as well as the specific social and environmental requirements defined by the group in its Compliance Manual²³. By sharing this dedicated document with its Suppliers, the group is transparently reinforcing its requirements and thus enabling its signatories to be part of a dynamic to improve practices. Its deployment began with the training of internal teams in 2021, and will continue in 2022 with Groupe Rocher Suppliers.

Lastly, the group is committed, with other companies in the cosmetics sector, to streamlining the approach to the duty of vigilance for Suppliers. The "Responsible Beauty Initiative" is a sector-wide initiative that enables companies to define common requirements that take into account the specificities of their business sector, and to join forces to improve their practices.

A dynamic of continuous improvement

Because of the areas of vigilance identified in its value chain²⁴, Groupe Rocher imposes a strong requirement to monitor its Suppliers, which is reflected in two main ways:

- The Ecovadis rating in 2021 for Responsible Procurement is 80 out of 100, placing Groupe Rocher among the companies with an advanced management system for these issues;
- 67% of the group's Suppliers reassessed by Ecovadis in 2021 - i.e. 269 Suppliers - have improved their CSR performance.

²³ See details in the paragraph "Compliance Manual" on page 13 of this document

²⁴ See the paragraph "The group's areas of vigilance" on page 5 of this document

REPORT ON THE IMPLEMENTATION OF THE PLAN

In 2021, Groupe Rocher continued to implement the requirements of the duty of vigilance in all its activities and its relations with Suppliers.

All the actions taken and monitoring indicators are published throughout the document. In order to facilitate the understanding of the implementation report, this information is summarized in the correspondence table below:

Correspondence table of the implementation report of the vigilance plan

Items of the law ²⁵	Areas of implementation	Pages
1 Risk mapping	The group's areas of vigilance	6
	Scope of deployment	6
	Summary of risk identification actions at group level	7
	Results of the operational risk mapping of the duty of vigilance on the Supplier panel	10
	Result of the operational risk mapping of the duty of vigilance on internal sites	10-11
2 Regular assessment of the Situation	Assessment results for Suppliers:	
	- Volume and results of documentary audits	13-14
	- Volume and performance of field audits	14-15
	Results of internal sites assessments:	
	- Volume and result of the documentary audit	15
	- Volume and performance of field audits	16
3 Risk mitigation and prevention of serious harm	Summary of the main global systems	17
4 Alert mechanism	Number and types of alerts received	21
5 System effectiveness monitoring	Governance	22
	Organizational base	23-24
	Improvement in the results of Supplier audits	24

²⁵ French Law No. 2017-399 of March 27, 2017 on the duty of vigilance of parent companies and contracting companies

CONCLUSION

The implementation of the duty of vigilance within the Group follows a structured process, supported by defined and shared organizational, methodological and operational fundamentals, which is subject to regular progress based on feedback from the group's experience.

The year 2021 marks a new stage in the refinement of the system implemented to manage the duty of vigilance within the Group:

- The integration of the group's subsidiaries and their Supplier panels into the approach has been strengthened on a lasting basis;
- Risks related to the Group's activities, categories, zones, Suppliers and high concern supply chains are regularly re-evaluated and are the subject of appropriate mitigation actions allowing for a general positive evolution in behavior;
- The monitoring and performance indicators, which are regularly analyzed, feed the monitoring of the system and the proposals for improvement made by the network of experts in charge of the deployment of the approach;
- The ethics line system is permanent, known and used.

On this basis, 2022 will be an opportunity to strengthen the level of risk control at Group level further, in particular through:

- The completion of the analysis of the group's value chain, by integrating commercial activities into the mapping of internal risks;
- The increase in the volume of field audits carried out on the Supplier panels of the Group's subsidiaries, in line with the operational guidelines of the compliance manual;
- The consolidation of measures to monitor corrective actions resulting from audits, in line with the Supplier approval guidelines and in a spirit of collaboration;
- The continuous work on monitoring Supplier panels, particularly in relation to high concern supply chains and sectoral initiatives in this area.

Fully committed to building and leading a sustainable ecosystem, the Group uses the duty of vigilance as a lever for additional action within its subsidiaries in all countries and for constructive collaboration with its stakeholders, around ever more virtuous social and environmental practices to support its mission.

Appendix 1: Scope of Groupe Rocher

“Groupe Rocher” is understood to mean all the companies held directly or indirectly by the parent company Laboratoires de Biologie Végétale Yves Rocher, as presented in the Consolidated Financial Statements at December 31, 2021.

The data relates to the group's 9 brands in the cosmetics, textile-clothing and home care markets:



Appendix 2: Certifications and audit standards accepted by the group

According to the Compliance Manual developed by Groupe Rocher in 2020, the list of accepted certifications and audit standards is presented below.

Certifications and labels accepted by Groupe Rocher

- EMAS,
- Fair for Life,
- Fair Trade USA,
- ISO 14001,
- ISO 45001,
- OEKO-TEX Step,
- Rainforest Alliance,
- SA8000,
- UEBT Ethical Bio Trade Standard,
- WRAP.

Audit standards accepted by Groupe Rocher

- Amfori BEPI,
- Amfori BSCI,
- Fair Labor Association,
- Fair Wear Foundation,
- Higg Index,
- ICS,
- SMETA.

